

## ITEM 6

### Snap-on Financed Franchisee – Other Fees & Costs

The fees in this item apply to all Snap-on Financed Franchisees. Please refer to the detailed notes under the table for a full explanation of the fees and what they are for. All values quoted in this document may be subject to change from time to time. You will be advised appropriately as and when an item is amended.

| <b>Ref</b> | <b>Name of Fee</b>   | <b>Amount</b>   | <b>Due Date</b>   |
|------------|--|---|---|
| 1          | Franchisee Finance Programme Loan Payment                        | For a new person entering the system, no payment for the first 90 days (interest accrues from inception of loan); thereafter, the estimated payment is 247.57/week  | Payable Weekly Via Direct Debit   |
| 2          | RA Loan Payment  | Estimated £119.66/week  | Payable weekly beginning six months after the time you became a Standard Franchisee.                  |
| 3          | Late charges Franchisee Finance Loan                             | Under the Franchise Finance loan 2% over the regular rate (subject to the maximum permitted by law). The amount due for payment delayed more than 10 days or £10.00, whichever is greater (subject to the maximum permitted by law).  | Upon failing to make timely payment.  |
| 4          | Weekly remittance for Products & Services purchased from Snap-on | You are required as a minimum to pay 100% of any miscellaneous charges less your miscellaneous credits and 20% of the remaining outstanding balance. If you are over your credit limit and wish to remain off hold you are required to pay the value over your credit limit plus £1 | Payable Weekly upon receipt of an invoice from us   |
| 5          | Management Fee   | £60.67  | Payable Weekly  |
| 6          | Laptop rental, licensing, support.                               | £205.27 inc. VAT  | Payable Monthly via Direct Debit  |
| 7          | Overdue laptop equipment   | £150  | Charged to statement 7 days after return requested date and every 7 days thereafter                   |
| 8          | Mobile Store Payment   | £2023.65  | Payable by monthly Direct debit in advance of each month's payment due date – weekly option available |
| 9          | Mobile Store Upon Termination                                    | £470 - £10,000  | Upon Termination  |
| 10         | Van Insurance  | £1833.00 per annum  | Paid over 10 months from February   |
| 11         | Stock Insurance  | £3.20 per £1,000 list per annum   | Paid over 10 months from February   |
| 12         | Public Liability Insurance                                       | £59.40 per annum  | Paid over 10 months from February   |
| 13         | Sickness & Accident Insurance                                    | £593.64 per annum   | Paid over 10 months from February   |

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| 14 | Employers Liability – for those with Employees            | £630.69 per annum   | Paid in full in one month                        |
| 15 | Repairs Tools Bin Service                                 | £21.92 plus vat per month   | Payable monthly                                  |
| 16 | Grey Bin Charge   | £27.05 plus vat   | Non receipt of grey bins within 4 months         |
| 17 | Franchise Development Training                            | NFT2 – no charge<br>FDT1 – no charge  | accommodation costs only                         |
| 18 | Unpaid Direct Debit                                       | £10.00  | Upon dishonour of Bacs payment                   |
| 19 | Diagnostic Demo units software upgrades                   | £100.00   | Maximum of £100.00 paid twice a year             |
| 20 | Bad Debt Reserve Fee                                      | 5% of the amount financed on each EC contract (excluding SBEC) taken and put in a bad debt reserve. Max Reserve £1500.  | Payable as and when contracts are purchased      |
| 21 | Fraudulent Finance Contracts                              | The full settlement on any account will be charged back to the Franchisee if it is found that there has been any fraudulent activity on a financed contract   | Upon termination of contract                     |
| 22 | Small Balance Extended Credit Programme 'SBEC'            | 2% of the amount financed figure on the EC contract. Max deal £750  | Upon credit of contract to Franchisees statement |
| 23 | Rebate Deals and promotions                               | A participation fee may be required by the Franchisee for specific promotions during the year. Full disclosure of fees will be made available at the launch of the programmes   | Upon credit of contract to Franchisees statement |
| 24 | Late charges for Van Lease                                | Under the Snap-on Finance Van Lease programme late charges will be applied at the rate applicable to your agreement for unpaid direct debits or cheques a fixed fee of £12.00, is charged (subject to the maximum permitted by law).  | Upon failing to make timely payment.             |
| 25 | Late charges Franchisee Finance Computer Rental Agreement | Interest on late payments at 5% per annum over Finance House base rate. All costs incurred by us as a result of any breach by you and / or enforcing this agreement. £12 inc VAT for any letter £24 inc VAT for any bounced direct debits. 10% will be added to each payment made other than direct debit | Upon failing to make timely payment.             |

