UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 26, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 001-39898

Driven Brands Holdings Inc.

(Exact name of Registrant as specified in its charter)

Delaware	**47-3595252**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
440 South Church Street, Suite 700	
Charlotte, North Carolina	**28202**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (704) 377-8855

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.01 par value	DRVN	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Small reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of August 4, 2021, the Registrant had 167,369,010 shares of Common Stock outstanding.

Driven Brands Holdings Inc.

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Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are generally identified by the use of forward-looking terminology, including the terms “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “likely,” “may,” “plan,” “possible,” “potential,” “predict,” “project,” “should,” “target,” “will,” “would” and, in each case, their negative or other various or comparable terminology. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our strategy, future operations, future financial position, future revenue, projected costs, prospects, plans, objectives of management, and expected market growth are forward-looking statements. In particular, forward-looking statements include, among other things, statements relating to: (i) our strategy, outlook and growth prospects; (ii) our operational and financial targets and dividend policy; (iii) general economic trends and trends in the industry and markets; and (iv) the competitive environment in which we operate. Forward-looking statements are not based on historical facts, but instead represent our current expectations and assumptions regarding our business, the economy and other future conditions, and involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance, or achievements to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. It is not possible to predict or identify all such risks. These risks include, but are not limited to, the risk factors that are described under the section titled “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 26, 2020, and in our other filings with the Securities and Exchange Commission, which are available on its website at www.sec.gov. Given these uncertainties, you should not place undue reliance on these forward-looking statements.

Forward-looking statements represent our estimates and assumptions only as of the date on which they are made, and we undertake no obligation to update or review publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Part I - Financial Information

Item 1. Financial Statements (Unaudited)

DRIVEN BRANDS HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in thousands, except per share amounts)	Three months ended June 26, 2021	Three months ended June 27, 2020	Six months ended June 26, 2021	Six months ended June 27, 2020
Revenue:				
Franchise royalties and fees	$ 37,873	$ 28,282	$ 68,287	$ 57,694
Company-operated store sales	206,198	87,660	390,053	182,551
Independently-operated store sales	56,379	—	112,542	—
Advertising fund contributions	19,648	12,619	36,903	27,502
Supply and other revenue	54,730	39,262	96,462	80,183
Total revenue	374,828	167,823	704,247	347,930
Operating expenses:				
Company-operated store expenses	123,820	53,373	236,575	116,665
Independently-operated store expenses	30,792	—	61,900	—
Advertising fund expenses	19,648	12,619	36,903	27,502
Supply and other expenses	29,598	21,295	52,087	44,354
Selling, general and administrative expenses	77,935	45,456	146,984	96,521
Acquisition costs	389	1,016	2,038	1,211
Store opening costs	405	627	694	1,802
Depreciation and amortization	26,423	8,636	50,275	16,435
Asset impairment charges	2,178	3,499	3,431	6,411
Total operating expenses	311,188	146,521	590,887	310,901
Operating income	63,640	21,302	113,360	37,029
Other expenses, net:				
Interest expense, net	16,612	17,863	34,702	35,379
(Gain) / loss on foreign currency transactions, net	(5,229)	(1,194)	5,282	2,285
Loss on debt extinguishment	78	—	45,576	—
Total other expenses, net	11,461	16,669	85,560	37,664
Net income (loss) before taxes	52,179	4,633	27,800	(635)
Income tax expense	17,011	1,542	12,565	221
Net income (loss)	35,168	3,091	15,235	(856)
Net (loss) income attributable to non-controlling interests	(36)	33	(30)	(66)
Net income (loss) attributable to Driven Brands Holdings Inc.	$ 35,204	$ 3,058	$ 15,265	$ (790)
Earnings (loss) per share(1):				
Basic	$ 0.21	$ 0.03	$ 0.09	$ (0.01)
Diluted	$ 0.21	$ 0.03	$ 0.09	$ (0.01)
Weighted average shares outstanding(1):				
Basic	162,626	88,990	158,727	88,990
Diluted	166,512	88,990	162,271	88,990

(1) Shares and earnings (loss) per share for 2020 have been adjusted to reflect an implied 88,990-for-one stock split that became effective on January 14, 2021. See Note 1 for additional information.

The accompanying notes are an integral part of these condensed consolidated financial statements.

DRIVEN BRANDS HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

	Three months ended		Six months ended	
(in thousands)	**June 26, 2021**	**June 27, 2020**	**June 26, 2021**	**June 27, 2020**
Net income (loss)	$ 35,168	$ 3,091	$ 15,235	$ (856)
Other comprehensive income (loss):				
Foreign currency translation adjustment	11,411	4,521	2,168	(11,246)
Unrealized gain from cash flow hedges, net of tax	—	—	30	—
Actuarial gain of defined benefit pension plan, net of tax	—	—	128	—
Other comprehensive income (loss), net	11,411	4,521	2,326	(11,246)
Total comprehensive income (loss)	46,579	7,612	17,561	(12,102)
Comprehensive income (loss) attributable to non-controlling interests	(1)	8	39	(131)
Comprehensive income (loss) attributable to Driven Brands Holdings Inc.	$ 46,580	$ 7,604	$ 17,522	$ (11,971)

The accompanying notes are an integral part of these condensed consolidated financial statements.

DRIVEN BRANDS HOLDINGS INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)	June 26, 2021 (Unaudited)	December 26, 2020
Assets		
Current assets:		
Cash and cash equivalents	$ 147,257	$ 172,611
Restricted cash	159	15,827
Accounts and notes receivable, net	106,846	84,805
Inventory	41,899	43,039
Prepaid and other assets	28,166	25,070
Income tax receivable	1,038	3,055
Advertising fund assets, restricted	40,084	29,276
Assets held for sale	990	—
Total current assets	366,439	373,683
Notes receivable, net	3,594	3,828
Property and equipment, net	938,194	827,392
Operating lease right-of-use assets	906,066	884,927
Deferred commissions	9,508	8,661
Intangibles, net	827,357	829,308
Goodwill	1,768,244	1,727,351
Total assets	$ 4,819,402	$ 4,655,150
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	$ 79,238	$ 67,802
Accrued expenses and other liabilities	198,939	190,867
Income tax payable	3,644	3,513
Current portion of long term debt	17,793	22,988
Advertising fund liabilities	32,047	20,276
Total current liabilities	331,661	305,446
Long-term debt, net	1,503,957	2,102,219
Deferred tax liability	253,507	249,043
Operating lease liabilities	844,809	818,001
Income tax receivable liability	155,970	—
Deferred revenue	23,837	20,757
Long-term accrued expenses and other liabilities	33,719	53,324
Total liabilities	3,147,460	3,548,790
Common stock, $0.01 par value, 900 million shares authorized at June 26, 2021 and December 26, 2020, respectively; 167 million and 89 million shares issued and outstanding at June 26, 2021 and December 26, 2020, respectively(1)	1,674	565
Additional paid-in capital	1,603,095	1,055,172
Retained earnings	47,240	31,975
Accumulated other comprehensive income	18,854	16,528
Total shareholders' equity attributable to Driven Brands Holdings Inc.	1,670,863	1,104,240
Non-controlling interests	1,079	2,120
Total shareholders' equity	1,671,942	1,106,360
Total liabilities and shareholders' equity	$ 4,819,402	$ 4,655,150

(1) Common stock at December 26, 2020 has been adjusted to reflect an implied 88,990-for-one stock split that became effective on January 14, 2021. See Note 1 for additional information.

