

A photograph of a young couple in a bright, modern kitchen. A woman with brown hair tied back, wearing a white shirt and blue overalls, stands and holds a white mug. A man with dark hair and glasses, wearing a light-colored shirt, sits at a table and looks at a laptop. They are both smiling. In the background, there are kitchen cabinets and a potted plant.

2020

Annual Report

Making Car Care Simple
and Affordable

Simplicity
CAR CARE

Welcome to Simplicity Car Care's **2020 Annual Report**

Simplicity Car Care is one of Canada's fastest-growing automotive franchise networks. Our vision is to make car care simple and affordable for every vehicle owner in the world. Simplicity Car Care is determined to have a positive and profound impact on its stakeholders by providing the following value propositions:

1. Increasing top-line sales to provide an enhanced contribution to the facility's investment and infrastructure
2. Delivering unparalleled operational support and processes, allowing for reduced stress and decreased production costs
3. Leveraging our Multi-Store Operation (MSO) intelligence to guide as well as support our partners through any operational challenges that may arise within their business unit

As passionate as we are about creating a better quality of life for our franchise partners, we are equally passionate about providing a best-in-class experience for our customers. Our industry-leading availability (Mon-Fri, 8am – 8pm, Sat, 9am – 4pm, and select locations Sun, 9am-4pm). Simplicity Car Care is the most accessible collision network in Canada, ensuring that we can provide flexibility to our clients and guarantee they can enlist our services when it is most convenient for them.

Claims Management Solutions

Our business-to-business partners are dealing with increased levels of 'red tape' and costs related to claims management. Our goal is to provide a platform where claims management complexity is replaced with a simplified and streamlined approach. Our expanding infrastructure allows us the ability to offer additional support in the areas of:

1. Cost Management
2. Claims Management
3. Customer Experience Management

We are an innovative and holistic solution for the collision repair industry and look forward to serving our clients as we continue to increase Simplicity's market presence throughout Canada and abroad.



2020 Highlights



36,934
Customers Served



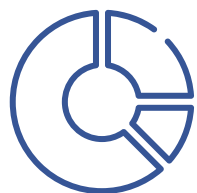
Entrance into
Quebec and New
Brunswick



\$40.6 M
System-wide sales



9.5 days
National cycle time



90%
NPS



557
Hours of online
training and
development



53
Locations across
Canada



Winner of the
2020 Global
Automotive Award
by Corporate Vision
Magazine

Vision

To make car care simple and affordable for every vehicle owner in the world.

Mission

Simplicity Car Care delivers a world-class customer experience. We conduct business with all partners and customers based on the pillars of value, trust and integrity. We are leaders in innovative solutions and strive to add value to our stakeholders continuously. We have a social responsibility to the partners, people and environment in where we provide services. We are strategic in our business operations, thus ensuring value to our shareholders.

Core Values

Our core values represent who we are as a company. They guide us to do the right thing for our customers and franchisees.



We WOW Our Customers



We Value Our People



We Keep it Simple



We Build Relationships



We Innovate to Create Solutions

Our Strategy

Simplicity Car Care aims to deliver superior value to all stakeholders by providing meaningful results. We leverage technology for speed and ease of use, with a differentiated brand experience.



Franchisees

We've simplified the process of owning and operating a car care and collision franchise, so you can focus on your customers.



Consumers

When it comes to caring for you and your car, Simplicity Car Care keeps it simple by delivering total client satisfaction through proactive service, transparent communication, and expert craftsmanship.



Commercial Partners

Simplicity Car Care strives to deliver an unmatched standard of improved cost containment and customer service with innovative processes and systems.

The Virtuous Cycle

A virtuous cycle is defined as a systematic process of events with each one having a beneficial effect on the next. At Simplicity Car Care, our strategic objectives are developed around the culture of providing the highest level of value through every interaction, with all stakeholders. We firmly believe that by beginning with a focus on enhancing the franchisee ROI, we have demonstrated system effectiveness and directly impact client advocacy by eliminating waste in the process.