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| 26 | Charges for insufficient funds or dishonour of payment under Snap-on Franchise Finance and Credit programmes or for payment to Snap-on | Up to £25 which may increase during the term of your Franchisee Agreement.   | Upon dishonour of payment by cheque, ACH or similar instrument   |
| 27 | Full Recourse Accounts (SBEC)  | Settlement figure of account when 59 days delinquent   | Upon point of contract charge back   |
| 28 | Full Recourse Accounts (SBEC) <b>Terminating Franchisee</b>  | ALL full recourse contracts will be charged back on termination date   | On franchisees termination date  |
| 29 | Repossessions  | Franchisee will be charged 100% of the FMV, if deal sold and goods taken. If there is a loss 25% of the loss amount is charged to EC reserve   | Upon point of repossession being processed   |
| 30 | Losses   | Franchisee to be charged 25% of the net loss on the account  | Upon point of write off or repossession being processed  |
| 31 | Late charges Franchisee Finance Computer Loan  | Interest on late payments at 5% per annum over Finance House base rate. All costs incurred by us as a result of any breach by you and / or enforcing this agreement. £12 inc VAT for any letter £24 inc VAT for any bounced direct debits. 10% will be added to each payment made other than direct debit. | Upon failing to make timely payment.   |
| 32 | Data Protection License  | £45.00 per annum   | Payable annually direct to third party   |
| 33 | FCA  | £100 - £600 per annum  | Payable on an annual basis to the FCA via your Gabriel Reporting. Value is dependent on amount of sales done on credit |

## 1 Franchisee Finance Programme Loan Payment.

Snap-on Finance may lend funds to you through the Franchise Finance Programme for certain initial investment costs.

New person entering the Franchise system

Although interest will accrue on the amount you borrow from the inception of the loan, you will not make any payments during the first 90 days. You will then be required to repay the amount you borrowed over a term of 10 years.

The payment described in the above are for a loan of £73,700 at the fixed rate of interest between 7.6% and 10.99%, calculated as of January 8, 2024, which will be repaid over 10 years and includes the following:

|                          |                |
|--------------------------|----------------|
| Franchise Fee            | £12,000        |
| Initial Inventory @ cost | £69,200        |
| <u>Subtotal</u>          | <u>£81,200</u> |
| Less Down Payment        | £ 7,500        |
| <u>AMOUNT FINANCED</u>   | <u>£73,700</u> |

The down payment is the typical minimum down payment, although Snap-on Finance may, in certain cases, require a higher down payment.

**Interest.** The Promissory Note(s) will bear interest at a fixed rate to be set at least seven days before you sign the Standard Franchise Agreement and will not change during the term of the loan. The interest rate will be the then current yield to maturity of like-term United Kingdom Government Bond Benchmark Yields published by the Financial Times (the 'Bond Rate') plus an additional amount, between 5 and 8.5 percentage points, subject to a minimum interest rate charged to a new Standard Franchisee of 7.60% and an Expansion Franchisee of 6.90% and maximum interest rate, which is the maximum rate permitted by applicable law. As of January 8, 2024 the annual percentage rate of interest charged under the Franchise Finance Programme was between 7.60% and 10.99% for a standard franchisee and 6.90% and 10.99% for an expansion franchise. Subject to the minimum and maximum interest rates specified above, the interest rate you will pay will be determined by the Bond Rate at the time the loan is made and the additional amount you will be charged will be determined by your credit worthiness.

## 2 RA Loan payment.

As long as you do not obtain financing from a lender (other than Snap-on Finance) who requires a lien on your business assets, Snap-on Tools, under our RA Financing Programme will make interest free financing available to you to acquire and develop RA accounts. This financing by Snap-on must be repaid no later than six months after you become a Standard Franchisee. Snap-on Finance may, as long as they determine you are creditworthy, make funds available to pay Snap-on under Snap-on Finance's RA Loan Programme. The payment described in the table above is for an amount borrowed from Snap-on Credit of £37,500 at the interest rate being offered to new Standard Franchisees of 7.60% and 10.99%, calculated as of January 8<sup>th</sup>, 2024 and is amortized over 299 weeks. The amount borrowed assumes that you utilized the entire £37,500 available under Snap-on's RA Financing Programme. Your loan payment may be higher or lower depending on the amount you pay to Snap-on and the applicable interest rate at the time of financing. The term of your RA Loan is generally the same as the remaining term of your Franchise Finance Programme Loan.