The accompanying notes are an integral part of these condensed consolidated financial statements.

DRIVEN BRANDS HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS'/MEMBERS' EQUITY (Unaudited)

in thousands	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Non-controlling interests	Total shareholders'/members' equity
Balance as of December 26, 2020	$ 565	$ 1,055,172	$ 31,975	$ 16,528	$ 2,120	$ 1,106,360
Net income (loss)	—	—	(19,939)	—	7	(19,932)
Other comprehensive income (loss)	—	—	—	(9,085)	—	(9,085)
Equity-based compensation expense	—	983	—	—	—	983
Issuance of common stock upon initial public offering, net of underwriting discounts and commissions	1,082	660,418	—	—	—	661,500
Common stock issued upon underwriter's exercise of over-allotment	48	99,177	—	—	—	99,225
Repurchase of common stock	(21)	(42,956)	—	—	—	(42,977)
Exercise of stock options	—	25	—	—	—	25
Establishment of income tax receivable liability	—	(155,970)	—	—	—	(155,970)
IPO fees	—	(14,757)	—	—	—	(14,757)
Other	—	—	—	—	(63)	(63)
Balance as of March 27, 2021	$ 1,674	$ 1,602,092	$ 12,036	$ 7,443	$ 2,064	$ 1,625,309
Net income (loss)			35,204		(36)	35,168
Other comprehensive income (loss)				11,412	(1)	11,411
Equity-based compensation expense		1,028				1,028
At Pac divestiture					(948)	(948)
Other		(25)		(1)		(26)
Balance at June 26, 2021	$ 1,674	$ 1,603,095	$ 47,240	$ 18,854	$ 1,079	$ 1,671,942
Balance as of December 28, 2019	565	242,240	41,983	3,626	1,464	289,878
Cumulative effect of ASU 2016-02 adoption	—	—	(4,012)	—	—	(4,012)
Cumulative effect of ASU 2016-13 adoption	—	—	(1,797)	—	—	(1,797)
Balance as of December 29, 2019	565	242,240	36,174	3,626	1,464	284,069
Net income (loss)	—	—	(790)	—	(66)	(856)
Other comprehensive income (loss)	—	—	—	(11,115)	(131)	(11,246)
Equity-based compensation expense	—	690	—	—	—	690
Balance at June 27, 2020	$ 565	$ 242,930	$ 35,384	$ (7,489)	$ 1,267	$ 272,657

The accompanying notes are an integral part of these condensed consolidated financial statements.

DRIVEN BRANDS HOLDINGS INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

	Six months ended	
(in thousands)	**June 26, 2021**	**June 27, 2020**
Net income (loss)	$ 15,235	$ (856)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	50,275	16,435
Non-cash lease cost	37,938	17,412
Gain on foreign denominated transactions	5,707	2,285
Loss on derivatives not designed as hedges	(425)	—
Bad debt expense	1,739	4,351
Asset impairment costs	3,431	6,411
Amortization of deferred financing costs and bond discounts	3,619	2,573
Benefit (provision) for deferred income taxes	4,742	(1,471)
Loss on extinguishment of debt	45,576	—
Other, net	1,375	1,365
Changes in assets and liabilities:		
Accounts and notes receivable, net	(24,174)	(26,134)
Inventory	(396)	(577)
Prepaid and other assets	(20,885)	(9,665)
Advertising fund assets and liabilities, restricted	12,548	3,835
Deferred commissions	(809)	(1,614)
Deferred revenue	2,994	(2,780)
Accounts payable	3,860	11,696
Accrued expenses and other liabilities	9,707	349
Income tax receivable	3,665	4,051
Operating lease liabilities	(31,034)	(14,109)
Cash provided by operating activities	124,688	13,557
Cash flows from investing activities:		
Capital expenditures	(46,222)	(24,920)
Cash used in business acquisitions, net of cash acquired	(205,556)	(28,490)
Proceeds from sale-leaseback transactions	49,166	—
Proceeds from sale of company-operated stores	5,775	—
Cash used in investing activities	(196,837)	(53,410)
Cash flows from financing activities:		
Payment of contingent consideration related to acquisitions	—	(1,783)
Payment of debt extinguishment and issuance costs	(2,408)	(2,421)
Repayment of long-term debt	(712,649)	(12,809)
Proceeds from revolving lines of credit and short-term debt	213,800	79,501
Repayments of revolving lines of credit and short-term debt	(152,800)	—
Repayment of principal portion of finance lease liability	(1,127)	(117)
Proceeds from initial public offering, net of underwriting discounts	661,500	—
Net proceeds from underwriters' exercise of over-allotment option	99,225	—
Repurchases of common stock	(43,040)	—
Payment for termination of interest rate swaps	(21,826)	—
Other, net	152	—
Cash provided by financing activities	40,827	62,371
Effect of exchange rate changes on cash	1,813	(337)
Net change in cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted	(29,509)	22,181

Cash and cash equivalents, beginning of period		172,611		34,935
Cash included in advertising fund assets, restricted, beginning of period		19,369		23,091
Restricted cash, beginning of period		15,827		—
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, beginning of period		207,807		58,026
Cash and cash equivalents, end of period		147,257		67,617
Cash included in advertising fund assets, restricted, end of period		30,882		12,590
Restricted cash, end of period		159		—
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, end of period	$	178,298	$	80,207

Supplemental cash flow disclosures - non-cash items:				
Accrued capital expenditures	$	5,772	$	2,434
Supplemental cash flow disclosures - cash paid for:				
Interest	$	38,966	$	32,517
Income taxes		5,531		649

The accompanying notes are an integral part of these condensed consolidated financial statements.

Note 1—Description of Business

Description of Business

Driven Brands Holdings Inc., together with its subsidiaries (collectively, the "Company"), is a Delaware corporation and is the parent holding company of Driven Brands, Inc. and Shine Holdco (UK) Limited (collectively, "Driven Brands"). Driven Brands is the largest automotive services company in North America with a growing and highly-franchised base of more than 4,300 franchised, independently-operated, and company-operated locations across 49 U.S. states and 14 other countries. The Company has a portfolio of highly recognized brands, including Take 5 Oil Change®, Meineke Car Care Centers®, MAACO®, CARSTAR®, and 1-800-Radiator & A/C® that compete in the automotive services industry. Approximately 82% of the Company's locations are franchised or independently-operated.

Initial Public Offering

On January 14, 2021, the Company completed an initial public offering (the "IPO") of approximately 32 million shares of common stock at $22 per share. On February 10, 2021, the Company's underwriters exercised their over-allotment option to purchase approximately 5 million additional shares of common stock. The Company received total proceeds of $761 million from these transactions, net of the underwriting discounts and commissions.