A Message from the CEO

To Our Industry Stakeholders,

I want to start by thanking all front-line health care workers, all public and essential private workers, and, of course, the aftermarket automotive sector for your tremendous work throughout a challenging year. You selflessly put yourselves directly in harm's way so that society could maintain some level of normalcy. I would also like to extend my condolences to the countless families across the globe who lost loved ones throughout this pandemic.

2020 was one of the most tumultuous years in history. Never has the entire globe faced a threat that instantaneously carried negative impacts on society's mental, physical, social, and economic well-being as we know it. As a society, we are on the mend. Vaccines are currently being deployed, and we are beginning to see the light at the end of the tunnel.

It is said that through every ounce of adversity lies a pound of its equivalent in opportunity. I believe this statement to be true. I think the opportunities that have presented themselves following the events of 2020 are the following:

- **Elevated appreciation for that in which we have:** In a pop-culture society where we are always comparing ourselves to others, 2020 provided an opportunity for reflection. I hope that during a lockdown, we all recognize we should be grateful for all we have, as others in this world are not so fortunate.
- **Business Continuity Planning:** 2020 raised questions of how many organizations are prepared and agile enough to sustain through a massive interruption in their business. From a Simplicity Car Care perspective, our business continuity plan was deployed expeditiously with tremendous success. Special thanks to our incredible team and our phenomenal strategic franchise partners. Your commitment and persistence allowed us to emerge more robust than ever following the COVID pandemic.
- **Internal Review of Operational Processes:** The disruption caused by the pandemic forced all businesses to revisit their business models and revisit operational processes. No matter the segment of the economy that your organization serves, COVID accelerated change and an organization's capacity for change. The most significant opportunity lies in an organization's ability to leverage this newfound capacity for change and continue to evolve into a client-centric organization of operational excellence.

2021 and the Road to Recovery

As we continue to work through the recovery phase, we are very excited by the significant tailwinds and momentum guiding Simplicity Car Care through 2021. I am excited about three specific areas: growth in our B2B partnerships, continuous development of our governance systems and processes, and continuing to provide unrivalled support to the success of our strategic franchise partners.

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SIMPLICITY CAR CARE
THROUGH 2021"
PAUL PROCHILLO**

Paul Prochillo

*Co-Founder and CEO
Simplicity Car Care*



Growth in Our B2B Partnerships

Special thanks to our insurance and fleet partners who have been so supportive of our business. Our focus on reducing Loss Adjusting Expenses (LAE) through a reduction in severity and providing cycle time guarantees have demonstrated that Simplicity Car Care is, by far, among the premiere self-management models in our industry. Our combined cycle time of 9.5 days reflects the predictability and consistency of value delivered to our B2B partners.

Continuous Development of our Governance Systems

I envision 2021 as a transformational year for Simplicity Car Care and its strategic franchise partners. We are continuing to build off of our successes in 2020 by continuously adding to our Board of Advisors (BoA) and continuing to engage our current BoA members as we navigate towards achieving our national footprint in Canada as a plan for our North American expansion. Specific areas we plan to develop in governance are the following:

- Deeper insight into the quality of prospective franchisees applying to join Simplicity Car Care.
- Complete the integration of our infrastructure into the cloud,
- Further development of our infrastructure to support the tremendous growth that will follow over the next five years.

Continuing to Provide Unrivalled Support to the Success of our Strategic Franchise Partners

Simplicity Car Care was developed with the foundation of disruptive innovation as one of our core competencies. However, in the pursuit of continuous improvement, Simplicity Car Care has decided to review our business model from a different perspective. I believe Simplicity Car Care is embarking on a mission far more significant than "supporting strategic franchise partners" on the path to enhanced success. I believe we are providing a transformation of the franchise partner's business to provide our customers with transformational results.

We are continuing to develop opportunities to leverage technology to enable fast and effective conversions, which are the foundation of our network's tremendous results. We are excited to share these announcements throughout 2021.

In closing, Simplicity Car Care has had tremendous success in 2020, despite the headwinds associated with the COVID-19 Pandemic. Although, I would be remiss if I did not thank our supply chain, our Insurer and Fleet customers, and our corporate staff. This year's success would not have been possible if not for all stakeholders working together to ensure the safety of our customers, our people and ultimately, our families.