**Interest.** The rate of interest for this program will be the rate being offered to new Standard Franchisees entering the Franchise Finance Programme at the time you enter into the RA Note and will not change during the term of the loan. The minimum interest rate for a new Standard Franchisee is 7.60% and an Expansion Franchise is 6.90% and the maximum interest rate is the maximum rate permitted by applicable law. As of January 8<sup>th</sup>, 2024, the rate was between 7.60% and 10.99% for new Standard Franchisees and between 6.90% and 10.99% for Expansion Franchisees. Prior to entering into the RA Loan no interest or fees of any kind will be accrued or charged under the RA Financing Programme with Snap-on described above.

**3 Late Charges Franchisee Finance Loan.**

These are charges a Franchisee will incur if scheduled payments for loan are not honoured.

**4 Weekly remittance for products & services purchased from Snap-on.** This is the minimum payment due to Snap-on Tools each week for Products and services purchased from Snap-on on credit. You are required as a minimum to pay 100% of any miscellaneous charges less your miscellaneous credits, 20% of your outstanding balance plus any necessary amount to be £1.00 under your credit limit.

**5 Management Fee.** This is a weekly charge to cover management costs and support. Also included within this are the costs of marketing material supplied to you by the marketing group such as the National flyer, Workshop Solutions Flyer and other marketing literature, social media, sponsorship, franchise conferences. This cost will increase during the term of your Franchise Agreement.

**6 Laptop rental, licensing and support.** This charge firstly covers ongoing licensing of the Snap-on Chrome software. It also includes rental of a Snap-on approved laptop with complete care warranty. Finally the charge encompasses ongoing support and maintenance for all hardware and software.

**7 Overdue laptop equipment.** These are charges a Franchisee will incur if they fail to return a rental Chrome laptop within 28 days of it being replaced, whole or in part. Laptops are £150. This is a recurring charge every 7 days after the laptop is deemed overdue and every 7 days thereafter.

**8 Hire Purchase and Maintenance Fee Payment.** This is the monthly cost of purchasing a new Iveco Daily 7.2 through Snap-on Finance on a hire purchase. It assumes the cost of the vehicle including VAT is £127,194.66 of which the VAT element, £ 25,438.93 is due as a deposit at the start of the agreement. Snap-on will pay this deposit on the Franchisees behalf until you are able to claim the money back; we assume this will take approximately 6 months. The monthly payment is calculated on lease which is over 84 months. Other finance options are available to you including Lease and will be discussed with you by Snap-on Finance. Should you purchase a second-hand vehicle through a previous Snap-on franchisee monthly costs will vary. Quotes available on request.

**9 Van Lease Termination.** Should you terminate your Franchise Agreement with Snap-on Tools you are still liable for your vehicle. Your vehicle is leased by yourself directly with the Finance company. Snap-on, where possible, will help to reallocate your vehicle to a new Franchisee. Should this be an option to you we will be required to ensure your vehicle has a minimum of 6 month MOT on it, minimum of 12 weeks since it was last serviced and 8 weeks since its last VOSA inspection. Upon receipt of the vehicle back we will conduct a bodywork inspection and mechanical inspection and you will be charged for any work required to meet the Snap-on specification as well as for the inspection (£270) and a valet (£200). You will remain liable for the cost of the vehicle to the lease company until the new franchisee signs the lease to take it over, not from the date you end your franchise agreement. The costs may increase during for this work during your time as a Franchisee.

**10 Van Insurance.** To cover the cost of insurance for the Franchisee van and fit out. You are liable for the excess which is currently £250 plus any VAT for any accident repair. Your certificate is sent out at the beginning of each year.