The Company used the proceeds from the IPO, along with cash on hand, to fully repay the First Lien Term Loan, Second Lien Term Loan, and revolving credit facility assumed as part of the acquisition of International Car Wash Group ("ICWG") in 2020 (collectively, the "Car Wash Senior Credit Facilities"), which totaled $725 million with interest and fees. The Company recognized a $46 million loss on debt extinguishment related to this settlement, primarily related to the write-off of unamortized discount. The Company cancelled the interest rate and cross currency swaps associated with these debt agreements as part of the settlement. The Company also used $43 million in proceeds to purchase approximately 2 million shares of common stock from certain of our existing shareholders.

Income Tax Receivable Agreement

The Company expects to be able to utilize certain tax benefits which are related to periods prior to the effective date of the Company's IPO and are attributed to current and former shareholders. The Company previously entered into an income tax receivable agreement which provides our pre-IPO shareholders with the right to receive payment of 85% of the amount of cash savings, if any, in U.S. and Canadian federal, state, local and provincial income tax that the Company will actually realize. The income tax receivable agreement is effective as of the date of the Company's IPO, and the Company has recorded a liability of $156 million as of June 26, 2021, which is recorded under long-term liabilities as the income tax receivable liability on the condensed consolidated balance sheet.

Stock Split

On January 14, 2021, the Company's shareholders approved an amendment to the Company's certificate of incorporation (the "Amendment") to effect an implied 88,990-for-one stock split of shares of the Company's outstanding common stock. In addition, the Amendment increased the number of authorized shares of the Company's stock from 10,000 shares to 1 billion shares (900 million shares of common stock and 100 million shares of preferred stock). All share and per-share data in the condensed consolidated financial statements and footnotes has been retroactively adjusted to reflect the stock split for all periods presented. The Company does not have any shares of preferred stock outstanding.

Note 2— Summary of Significant Accounting Policies

Fiscal Year

The Company operates and reports financial information on a 52- or 53-week year with the fiscal year ending on the last Saturday in December and fiscal quarters ending on the 13th Saturday of each quarter (or 14th Saturday when applicable with respect to the fourth fiscal quarter). The three and six months ended June 26, 2021 and June 27, 2020, each consist of 13 and 26 weeks, respectively.

In August 2020, the Company acquired ICWG, which is currently consolidated based on a calendar month that ended on June 30, 2021. See Note 3 for additional discussion regarding the acquisition of ICWG.

Basis of Presentation

The unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of results of operations, balance sheet, cash flows, and shareholders' equity for the periods presented have been reflected. The adjustments include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain amounts in the 2020 condensed consolidated financial statements have been reclassified to conform to the 2021 presentation. In the Company's consolidated statements of operations, $1 million and $2 million for the three and six months ended June 27, 2020, respectively, of franchise royalties and fees within the Platform Services segment has been reclassified to supply and other revenue to conform to the current year presentation.

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 26, 2020. Certain information and note disclosures normally included in the financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to such rules and regulations. The results of operations for the three and six months ended June 26, 2021 may not be indicative of the results to be expected for any other interim period or the year ending December 25, 2021.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and the related notes to the condensed consolidated financial statements. Estimates are based upon historical factors, current circumstances and the experience and judgment of the Company's management. Management evaluates its estimates and assumptions on an ongoing basis and may employ outside experts to assist in its evaluations. Changes in such estimates, based on more accurate future information, or different assumptions or conditions, may affect amounts reported in future periods.

Deferred IPO costs

Costs incurred that are directly related to the IPO, such as legal and accounting fees, registration fees, printing expenses, and other similar fees and expenses, totaling $9 million were capitalized and included within prepaid and other assets as of December 26, 2020. Upon completion of the IPO, the Company reclassified these costs, as well as an additional $6 million of IPO costs incurred during the six months ended June 26, 2021, to additional paid-in-capital.

Fair Value of Financial Instruments

Financial assets and liabilities are categorized, based on the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to the quoted prices in active markets for identical assets and liabilities and the lowest priority to unobservable inputs. Observable market data, when available, is required to be used in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

The Company classifies and discloses assets and liabilities carried at fair value in one of the following three categories:

- Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity as the ability to access at the measurement date;
- Level 2: Inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; or
- Level 3: Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

Financial assets and liabilities measured at fair value on a recurring basis as of June 26, 2021 and December 26, 2020 are summarized as follows:

Items Measured at Fair Value at June 26, 2021			
(in thousands)	Level 1	Level 2	Total
Mutual fund investments held in rabbi trust	$ 980	$ —	$ 980
Derivative liabilities	$ —	$ (3,098)	$ (3,098)

Items Measured at Fair Value at December 26, 2020			
(in thousands)	Level 1	Level 2	Total
Mutual fund investments held in rabbi trust	$ 704	$ —	$ 704
Derivative assets not designated as hedging instruments	—	227	227
Total assets measured at fair value on a recurring basis	$ 704	$ 227	$ 931
Derivative liabilities designated as hedging instruments	$ —	$ (9,561)	$ (9,561)
Derivative liabilities not designated as hedging instruments	—	(12,197)	(12,197)
Total derivative liabilities	$ —	$ (21,758)	$ (21,758)

The fair value of the Company’s derivative instruments are derived from valuation models, which use observable inputs such as quoted market prices, interest rates and forward yield curves.

The carrying value and estimated fair value of total long-term debt were as follows:

	June 26, 2021		December 26, 2020	
(in thousands)	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Long-term debt	$ 1,521,750	$ 1,589,090	$ 2,125,207	$ 2,169,597

Accumulated Other Comprehensive Income (Loss)

The following tables present changes, net of tax, in each component of accumulated other comprehensive income (loss).

	Three months ended June 26, 2021			
(in thousands)	Foreign currency translation adjustment	Cash flow hedges	Defined benefit pension plan	Accumulated other comprehensive income
Balance at March 27, 2021	$ 7,591	$ (57)	$ (91)	$ 7,443
Net change	11,411	—	—	11,411
Balance at June 26, 2021	$ 19,002	$ (57)	$ (91)	$ 18,854

(in thousands)	Three months ended June 27, 2020			
	Foreign currency translation adjustment	Cash flow hedges	Defined benefit pension plan	Accumulated other comprehensive income (loss)
Balance at March 28, 2020	$ (12,141)	$ —	$ —	$ (12,141)
Net change	4,652	—	—	4,652
Balance at June 27, 2020	$ (7,489)	$ —	$ —	$ (7,489)

(in thousands)	Six months ended June 26, 2021			
	Foreign currency translation adjustment	Cash flow hedges	Defined benefit pension plan	Accumulated other comprehensive income
Balance at December 26, 2020	$ 16,834	$ (87)	$ (219)	$ 16,528
Net change	2,168	30	128	2,326
Balance at June 26, 2021	$ 19,002	$ (57)	$ (91)	$ 18,854

(in thousands)	Six months ended June 27, 2020			
	Foreign currency translation adjustment	Cash flow hedges	Defined benefit pension plan	Accumulated other comprehensive income (loss)
Balance at December 28, 2019	$ 3,626	$ —	$ —	$ 3,626
Net change	(11,115)	—	—	(11,115)
Balance at June 27, 2020	$ (7,489)	$ —	$ —	$ (7,489)

Recently Adopted Accounting Standards

In December 2019, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, as part of its initiative to reduce complexity in accounting standards. The amendments in this ASU simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740 and improve consistency by clarifying and amending existing guidance. The Company adopted the ASU on December 27, 2020, and the adoption did not have a material impact on our consolidated financial statements.