To our corporate staff, your commitment to excellence and your flexibility during the deployment of our business continuity plan; demonstrates the exceptionally high calibre of talent on our team. On behalf of myself, the leadership team and our board of advisors, we offer our sincerest thanks.

Sincerely,



Paul Prochilo

*Co-Founder and CEO
Simplicity Car Care*

A Message from the President

2020 was a year of substantial economic and social challenges for people around the world. The COVID-19 pandemic has had an adverse impact on industries, economies, and put healthcare systems to the test. In times of adversity, character is not only built, but also revealed. The character of the Simplicity Car Care franchisees and employees was revealed as the pandemic forced us all to respond in a swift, empathetic, and decisive manner. I am very proud of the way our franchisees and employees demonstrated incredible resilience during a period of extreme pressure and uncertainty.

As I write this, a year has passed since the beginning of the pandemic. Vaccines are being administered across the country and I believe we will see a recovery within the next 12 months.

Our priority continues to be centred around the health and safety of our customers, franchisees, and employees. As an essential service, Simplicity Car Care plays a key role in ensuring that vehicles are repaired quickly and safely so that our customers can get back on the road of life.

2020 will also be remembered for historic conversations centered around addressing racial inequality around the world. Simplicity Car Care is committed to honoring diversity in the workplace and creating an inclusion-based work environment. We strive daily to create an environment where our people are empowered and can grow towards their greatest potential.

At the heart of our team, we are unified in our vision to make car care simple and affordable for every vehicle owner in the world. Each day, our relentless obsession with doing things differently than they've always been done before, allows us to see the future with a unique perspective. We are optimistic of the future, but we must remain disciplined and focused.

Although 2020 was a challenging year, we were able to remain steadfast in the pursuit of our initiatives while continuing to support our franchisees in managing through the uncertainty. As we continue to confront the short-term challenges presented by COVID-19, we continue to make progress behind our long-term vision, including investing in technological innovation to position Simplicity Car Care as the leading service provider of choice in the automotive aftermarket.

System Growth

Global system sales grew to \$40.6 million, which was a 19.9% increase from the previous year.

Our 'same-store sales' decreased by 9% due to the severe impact of COVID-19. Throughout the lockdown period, there was a significant reduction in miles driven as many people worked from home or were simply unable to work. I anticipate that once restrictions ease and majority of Canadians become vaccinated, there will be a normalization in miles driven. However, there may

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DOMENIC IERACI

Domenic Ieraci
*President
Simplicity Car Care*





be a subset of Canadians who will continue to work from home as businesses that are still able to operate remotely, look for ways to reduce lease expenses.

Simplicity Car Care grew its net new store count by 51.4%, with most of our expansion occurring in Ontario and Alberta. We ended the year with a total of 53 locations. We also entered two new markets with expansion into the provinces of Quebec and New Brunswick.

Entrance into Quebec

In the third quarter of 2020, we entered the Quebec market with our first location in Gatineau. This great province plays an important role in what it means to be Canadian, as it is at the centre of French-Canadian culture. Quebec has an incredibly rich heritage, and we look forward to embracing this distinct culture and honoring its values. Welcome Nadim, who is the owner of Simplicity Car Care Gatineau, as our first franchise partner in Quebec!

Since we entered the Quebec market, the response from the collision repair community has been very positive. We are committed to providing first-class support and service to all our franchisees in Quebec. As part of that promise, we transitioned to a bilingual approach with all our systems, training tools, back office, and website. We also established a 24/7 bilingual call centre to serve our customers in their language of choice. We have developed a clear plan to help independent collision repairers in Quebec with growing their sales, providing unparalleled training and development and enhancing their profitability.

Entrance into Atlantic Canada

Another first for Simplicity Car Care was the opening of our first location in the province of New Brunswick. I am proud to welcome Sebastien and Jeannie of Rogersville, New Brunswick to the Simplicity Car Care family. Atlantic Canada presents a great opportunity to support independent collision repairers in growing their business while enhancing their quality of life.