- 11 **Stock Insurance** This insurance covers the stock albeit on your vehicle or stock delivery premises. This covers you in the case of theft or loss. Your certificate is sent out at the beginning of each year.
- 12 **Public Liability Insurance** This insurance covers you whilst trading should one of your customers slip or have an accident whilst on your van or if they injure themselves on a Snap-on tool and wish to make a claim. The policy is available on request.
- 13 **Sickness and Accident Policy.** This policy covers you should be unable to carry out your daily work as a Franchisee, there is an excess of 12 working days where you cannot claim, we advise you read your policy as there are certain exclusions i.e. stress, back problems and you also cannot claim for motorbike accidents if riding a motorbike over 250cc. The policy is issued when you start as a Franchisee but can also be provided on request.
- 14 **Employers Liability.** This only applies to Franchisee's who employ a second franchise. The policy is sent out by our Insurers along with the certificate. All certificates you have for Employers Liability you legally have to be kept for 40 years. This covers your employee to trade.
- 15 **Red Bin Service Charge.** Snap-on Franchisees are able to return items for repair/ warranty issues as a part of the delivery service system offered by Snap-on UK. There is a small monthly charge to use the red bin service which are the bins required to use to return the items.
- 16 **Grey Bin Service Charge.** Snap-on ship out Franchisees weekly tool delivery using a grey bin system through our nominated carriers. For this delivery system there is no charge. The system however, relies on the frequent return of the grey bins in order to keep it going. Should Franchisees fail to return any grey bins for 4 months he will be charged to those bins at a cost of £27.05 per bin in order that we can replace them to continue to offer the service to the Franchise network.
- 17 **Franchise Training.** New Franchisees will return to Kettering at around 4 months to attend New Franchise Training 2 followed by Franchise Development Training at around 9 months after starting the franchise. There is no cost for the actual training provided but you will be charged for hotel accommodation for the nights you are required in Kettering. This will be charged to your statement at the time of training.
- 18 **Unpaid Direct Debit.** A charge will be applied for any returned Bacs payments.
- 19 **Diagnostic Demo Units Software Upgrades.** As a Snap-on Franchisee you will carry as part of your stock Diagnostic Demo units to be able to loan out to your customers. These units will need their software upgraded every 6 months to ensure they are up to date. Demo unit upgrades are covered with a flat rate £100 charge per release (twice a year).
- 20 **Bad Debt Reserve Fee.** This is a reserve account held on the weekly statement that is used to help cover the cost of EC recourse charges. This will be paid back to the franchisee on termination of the franchise once liability period has passed (60 days from term), if no write offs/problem contracts.
- 21 **Fraudulent Finance Contracts.** If a Franchisee enters into a finance contract with a customer that is in anyway fraudulent the full settlement on any account will be charged back to the Franchisee.
- 22 **SBEC.** Snap-on Finance offers the Small-Balance EC program ("SBEC"). The SBEC program combines attributes of the R/A program and the EC program and gives you the ability to provide more affordable payment terms on select products to more of your customers.

- 23 Rebate Deals and Promotions.** From time to time we will offer specific promotions related to product financed via our Snap-on Finance programme. A participation fee may be required by the Franchisee for specific promotions during the year. Full disclosure of fees will be made available at the launch of the programmes
- 24 Late Charges Finance Franchisee Finance Van Lease.** These are charges a Franchisee will incur if scheduled Lease payments are not made when due or are not honoured, if they have van finance with Snap-on Finance UK.
- 25 Late Charges Franchisee Finance Computer Lease.** These are charges a Franchisee will incur if scheduled lease payments are not made when due or are not honoured.
- 26 Charges for insufficient funds or dishonour of payment under Snap-on Franchise Finance and Credit programmes or for payment to Snap-on.** These are charges a Franchisee will incur if scheduled payments for a loan are not honoured.
- 27 Full Recourse Accounts (SBEC).**The liability to the franchisee for Full recourse accounts is 100%. The accounts will be charged back to the original selling franchisee automatically when the account reaches 59 days delinquent. The charge will be the full settlement figure of the account. The charge will go through as a miscellaneous charge on the franchisees statement.
- 28 Full Recourse Accounts (SBEC) Terminating Franchisee:** Due to the liability for full recourse accounts being 100% to the franchisee, upon date of termination the franchisee will be charged the settlement for all full recourse accounts that are still active. The charge will go through as a miscellaneous charge on the franchisees statement. If the primary dealer is terminating they will be charged back for not only their own full recourse account but their 2<sup>nd</sup> franchises' full recourse accounts as well. If at termination an account is not 59 days past due, franchisee can choose to request Snap-on Finance continue to service and collect such SBEC or Reward account, however, franchisee shall pay to Snap-on Finance a fee of 17.5% of any amounts collected by Snap-on Finance, and franchisee still remains 100% liable for the remaining uncollected balance of the account should the account go beyond 59 days past due. Funds will be held in franchise EC reserve until paid off.
- 29 Repossessions.** Repossessions can take place at any point throughout a month. The franchisee will be charged 100% of the Fair Market Value (FMV) and this will get put through as a miscellaneous charge on his statement.
- 30 Losses.** When an account is taken to loss as a write off or a repo deficiency the franchisee will have a 25% charge of the net loss. Charge is made as a misc. charge then credited from reserve.
- 31 Late charges Franchisee Finance Computer Loan.** These are charges a Franchisee will incur if scheduled payments for loan are not honoured.
- 32 Data Protection License Renewal.** You are required by law to renew your Data Protection License annually. This will need to be done directly with the Information Commissioners Office. They will write to you in advance of the expiry date explaining how to renew your license.
- 33 FCA.** Snap-on franchisees are required to maintain licensing and reporting with the Financial Conduct Authority (FCA) to conduct RA business. The exact amount of these fees and reporting requirements vary. You will be required to supply on request proof of an active license. Guidance on how to complete the applications correctly is readily available. Should you require administrative support to submit your annual Gabriel Reporting you will be charged a £60 per annum admin fee to your statement.