Note 3—Acquisitions and Dispositions

The Company strategically acquires companies in order to increase its footprint and offer products and services that diversify its existing offerings. These acquisitions are accounted for as business combinations using the acquisition method, whereby the purchase price is allocated to the assets acquired and liabilities assumed, based on their estimated fair values at the date of the acquisition.

2021 Acquisitions

During the six months ended June 26, 2021, the Company completed 13 acquisitions in the Car Wash segment, representing 30 car wash sites, each individually immaterial (the "2021 Car Wash Acquisitions"). The aggregate cash consideration paid for these acquisitions, net of cash acquired and liabilities assumed, was approximately $200 million.

A preliminary estimate of assets acquired and liabilities assumed for the 2021 Car Wash Acquisitions is as follows:

(in thousands)		
Assets:		
Cash	$	63
Right of use assets		2,611
Prepaid rent		16
Land and improvements		23,125
Building		104,725
Equipment		22,526
Net deferred tax assets		648
Assets held for sale		990
Assets acquired		154,704
Liabilities:		
Prepaid liability		227
Deferred revenue		46
Lease liability		2,595
Liabilities assumed		2,868
Net assets acquired		151,836
Total consideration		199,971
Goodwill	$	48,135

We also acquired separately identifiable intangible assets which are not presented above until the valuation is finalized. All goodwill was allocated to the Car Wash segment and all is deductible for income tax purposes.

In addition, during the six months ended June 26, 2021, the Company completed the acquisition of three maintenance sites, each individually immaterial, which are included within the Company's Maintenance segment (the "2021 Maintenance Acquisitions"). The aggregate cash consideration paid for these acquisitions, net of cash acquired and liabilities assumed, was $6 million.

A preliminary estimate of assets acquired and liabilities assumed for the 2021 Maintenance Acquisitions is as follows:

(in thousands)		
Assets:		
Land and improvements	$	575
Building		725
Equipment		700
Construction in progress		3,511
Assets acquired		5,511
Liabilities:		
Lease liability		20
Liabilities assumed		20
Net assets acquired		5,491
Total consideration		5,637
Goodwill	$	146

2021 Dispositions

On April 27, 2021, the Company disposed of its 70% owned subsidiary, At-Pac Auto Parts Inc., for consideration of $2 million. A loss of less than $1 million was recognized within selling, general, and administrative expenses during the three and six months ended June 26, 2021 as a result of the sale. In addition, noncontrolling interest of $1 million was derecognized.

2020 Acquisitions

Acquisition of International Car Wash Group

On August 3, 2020, the Company completed the acquisition of Shine Holdco (UK) Limited, the holding company of ICWG, to expand on its service offerings by entering into the car wash business (the "ICWG Acquisition"). The ICWG Acquisition resulted in the Company acquiring 940 car wash centers in 14 countries across the United States, Europe, and Australia. The following table presents an updated estimate of the purchase price allocation for the ICWG Acquisition:

(in thousands, except shares)	August 3, 2020
Assets:	
Cash	$ 37,011
Accounts and notes receivable	2,591
Inventory	12,761
Fixed assets	692,486
Operating lease right-of-use assets	479,787
Definite-lived intangibles	5,972
Indefinite-lived intangibles	165,730
Other assets	7,476
Total assets acquired	1,403,814
Liabilities:	
Accounts payable	13,435
Long-term debt	656,684
Deferred income tax liability	133,776
Operating lease liabilities	476,216
Derivative liabilities	12,714
Other liabilities	82,394
Total liabilities assumed	1,375,219
Net assets acquired	28,595
Non-controlling interest acquired	400
Total consideration paid (39,169,857 common shares)[1]	809,000
Goodwill	$ 780,805

[1] Common shares issued as consideration have been adjusted to reflect an implied 88,990-for-one stock split that became effective on January 14, 2021. See Note 1 for additional information.

The preliminary fair value of the equity consideration was determined based on an estimated enterprise value using a market approach and income approach as of the purchase date, reduced by borrowings assumed. The Company updated its purchase accounting estimates during the three months ended March 27, 2021 related to the deferred tax liability and, as a result, reduced goodwill related to the ICWG Acquisition by approximately $1 million.

Acquisition of Fix Auto

On April 20, 2020, the Company acquired 100% of the outstanding equity of Fix Auto USA ("Fix Auto"), a franchisor and operator of collision repair centers, for $29 million, net of cash received of approximately $2 million. This acquisition resulted in the Company acquiring 150 franchised locations and 10 company-operated locations and increased the Company's collision services footprint.

The assets acquired and liabilities assumed from Fix Auto are as follows:

(in thousands)	April 20, 2020
Assets:	
Cash	$ 2,020
Accounts and notes receivable, net	2,317
Inventory	414
Prepaid and other assets	293
Operating lease right-of-use assets	7,520
Fixed assets	1,023
Definite-lived intangibles	15,200
Assets acquired	28,787
Liabilities:	
Accounts payable	1,835
Accrued expenses and other liabilities	2,919
Operating lease liability	7,520
Income taxes payable	673
Deferred income tax liability	3,770
Liabilities assumed	16,717
Net assets acquired	12,070
Total consideration	31,460
Goodwill	$ 19,390

A summary of total consideration for Fix Auto is as follows:

(in thousands)	
Cash	$ 28,517
Fair value of contingent consideration	2,943
Total consideration	$ 31,460

Other Acquisitions

During 2020, the Company completed the acquisition of 17 car wash sites, each individually immaterial, which are included within the Company's Car Wash segment (the "2020 Car Wash Acquisitions"). The aggregate cash consideration paid for these acquisitions, net of cash acquired and liabilities assumed, was approximately $109 million.

The assets acquired and liabilities assumed for the 2020 Car Wash Acquisitions are as follows:

(in thousands)

Assets:	
Cash	$ 41
Land and improvements	18,635
Building	42,570
Equipment	12,125
Deferred tax assets	5,117
Assets acquired	78,488
Liabilities:	
Deferred revenue	368
Liabilities assumed	368
Net assets acquired	78,120
Total consideration	108,771
Goodwill	$ 30,651

The valuation for the acquisitions requires significant estimates and assumptions. The estimates are inherently uncertain and subject to revision as additional information is obtained during the measurement period for the acquisitions. There were no measurement period changes related to Fix Auto and the 2020 Car Wash Acquisitions during the six months ended June 26, 2021.

Note 4— Revenue from Contracts with Customers

The Company records contract assets for the incremental costs of obtaining a contract with a customer if it expects the benefit of those costs to be longer than one year and if such costs are material. Commission expenses, a primary cost associated with the sale of franchise licenses, are amortized to selling, general and administrative expenses in the condensed consolidated statements of operations ratably over the life of the associated franchise agreement.