We are committed to delivering a consistent customer experience across Canada and maintaining high standards in our franchisee selection, vendor management and quality control processes. At Simplicity Car Care, all of our strategic objectives are developed around providing the highest level of value through every interaction, with all stakeholders. We believe that by beginning with a focus on enhancing the franchisee ROI, we have demonstrated not only system effectiveness, but we have directly impacted client advocacy.

I'd like to thank our customers, employees and franchisees for your continued belief in the Simplicity Car Care brand, for what it is and for what it can be. Together, we have built a values-based foundation that always strives to do what's right. Our future is bright, and I look forward to the many new challenges and opportunities that lie ahead.

Domenic Ieraci

*President
Simplicity Car Care*

**"IN A TIME WHERE
THE WORLD IS
ASKING ALL OF US
TO STAY APART,
SIMPLICITY CAR CARE
HAS USED TOOLS
AND TECHNOLOGY
TO COME CLOSER
TOGETHER."**

DOMENIC PROCHILLO

Domenic Prochilo

*Vice President
Simplicity Car Care*



A Message from the Vice President

2020 brought many challenges to the aftermarket automotive space: the Global Pandemic, regional hail catastrophes, that would surmount to over 1 Billion dollars in Property and Casualty costs, regional lockdowns and overall fewer units for the industry to repair or service. With that said, the resilience of our team and franchise partners at Simplicity Car Care was remarkable! As Simplifiers prepared their locations to serve our clients in this new norm, additional focus was placed on ensuring that staff members were socially distancing while working. Because of our Simplifiers' quick response time to the Global Pandemic, we were able to maintain regular work in process (WIP) so that our sites could continue to meet the market demand. The PPE deployment by our Network proved to be very useful. Simplifiers regularly sanitize door handles, stairway handrails, lockers, touch screens/keyboards, and disinfectant wipes and hand sanitizer is standard across our Network. Simplicity Car Care's dedication to health and safety was demonstrated by introducing our "Contactless Claims Experience." The program was indeed the year's innovative campaign, allowing a client to receive the entire repair experience without ever leaving the comfort of their home.

The Global Pandemic taught Simplicity Car Care that "we are better when we work together." This statement is evident in the performance of the Networks operational, financial metrics and our abilities to better serve our clients and business partners in a performance-based agreement environment (PBA). Simplicity Car Care would like to thank our staff and our franchise partners for their trust as we continue to navigate these turbulent times as a team. Simplifiers in Alberta and Ontario illustrated how "we are better when we work together" by executing at high levels the Simplicity Load Levelling program with ease and no interruption or inconvenience to our business partners; while meeting and exceeding our client's expectations. This paradigm shift was a game-changer for the Network. It allowed the Calgary market to provide high-performance levels in one of the decade's worst catastrophic storms; it also helped our Ontario locations maintain consistent work levels when a region became inundated with non-drivable vehicles.

Since its inception, Simplicity Car Care's Operations Team has been very proud of providing top-tier training sessions for our franchise partners. Training revolving around relevant topics such as performance management, claims management, customer voice (VOC), vehicle technology, and Lean for collision programs. Our goal has always been to be a learning organization and an industry leader in our people's training and development. In 2020, the Simplicity Operations Team delivered on that goal by making training not just a commitment to our franchise partners and their people but also a way of doing business by providing a staggering 557 hours of webinars. I am honored to have worked alongside such dedicated and disciplined Simplifiers.

To all corporate Simplifiers, 2020 tested our dedication, discipline, commitment to our vision, and leadership abilities. Since the beginning of the storm, we have never deviated from our path. We stayed committed to our business plan, our franchise partners, industry stakeholders, clients, and ourselves. As the storm calms down, our approach continues to be more evident than ever; we will stick to the plans set in place and continue to execute at high levels. I am excited for 2021, as we will continue to prove that "we are better when we work together."

A stylized blue ink signature of Domenic Prochilo.

Domenic Prochilo

Vice President

National Expansion



Quebec

In 2020, Simplicity Car Care opened its first franchise location in Quebec. The company created a French branded name exclusively for Quebec, "Simplicity Soins d'Auto".

Simplicity
SOINS D'AUTO

Alberta

The province of Alberta had consistent growth with a total of 13 franchise locations. Alberta will continue to be an important growth market with large growth potential moving forward.

Ontario

Ontario had significant new store growth in 2020 with an additional 13 locations added throughout the year

New Brunswick

In 2020, Simplicity Car Care opened its first franchise location in New Brunswick. Atlantic Canada will continue to be a key focus for new store growth.

COVID-19 Coverage

COVID-19 has been a disruption to societal norms, health and safety protocols and economic development. The following are statistics drawn from a Stats Can report and key findings on the Societal and Economic impacts of COVID-19.

The pandemic has had unprecedented impacts on Canadians' quality of life, who have reported their lowest levels of life satisfaction since data became available in 2003.

- Fewer Canadians reported being in very good or excellent mental health – with young Canadians registering the largest declines.
- The historic declines in economic activity disproportionately affected many vulnerable Canadians, including women, youth, new immigrants, visible minorities and lower-wage workers.
- Visible minorities are overrepresented in sectors hardest hit by the pandemic, including food and accommodation services, contributing to high unemployment rates.

The recovery in jobs will depend mainly on many businesses' ability to adapt to changes in financial and operating conditions, including more uncertain demand for their products and services.

It is evident that as a society, we have lots of work still to complete as we continue to mend from the impact of COVID-19. At Simplicity Car Care, we continue to review policies and procedures to ensure that our customers, and employees and our families are safe. We have invested in social workers for employees to reach out to through our comprehensive Simplifier Benefits package. We continue to determine opportunities to support our staff returning to a life of normalcy.

The Simplicity COVID Command Centre continues to be operational as a trusted resource to assist franchisees with all resources required in the areas of employee relations, workplace safety and sanitization processes, and assistance in completing subsidy forms and enrollment.





Franchise Training and Support

At Simplicity Car Care, our culture has been built on a “franchisee first” philosophy, understanding that when our franchisees win, the company wins. We are proud as an organization to provide high levels of support and development opportunities to our franchisees.

“We Value Our People”, is one of our core values that we live by each day. This was exemplified throughout 2020 with our unrelenting desire to continue supporting our franchisees. At a time where social distancing was a necessity, Simplicity Car Care used on-line access to provide one-on-one training to our franchisees and production staff. Simplifiers were able to provide over 557 hours of online training and development webinars to better our network and daily one-on-one operational support to our franchisees.

Our in-person training and support had transitioned into virtual/remote and with this challenge came great success. We invested in infrastructure to monitor data, deploy new procedures and guidelines and train all regions that the network serves simultaneously.

We also made additional investments into our learning systems so that they are now available in French. As Simplicity Car care continues to grow in Quebec, all franchisee training will be provided in the French language.

Performance Metrics



3.4 Hours
Touch Time

Touch Time is an industry metric used to determine the average number of hours a technician is touching a vehicle per day. In 2020, we improved the average touch time by 0.9hrs over the previous year to 3.4hrs. Our goal is 4.0 hrs per day, and we will continue to work towards improving on this important metric.



-9%
Same Store Sales

Same store sales is determined by the change in sales year-over-year for the same store base and highlights the performance of existing franchise locations. Our same-store sales decreased by 9% in 2020 due to the severe impact of COVID-19. We believe that the company is well-positioned to continue growing year over year same store sales by enhancing our vehicle management systems along with adding new partnership agreements.



\$40.6 Million / +16.5%
System-wide sales

System-wide sales represent the total sales for all locations. This measure indicates the current market position relative to competitors. System-wide sales in 2020 grew by 16.5% to \$40.6 Million, primarily through new store growth.



9.5 Days
Cycle Time

Cycle Time is a widely used industry performance indicator that determines the number of days it takes to repair a vehicle. Simplicity Car Care delivered a 9.5 day cycle time which outperformed the market average in Canada and in all provinces we operate (Alberta, Ontario, Quebec, New Brunswick). Simplicity Car Care outperformed the Ontario average by 20.1%, the Alberta average by 25.7%, the Quebec average by 9.5%, the New Brunswick average by 12%, and Canadian average by 15.9%. This resulted in significant Loss Adjusting Expense savings for insurers along with contributing to a strong Net Promoter Score (NPS).