Capitalized costs to obtain a contract as of June 26, 2021 and December 26, 2020 were $10 million and $9 million, respectively, and are presented within deferred commissions on the condensed consolidated balance sheets. The Company recognized an immaterial amount of costs during the three and six months ended June 26, 2021 and June 27, 2020, respectively, that were recorded as a contract asset at the beginning of the period.

Contract liabilities consist primarily of deferred franchise fees and deferred development fees. The Company had contract liabilities of $24 million and $21 million as of June 26, 2021 and December 26, 2020, respectively, which are presented within deferred revenue on the condensed consolidated balance sheets. The Company recorded an immaterial amount of revenue during the three and six months ended June 26, 2021 and June 27, 2020, respectively, that was recorded as a contract liability as of the beginning of the period.

Note 5—Segment Information

The Company’s worldwide operations are comprised of the following reportable segments: Maintenance; Car Wash; Paint, Collision & Glass; and Platform Services. The Car Wash segment was formed in connection with the acquisition of ICWG in August 2020.

In addition to the reportable segments, the Company’s consolidated financial results include “Corporate and Other” activity. Corporate and Other incurs costs related to advertising fund revenues and expenses and shared service costs, which are related to finance, IT, human resources, legal, supply chain and other support services. Corporate and Other activity includes the adjustments necessary to eliminate intercompany transactions, namely sales by the Platform Services segment to the Paint, Collision & Glass and Maintenance segments, respectively.

Segment results for the three and six months ended June 26, 2021 and June 27, 2020 are as follows:

	Three months ended June 26, 2021					
(in thousands)	**Maintenance**	**Car Wash**	**Paint, Collision & Glass**	**Platform Services**	**Corporate and Other**	**Total**
Franchise royalties and fees	$ 9,090	$ —	$ 19,988	$ 8,795	$ —	$ 37,873
Company-operated store sales	126,107	65,705	13,019	1,463	(96)	206,198
Independently-operated store sales	—	56,379	—	—	—	56,379
Advertising fund contributions	—	—	—	—	19,648	19,648
Supply and other revenue	9,813	1,831	17,567	34,583	(9,064)	54,730
Total revenue	$ 145,010	$ 123,915	$ 50,574	$ 44,841	$ 10,488	$ 374,828
Segment Adjusted EBITDA	$ 44,561	$ 43,069	$ 21,856	$ 17,602	$ (25,845)	$ 101,243

	Three months ended June 27, 2020				
(in thousands)	**Maintenance**	**Paint, Collision & Glass**	**Platform Services**	**Corporate and Other**	**Total**
Franchise royalties and fees	$ 6,724	$ 15,239	$ 6,433	$ (114)	$ 28,282
Company-operated store sales	79,504	6,211	1,356	589	87,660
Advertising fund contributions	—	—	—	12,619	12,619
Supply and other revenue	5,286	13,652	26,979	(6,655)	39,262
Total revenue	$ 91,514	$ 35,102	$ 34,768	$ 6,439	$ 167,823
Segment Adjusted EBITDA	$ 26,339	$ 11,011	$ 15,969	$ (12,710)	$ 40,609

	Six months ended June 26, 2021					
(in thousands)	**Maintenance**	**Car Wash**	**Paint, Collision & Glass**	**Platform Services**	**Corporate and Other**	**Total**
Franchise royalties and fees	$ 17,016	$ —	$ 37,298	$ 13,973	$ —	$ 68,287
Company-operated store sales	240,174	122,753	24,949	2,446	(269)	390,053
Independently-operated store sales	—	112,542	—	—	—	112,542
Advertising fund contributions	—	—	—	—	36,903	36,903
Supply and other revenue	15,970	3,284	32,219	63,018	(18,029)	96,462
Total revenue	$ 273,160	$ 238,579	$ 94,466	$ 79,437	$ 18,605	$ 704,247
Segment Adjusted EBITDA	$ 85,001	$ 77,224	$ 39,495	$ 28,610	$ (50,864)	$ 179,466

	Six months ended June 27, 2020				
(in thousands)	**Maintenance**	**Paint, Collision & Glass**	**Platform Services**	**Corporate and Other**	**Total**
Franchise royalties and fees	$ 14,057	$ 32,985	$ 10,778	$ (126)	$ 57,694
Company-operated store sales	167,244	12,057	3,334	(84)	182,551
Advertising fund contributions	—	—	—	27,502	27,502
Supply and other revenue	9,910	29,006	52,814	(11,547)	80,183
Total revenue	$ 191,211	$ 74,048	$ 66,926	$ 15,745	$ 347,930
Segment Adjusted EBITDA	$ 47,805	$ 26,888	$ 23,434	$ (25,756)	$ 72,371

The reconciliations of Segment Adjusted EBITDA to loss before taxes for the three and six months ended June 26, 2021 and June 27, 2020 are as follows:

	Three months ended		Six months ended	
(in thousands)	**June 26, 2021**	**June 27, 2020**	**June 26, 2021**	**June 27, 2020**
Income (loss) before taxes	$ 52,179	$ 4,633	$ 27,800	$ (635)
Depreciation and amortization	26,423	8,636	50,275	16,435
Interest expense, net	16,612	17,863	34,702	35,379
Acquisition related costs[(a)]	389	1,016	2,038	1,211
Non-core items and project costs, net[(b)]	2,522	509	2,553	1,764
Store opening costs	405	627	694	1,802
Sponsor management fees[(c)]	—	539	—	1,079
Straight-line rent adjustment[(d)]	3,358	1,787	5,843	2,639
Equity-based compensation expense[(e)]	1,028	791	2,011	690
Foreign currency transaction (gain) / loss, net[(f)]	(5,229)	(1,194)	5,282	2,285
Bad debt expense	—	2,842	—	2,842
Asset impairment and closed store expenses[(g)]	3,478	2,560	2,692	6,880
Loss on debt extinguishment[(h)]	78	—	45,576	—
Segment Adjusted EBITDA	$ 101,243	$ 40,609	$ 179,466	$ 72,371

(a) Consists of acquisition costs as reflected within the condensed consolidated statements of operations, including legal, consulting and other fees and expenses incurred in connection with acquisitions completed during the applicable period, as well as inventory rationalization expenses incurred in connection with acquisitions. We expect to incur similar costs in connection with other acquisitions in the future and, under GAAP, such costs relating to acquisitions are expensed as incurred and not capitalized.

(b) Consists of discrete items and project costs, including (i) third party consulting and professional fees associated with strategic transformation initiatives and (ii) other miscellaneous expenses, including non-capitalizable expenses relating to the Company’s initial public offering and other strategic transactions.

(c) Includes management fees paid to Roark Capital Management, LLC.

(d) Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments.

(e) Represents non-cash equity-based compensation expense.

(f) Represents foreign currency transaction net gains and losses primarily related to the remeasurement of our intercompany loans.