Cycle time comparison chart



Reference: Average Length of Rental for Repairable Vehicles: Q3 2020 Author: Mitchell International

Net Promoter **Score**



How likely is it that you would recommend our services to a friend or colleague?

In 2020 Simplicity Car Care attained a 90% NPS, 2 percentage points higher than 2019. The catalyst was an on-time delivery score of 95.5% and our contactless claims processes. In a year where the supply chain was challenged from COVID-19, our franchisees remained resilient towards delivering our customers' vehicle on time.



YoY Net Promoter Score Comparison



Was your vehicle ready on time:

Our customers live busy lives, and many of them commute from their workplace in order to drop off or pick up their vehicle. It's our responsibility to deliver our customers' vehicles on time to meet their expectations and simplify their experience with us. As vehicle complexity rises, there will be more and more pressure put on the collision repair industry to manage vehicle delivery speed. Collision repairers will have to invest in innovative products and processes to keep ahead of the curve.



YoY Comparison of Vehicle Ready When Promised

What Our Customers Are Saying

You all were terrific and acted as a family! Thank you!

– **Tanya M.**

At this time during Covid, I couldn't have asked for better service

– **Tianna L.**

Simplicity Car Care has been helpful, friendly and always ready to help in any way you can

– **Mary B.**

I think they did an incredible job, getting my car fixed sooner than I thought!

– **Shelbey R**

The warm and friendly service was excellent, and they made sure to keep us updated daily on the progress of the car repairs. We are delighted.

– **Sandy Z.**

I keep coming back here because of the excellent work done and customer service

– **Victoria F.**

Diane in the office was friendly and efficient. Tiago in the shop took the time to explain everything to me. He also drove me home and picked me up when it was time to retrieve the car. I was more than satisfied with the work done on the vehicle.

– **Joan I.**

My experience was excellent, and I will recommend it to my family and friend

– **Syed H.**

Service is excellent; I requested your location with my insurance company from a previous experience

– **Christopher G.**

Glad we found out about Simplicity - everything was a fantastic experience - really great people - Thanks !!!!!

– **Peder C.**

The service was excellent the associates were helpful.

– **Kari F**

Extremely professional, courteous, had the vehicle completed on time, and was even detailed!

– **Rob R.**

Service was phenomenal. Don't change a thing! Dale, Perry, Michelle and the whole team were accommodating. They're all very friendly and knowledgeable.

– **Sundeep S.**

Dale and his team were very professional and went out of their way to make sure I received exceptional service.

– **Alicia K.**

I have already recommended Simplicity to many of my friends and am impressed with the work and honesty.

– **Mario H.**

WoW!! You even steam cleaned my car?!?

– **Walter G.**

They did a spectacular job! I love the email updates letting me know what was getting done to the car. I love the care and professionalism of the staff. And I love that the car was given back to me really clean!

– **Brian R.**

Great service!! Donna and the team are charming to work with

– **Brynn T.**

You guys have provided more than what's being asked for. Keep up the good work

– **Srinivasa S.**

I was delighted with the service I received. I appreciated the additional time and consideration put forward by the staff there.

– **Michael**

Why Franchise with Simplicity?

Being an independent collision repairer can be challenging in many ways, and the past year is a reminder of how important it is to have support in difficult situations. The Simplicity Car Care franchise platform provides the tools that help you service your customers, drive sales, and manage your operations.

Our hands-on support structure helps collision repairers grow their business with less stress while enhancing profitability.

Becoming a Simplicity Car Care franchisee provides a better work-life balance by having a dedicated team support your business goals and objectives. Having your business running at optimal levels can also help you gain local recognition in your marketplace.

We've simplified the process of owning and operating a car care and collision franchise, so you can focus on your customers.

Additionally, you will receive support in these specific areas:



**New Business
Development**



**Hands-On Employee
Training**



**Marketing
and Advertising**



**Dedicated Field
Support Staff**



**Better Buying
Power**



**Quality
Control Tools**



**Efficient Operating
Procedures**



**Participate in our
Performance Group**

Net New Store Growth in 2020

Simplicity Car Care
experienced positive
net new store growth
in 2020 with a **51.4%**
growth rate.