(g) Represents non-cash charges incurred related to the impairment of certain fixed assets and lease exit costs and other costs associated with stores that were closed prior to their respective lease terminations dates.

(h) Represents the write-off of unamortized discount associated with the repayment of the Car Wash Senior Credit Facilities.

Note 6—Long-Term Debt

Our long-term debt obligations consist of the following:

(in thousands)	June 26, 2021	December 26, 2020
Series 2018-1 Securitization Senior Notes, Class A-2	$ 266,063	$ 267,438
Series 2019-1 Securitization Senior Notes, Class A-2	292,500	294,000
Series 2019-2 Securitization Senior Notes, Class A-2	270,188	271,563
Series 2020-1 Securitization Senior Notes, Class A-2	173,250	174,125
Series 2020-2 Securitization Senior Notes, Class A-2	447,750	450,000
Car Wash First Lien Term Loan	—	528,858
Car Wash Second Lien Term Loan	—	175,000
Car Wash Revolving Credit Facility	—	18,000
Driven Holdings Revolving Credit Facility	79,000	—
Other debt [(a)]	27,424	26,763
Total debt	1,556,175	2,205,747
Less: unamortized discount	—	(46,030)
Less: debt issuance costs	(34,425)	(34,510)
Less: current portion of long-term debt	(17,793)	(22,988)
Total long-term debt, net	$ 1,503,957	$ 2,102,219

(a) Amount primarily consists of finance lease obligations.

As discussed in Note 1, the Company used the proceeds from the IPO, along with cash on hand, to fully repay the Car Wash Senior Credit Facilities, which totaled $725 million with interest and fees. The Company incurred a $46 million loss on debt extinguishment, related primarily to the write-off of unamortized discount, during the six months ended June 26, 2021.

Driven Holdings Revolving Credit Facility

In May 2021, the Company entered into a credit agreement to secure a revolving line of credit with a group of financial institutions (“Driven Holdings Revolving Credit Facility”), which provides for an aggregate principal amount of up to $300 million, and has a maturity date of May 27, 2026. Eurocurrency borrowings incur interest at an adjusted London Interbank Offered Rate (“LIBOR”) plus an applicable margin of 1.50%, which may increase to 1.75% based on the Net First Lien Leverage Ratio under the Driven Holdings Revolving Credit Facility. The Driven Holdings Revolving Credit Facility also includes periodic commitment fees based on the available unused balance and a quarterly administrative fee.

As of June 26, 2021, there was $79 million outstanding on the Driven Holdings Revolving Credit Facility, with immaterial accrued interest at quarter-end.

The Company’s debt agreements are subject to certain quantitative and qualitative covenants. As of June 26, 2021, the Company and its subsidiaries were in compliance with all covenants.

Note 7—Leases

The following table details our total investment in operating and finance leases where the Company is the lessee:

(in thousands)	June 26, 2021	December 26, 2020
Right-of-use assets		
Finance leases [(a)]	$ 9,576	$ 14,211
Operating leases	906,066	884,927
Total right-of-use assets	$ 915,642	$ 899,138
Current lease liabilities		
Finance leases [(b)]	$ 2,341	$ 2,149
Operating leases [(c)]	59,999	60,095
Total current lease liabilities	$ 62,340	$ 62,244
Long-term lease liabilities		
Finance leases [(d)]	$ 17,303	$ 16,726
Operating leases	844,809	818,001
Total long-term lease liabilities	$ 862,112	$ 834,727

(a) Finance lease right-of-use assets are included in property and equipment, net on the condensed consolidated balance sheet.
(b) Current finance lease liabilities are included in current portion of long-term debt on the condensed consolidated balance sheet.
(c) Current operating lease liabilities are included in accrued expenses and other liabilities on the condensed consolidated balance sheet.
(d) Long-term finance lease liabilities are included in long-term debt on the condensed consolidated balance sheet.

The lease cost for operating and finance leases recognized in the condensed consolidated statement of operations for the three and six months ended June 26, 2021 and June 27, 2020 were as follows:

	Three months ended		Six months ended	
(in thousands)	June 26, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Finance lease expense:				
Amortization of right-of-use assets	$ 365	$ 147	$ 717	$ 285
Interest on lease liabilities	220	107	436	212
Operating lease expense	28,669	12,515	56,480	25,306
Short-term lease expense	593	67	1,235	133
Variable lease expense	226	145	487	289
Total lease expense, net	$ 30,073	$ 12,981	$ 59,355	$ 26,225

The Company also subleases certain facilities to franchisees and recognized $2 million, $4 million, $1 million, and $3 million in sublease revenue during the three and six months ended June 26, 2021 and June 27, 2020, respectively, as a component of supply and other revenue on the condensed consolidated statements of operations.

During the six months ended June 26, 2021, the Company sold 13 car wash properties in various locations throughout the United States for a total of $49 million, resulting in a net gain of $2 million. Concurrently with the closing of these sales, the Company entered into various operating lease agreements pursuant to which the Company leased back the properties. These lease agreements have terms ranging from 17 to 20 years and provide the Company with the option to extend the lease for up to 20 additional years. The Company does not include option periods in its determination of the lease term unless renewals are deemed reasonably certain to be exercised. The Company recorded an operating lease right-of-use asset and operating lease liability of $47 million and $44 million, respectively, related to these lease arrangements.

The weighted average remaining lease term as of June 26, 2021 was 10.8 years for finance leases and 14.9 years for operating leases. The weighted average discount rate as of June 26, 2021 was 5.81% for finance leases and 4.82% for operating leases.

Supplemental cash flow information related to the Company's lease arrangements for the six months ended June 26, 2021 and June 27, 2020, respectively, was as follows:

	Six months ended	
(in thousands)	**June 26, 2021**	**June 27, 2020**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases	$ 52,273	$ 21,324
Operating cash flows used in finance leases	436	204
Financing cash flows used in (for) finance leases	641	8
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 54,235	$ 337,972
Finance leases	623	5,375

Note 8—Share-based Compensation

On January 6, 2021, the Company's Board of Directors approved the 2021 Omnibus Incentive Plan (the "Plan") and effective January 14, 2021, the Company's shareholders adopted and approved the Plan. The Plan provides for the granting of stock options, stock appreciation rights, restricted stock awards, restricted stock units, other stock-based awards, other cash-based awards or any combination of the foregoing to current and prospective employees and directors of, and consultants and advisors to, the Company and its affiliates. The maximum number of shares of common stock available for issuance under the Plan is 12,533,984 shares. In conjunction with the closing of the IPO, our Board granted awards under the Plan to certain of our employees, representing an aggregate of 5,582,522 shares of common stock. At June 26, 2021, 6,995,134 shares of common stock were reserved for additional grants under the Plan.

Prior to IPO, the Parent's equity awards included Profits Interest Units. There were two forms of Profits Interest - Time Units and Performance Units. Time Units generally vested in five installments of 20% on each of the first five anniversaries of the grant date or vesting date, provided that the employee remained in continuous service on each vesting date. All outstanding Time Units were to vest immediately prior to the effective date of a consummated sale transaction. The Time Units were exchanged for time-based restricted stock awards in connection with the IPO. In addition, the Company granted time-based and performance-based options in connection with the IPO to most employees with Profit Interests (each an "IPO Option"). The time-based restricted stock awards did not require modification accounting.