53

2020



35

2019



17

2018



A white car is parked on a road, with its front end visible on the right side of the frame. The background shows a sunset or sunrise over a landscape with trees and hills, creating a warm, golden glow. The car's headlight and side mirror are clearly visible.

Insurance Performance

The year 2020 was a very unpredictable year, to say the least; however, one thing that remained predictable throughout all the ups and downs was our Network's performance. As Simplifiers settled in and adjusted to the new norm, they never wavered from our corporate vision of "making car care simple and affordable for every vehicle owner in the world." By focusing on reducing the average cost per claim and decreasing the length of rentals (LOR), Simplifiers across Canada did a remarkable job implementing a cost reduction strategy. Not only did the execution of the Simplicity Repair Process (SRP) reduce costs for our clients and insurance partners, but SRP elevated the global labour efficiency of our locations, thus unlocking additional capacity. Simplifiers worked hard!

**OUR COMMITMENT TO
PERFORMANCE AND
INNOVATION IS MORE
SIGNIFICANT THAN EVER**

OEM Certification/Accreditation

Simplicity Car Care is looking forward to the road ahead as we continue to focus on our franchisees training and development. Our first order of business in 2021 will be to continue down the path of OEM certification. As vehicles become more complex with added technology and sensors, it is imperative that our franchisees evolve alongside OEM manufacturers. Many of our franchisees are currently OEM certified, however our goal is to have the entire Network OEM certified. Simplicity Car Care is currently working on bolstering the Simplicity University Platform with more content revolving around electric vehicles and identifying & executing vehicle substrates repairability.

I-CAR Training

In 2021 Simplicity Car Care is excited to launch our Bring Your Own IT (BRIT) classes. These classes will be held by industry partners and Simplifiers in every region that we serve and will be scaled across Canada; these classes may happen in collision centres (granted everyone is socially distant). This program's premise is to give technicians and front-line staff the ability to train as a group and learn about the four disciplines (structural, non-structural, estimating and refinish) required for a collision centre to earn Gold Class status. This group learning initiative will reduce the amount of after-hours training typically needed and help Simplifiers from across the country get to know each other better while becoming the best version of themselves and more effective at their jobs.

**BY 2030 15%
OF VEHICLES
SOLD WILL
BE FULLY
AUTONOMOUS**

**MCKINSEY AND COMPANY
AUTOMOTIVE RESEARCH**



People Development

**THE DEDICATION AND DISCIPLINE
OF SIMPLIFIERS IS MORE
SIGNIFICANT THAN EVER**

Simplicity Car Care's 2021 overall HR Strategy includes supporting the company's growth by embedding HR Systems into the business's culture, values, and goals. It also includes providing a safe and positive work environment where team members are proud, feel valued and ready to contribute.

We have exceptional employees that we refer to as "Simplifiers," who are consistently working in the interest of our customers and society because we have built a world-class team and are well on our way to becoming the employer of choice.

It was validated early on that the leadership team and the staff share the same passion for Simplicity Car Care's success. We have created a continuous improvement culture, learning (LMS), flexibility, transparency, and accountability. We are the best at what we do because we dedicate the time to finding

the right fit for our culture. Having a high-performing and committed staff of Simplifiers only ensures our current and future success.

Our specialized employees are the core of the company. We make sure we select the strongest and brightest talent so that we continue to raise the bar. We invest in our employees from the moment they begin their careers at Simplicity. We provide the staff with the tools to develop their skills, and by doing this, we create a workplace of high engagement and strive to be the employer of choice by attracting and retaining top talent.

Looking towards the future, and as we expand globally, we are confident that our brand will be synonymous with what we stand for, which is our company values: Value, Trust, and Integrity.



Hail

WHEN OUR INSURANCE PARTNERS REQUIRED ADDITIONAL ASSISTANCE, THEY REACHED OUT TO OUR NETWORK – WITH SHORT NOTICE, WE ACTED SWIFTLY AND PLACED “ALL HANDS ON DECK.”