The Performance Units were to vest immediately prior to the effective date of a consummated sale transaction or qualified public offering, including the IPO (a "Liquidity Event"). The percentage of vesting was based on achieving certain performance criteria. No vesting occurred as a result of the IPO as the minimum performance criteria threshold was not achieved. In connection with the IPO, the Performance Units were exchanged for performance-based restricted stock awards. The vesting conditions of the performance-based restricted stock awards were modified to vest subject to an additional performance condition. Employees who received IPO Options have the same vesting conditions for the performance-based portion of the IPO Options as the performance-based restricted stock awards.

The Company calculated the fair value of these performance-based restricted stock awards on the modification date and determined the fair value of these awards increased to $66 million as a result of modification. In addition, the grant date fair value of the performance-based IPO Options was $26 million. The fair value of the performance-based restricted stock awards and performance-based IPO Options was determined by using a Monte Carlo simulation, using the following assumptions: (i) an expected term of 4.96 years, (ii) an expected volatility of 40.6%, (iii) a risk-free interest rate of 0.48%, and (iv) no expected dividends.

There was approximately $6 million of unrecognized compensation expense related to the time-based restricted stock awards and time-based IPO Options at June 26, 2021, which is expected to be recognized over a weighted-average vesting period of 3.60 years. For the three and six months ended June 26, 2021 and June 27, 2020, less than $1 million of compensation expense was recognized in both periods for the time-based restricted stock awards and time-based IPO Options.

There was approximately $91 million of unrecognized compensation expense related to the performance-based restricted stock awards and performance-based IPO Options at June 26, 2021. For the three and six months ended June 26, 2021 and June 27, 2020, no compensation cost was recognized for the performance-based restricted stock awards and performance-based IPO Options given that none of the performance criteria were met or probable. Once the performance conditions are deemed probable, the Company will recognize compensation cost equal to the portion of the requisite service period that has elapsed. Certain former employees continued to hold performance-based awards after the IPO.

The Company established other new awards in connection with the IPO, including restricted stock units ("RSUs") and performance stock units ("PSUs"). Awards established in connection with the IPO may only vest provided that the employee remains in continuous service on each vesting date. The RSUs vest in three installments of 33% on each of the first three anniversaries of the grant date. The PSUs may vest after a three-year period and are contingent on achieving certain performance goals, one being a market condition and the other being a performance condition. The awards are considered probable of meeting vesting requirements or vest upon achieving a market condition, and therefore, have started recognizing expense. The fair value of the PSUs was determined by using a Monte Carlo simulation, using the following assumptions: (i) an expected term of 2.96 years, (ii) an expected volatility of 41.16%, (iii) a risk-free interest rate of 0.23%, and (iv) no expected dividend.

At June 26, 2021, there was approximately $1 million of total unrecognized compensation cost related to the unvested RSUs, which is expected to be recognized over a weighted-average vesting period of 2.56 years, and there was approximately $3 million of total unrecognized compensation cost related to the unvested PSUs, which is expected to be recognized through December 30, 2023.

For all of the Company's awards, excluding RSUs and PSUs, if the grantee's continuous service terminates for any reason, the grantee shall forfeit all right, title, and interest in and to any unvested units as of the date of such termination, unless the grantee's continuous service period is terminated by the Company without cause within the six-month period prior to the date of consummation of a Liquidity Event. In addition, the grantee shall forfeit all right, title, and interest in and to any vested units if the grantee resigns, is terminated for cause, breaches any post-termination covenants, or for failing to execute any general release required to be executed. For RSUs and PSUs, if the grantee's continuous service terminates for any reason, the grantee shall forfeit all right, title, and interest in any unvested units as of the termination date.

On January 6, 2021, the Company's Board of Directors approved the Employee Stock Purchase Plan (the "ESPP") and effective January 14, 2021, the Company's shareholders adopted and approved the ESPP. The ESPP provides employees of the Company with an opportunity to purchase the Company's common stock at a discount, subject to certain limitations set forth in the ESPP. The ESPP authorized the issuance of 1,790,569 shares of the Company's common stock. The initial offering period is one year. As of June 26, 2021, there were no shares of common stock purchased under the ESPP.

On March 22, 2021, the Company's Board of Directors approved the International Employee Stock Purchase Plan (the "International ESPP") that provides employees of certain designated subsidiaries of the Company with an opportunity to purchase the Company's common stock at a discount, subject to certain limitations set forth in the International ESPP. The shares available under the International ESPP are subject to available shares under the ESPP.

The Company recorded $1 million and $2 million of share-based compensation expense during the three and six months ended June 26, 2021, respectively, within selling, general and administrative expenses on the condensed consolidated statements of operations. Share-based compensation expense for the three and six months ended June 27, 2020 was less than $1 million in each period.

Note 9—Earnings per share

The Company calculates basic and diluted earnings (loss) per share using the two-class method. The following table sets forth the computation of basic and diluted earnings (loss) per share attributable to common shareholders:

	Three months ended		Six months ended	
(in thousands, except per share amounts)	**June 26, 2021**	**June 27, 2020**	**June 26, 2021**	**June 27, 2020**
Basic earnings (loss) per share:				
Net income (loss) attributable to Driven Brands Holdings Inc.	$ 35,204	3,058	15,265	(790)
Less: Net income attributable to participating securities, basic	755	—	337	—
Net income (loss) after participating securities, basic	34,449	3,058	14,928	(790)
Weighted-average common shares outstanding	162,626	88,990	158,727	88,990
Basic earnings (loss) per share	$ 0.21	$ 0.03	$ 0.09	$ (0.01)
Diluted earnings (loss) per share:				
Net income (loss) attributable to Driven Brands Holdings Inc.	35,204	3,058	15,265	(790)
Less: Net income attributable to participating securities, diluted	673	—	300	—
Net income (loss) after participating securities, diluted	34,531	3,058	14,965	(790)
Weighted-average common shares outstanding	162,626	88,990	158,727	88,990
Dilutive effect of share-based awards	3,886	—	3,544	—
Weighted-average common shares outstanding, as adjusted	166,512	88,990	162,271	88,990
Diluted earnings (loss) per share	$ 0.21	$ 0.03	$ 0.09	$ (0.01)

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to Driven Brands Holdings Inc. by the weighted-average number of common shares outstanding for the period. Because the Company reported a net loss for the six months ended June 27, 2020, the number of shares used to calculate diluted loss per share is the same as the number of shares used to calculate basic loss per share because the potentially dilutive shares, if any, would have been antidilutive if included. In addition, the Company's participating securities are related to certain restricted stock awards issued to Section 16 officers which include non-forfeitable dividend rights.