There is a First Time for Everything

In 2020, Calgary was hit with a significant hailstorm (its 4th major storm of the decade). This past summer showed how fifteen minutes could change the landscape of a city for years to come, with the damage costs to P&C Insurers surmounting \$1 Billion in repair costs, a staggering number, even for a catastrophe. With that said, the repair capacity for Calgary's city was under pressure for the entire summer and Simplicity Car Care was there to answer the call when our clients and insurance partners needed us the most. This storm was “special” for more than one reason from a Simplifiers perspective. Although Alberta's province is no stranger to hailstorms, this catastrophe was the first for Simplicity Car Care as a unit; and judging by our Net Promoter Score (NPS) throughout the season, we did a great job. It took Simplifiers two weeks to adjust, pivot and get used to the volume coming through our scheduling systems. But shortly after that, Simplifiers were not just quick to respond but executed with high levels of performance.

Simplicity Car Care understands that a car is not just a car; it's your method of transportation. We have built procedures, hired experienced staff, and partnered with leaders in the hail industry to ensure that not only the customer's vehicle but that family member is brought back to their pre-storm state. Simplicity Car Care has the experienced staff, policies & procedures, and critical partners to handle all hail and PDR needs across Canada. Fully bilingual, trained, educated, experienced and dedicated team are ready to deploy at a moment's notice

Operations Support

When our insurance partners required additional assistance, they reached out to our network – with short notice, we acted swiftly and placed “all hands on deck.” Our Simplifiers provided support to our stores through virtual assistance and even deploying staff to the market, as all locations were new to this environment of claims. Despite some initial adjustments, we were able to steer the course and adopt to the volume that the market and our customers need. Some of the takeaways from this experience have led Simplicity to revamp our infrastructure. They have led to creating additional learning programs deployed in the spring with regional Simplifiers and our PDR Partners. Some of the takeaways that Simplifiers can expect to be trained on in 2021 are as follows:

- **Enhanced Quality Control measures from FNOL to vehicle delivery**
- **Process and layout design strategy** – our team of certified Lean Six Sigma (LSS) practitioners have remodelled each shop's layout so that we may pivot and adjust within 48 hours of volume notification.
- **Scheduling optimization** – Simplicity Car Care has taken the key learnings from the 2020 Calgary catastrophe and have adjusted the capacity to better accommodate the markets we serve.
- **Load Levelling Platform** – The Load Levelling Platform was a great success in 2020; we will take the learnings from this program and provide an even better experience for any marketplace in Canada that may need assistance in managing capacity.

Franchise Advisory Council

When executed appropriately, a Franchise Advisory Council (FAC), can become the most valuable channel of feedback and tactical intelligence.

The Simplicity Car Care model is built around supporting our franchisees with unrivalled resources, supporting our strategic franchise partners in delivering the best possible client experience, reducing our customer's costs, and enhancing our franchisee's profitability. As Simplicity continues to grow, franchisee feedback will be more crucial than ever; in ensuring we are meeting the needs of our network and exceeding our clients' expectations.

In 2020 we developed the constitution and network-driven recruitment and selection process of existing franchisees to participate in the Franchise Advisory Council. Franchisees in the Simplicity Car Care network represent tremendous independent operators who have a very comprehensive understanding of the clients' needs and the needs of our B2B partners. Therefore, the leadership team at Simplicity Car Care believes that our FAC's establishment will be one of the greatest resources to identify future innovation. Remember, a franchisee invented the Big Mac!

In 2020, the simplicity leadership team was immensely proud to announce the following members of our FAC:

- Troy Kay – Simplicity Car Care Edmonton Downtown and Edmonton West
- Tim Robertson – Simplicity Car Care Edmonton South
- Daren Jones – Simplicity Car Care Port Perry
- Peter Schalk – Simplicity Car Care Aylmer
- Chantal Cox – Simplicity Car Care Watford

From marketing budget review and internal process improvement to increasing client advocacy, we are very excited to have these tremendous operators as members of the Simplicity Car Care Franchise Advisory Council.





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Are You Ready for a Change in Your Business?

Our franchise owners have the ambition to build their businesses but need the support to help get there. Together, we work to strengthen and grow your business while helping you achieve a better quality of life. We offer a distinctive brand backed by an operating system that can drive success to your location

Simplicity

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