The following securities were not included in the computation of diluted shares outstanding for the three and six months ended June 26, 2021 because the effect would be antidilutive:

(in thousands)	**Number of securities**
Performance stock units	127

Note 10—Related-Party Transactions

The Company had management advisory services agreements with Roark Capital Management, LLC ("Roark"), an affiliated entity, which provided that the Company pay an annual advisory services fee to Roark. The Company and Roark terminated all advisory services agreements in January 2021 in connection with the Company's initial public offering. The Company paid $1 million under these service agreements during both the three and six months ended June 27, 2020.

Note 11—Commitments and Contingencies

The Company is subject to various lawsuits, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. The Company is required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Legal fees and expenses associated with the defense of litigation are expensed as incurred.

While the Company does not presently believe that any of the legal proceedings to which it is currently a party will ultimately have a material adverse impact, there can be no assurance that the Company will prevail in all of the proceedings or that the Company will not incur material losses from them.

Note 12—Subsequent Events

On July 14, 2021, the Company acquired 18 Frank's Car Wash Express car wash sites. The aggregate cash consideration paid for this acquisition, net of cash acquired and liabilities assumed, was $106 million. The initial accounting for this acquisition is incomplete, and therefore the Company is unable to disclose certain information required by ASC 805 *Business Combinations*, including the provisional amounts recognized as of the acquisition date for each major class of assets acquired and liabilities assumed and goodwill.

During July 2021, the Company drew an incremental $123 million on the Revolving Credit Facility, consisting of draws totaling $173 million and repayment of $50 million. These funds were primarily used for acquiring locations, including Frank's Car Wash Express car wash sites.

On August 2, 2021, the Company filed a Registration Statement on Form S-1 for a secondary offering of approximately 12 million shares of common stock at $29.50 per share by certain of the Company's stockholders, Driven Equity LLC and RC IV Cayman ICW Holdings LLC, each of which is a related party of Roark Capital Management, LLC. The Company did not sell any common stock in the offering and did not receive any proceeds from the offering.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis for Driven Brands Holdings Inc. and Subsidiaries (“Driven Brands”, “the Company”, “we”, “us” or “our”) should be read in conjunction with our condensed consolidated financial statements and the related notes to our condensed consolidated financial statements included elsewhere in this quarterly report. On August 3, 2020, the Company completed the ICWG Acquisition (the “ICWG Acquisition Date”). The Company’s results of operations for the three and six months ended June 26, 2021 include the operations of ICWG. In this Management’s Discussion and Analysis of Financial Condition and Results of Operations, no comparable information is discussed with respect to ICWG for the three and six months ended June 27, 2020, which is prior to the ICWG Acquisition Date. We operate on a 52/53-week fiscal year, which ends on the last Saturday in December. The three months ended June 26, 2021 and June 27, 2020 were both 13 week periods. The six months ended June 26, 2021 and June 27, 2020 were both 26 week periods.

Overview of Operations

Driven Brands is the largest automotive services company in North America with a growing and highly-franchised base of more than 4,300 locations across 49 U.S. states and 14 other countries. Our scaled, diversified platform fulfills an extensive range of core consumer and commercial automotive needs, including paint, collision, glass, repair, car wash, oil change and maintenance. Driven Brands provides a breadth of high-quality and high-frequency services to a wide range of customers, who rely on their cars in all economic environments to get to work and in many other aspects of their daily lives. Our asset-light business model has generated consistent recurring revenue and strong operating margins with limited maintenance capital expenditures, which has resulted in significant cash flow generation and capital-efficient growth.

We have a diversified portfolio of highly-recognized brands, including Take 5 Oil Change®, Meineke Car Care Centers®, MAACO®, CARSTAR®, and 1-800-Radiator & A/C® that compete in the large, growing, recession-resistant and highly-fragmented automotive care industry. Our U.S. industry is underpinned by a large, growing population of more than 275 million vehicles in operation, and is expected to continue its long-term growth trajectory given (i) long-term increases in annual miles traveled; (ii) consumers more frequently outsourcing automotive services due to vehicle complexity; (iii) increases in average repair costs and (iv) average age of the car on the road getting older. During the three and six months ended June 26, 2021, our network generated $375 million and $704 million in revenue from $1.2 billion and $2.2 billion in system-wide sales, respectively. We serve a diverse mix of customers, with sales coming from retail customers and commercial customers such as fleet operators and insurance carriers. Our success is driven in large part by our mutually beneficial relationships with more than 2,800 individual franchisees and independent operators.

Our organic growth is complemented by a consistent and repeatable M&A strategy, having completed more than 70 acquisitions since 2015. Notably, in August 2020 we acquired ICWG, the world’s largest conveyor car wash company by location count with more than 900 locations across 14 countries, demonstrating our continued ability to pursue and execute upon scalable and highly strategic acquisitions.

Significant Factors Impacting Financial Results

During the second half of fiscal year 2020 and the first half of fiscal year 2021, we completed the acquisition of ICWG and tuck-in acquisitions of other independently-owned car wash sites, which launched our entry into the car wash market and created a new operating and reportable segment. During the second quarter of fiscal year 2020, we completed the acquisition of Fix Auto, which is included in our Paint, Collision & Glass segment. During fiscal year 2020 and the first half of fiscal year 2021, we also completed tuck-in acquisitions of several independently-owned oil change shops, which are included in our Maintenance segment. These acquisitions were a core driver of growth in our key performance indicators and our financial results for the three and six months ended June 26, 2021, as compared to the three and six months ended June 27, 2020. For additional information on our acquisitions, see Note 3 to the condensed consolidated financial statements.

For the three months ended June 26, 2021, we recognized net income of $35 million, or $0.21 per diluted share, compared to net income of $3 million, or $0.03 per diluted share, for the three months ended June 27, 2020. This increase was primarily due to an increase in revenue, primarily related to the acquisition of ICWG and additional tuck-in acquisitions in 2021, as well as organic growth from store growth and same store sales growth, partially offset by an increase in operating expenses and income tax expense related to this growth. Adjusted Net Income increased $29 million for the three months ended June 26, 2021 to $42 million, compared to $13 million for the three months ended June 27, 2020. The increase in Adjusted Net Income was primarily due to an increase in revenue, primarily related to the acquisition of ICWG and additional tuck-in acquisitions, as well as organic growth from store growth and same store sales growth, partially offset by an increase in operating expenses and income tax expense related to this growth. See Note 3 to our condensed consolidated financial statements for additional information regarding acquisitions. Adjusted EBITDA was $101 million for the three months ended June 26, 2021, an increase of $61 million, compared to Adjusted EBITDA of $40 million for the three months ended June 27, 2020. Adjusted Net Income and Adjusted EBITDA are non-GAAP financial measures of performance. For a discussion of our use of these non-GAAP measures and a reconciliation from net income (loss) to Adjusted Net Income and Adjusted EBITDA, see "*Reconciliation of Non-GAAP Financial Information*".

For the six months ended June 26, 2021, we recognized net income of $15 million, or $0.09 per diluted share, compared to a net loss of $1 million, or $(0.01) per diluted share, for the six months ended June 27, 2020. The increase was primarily due to an increase in revenue, primarily related to the acquisition of ICWG and additional tuck-in acquisitions, as well as organic growth from store growth and same store sales growth, partially offset by an increase in operating expenses and income tax expense related to this growth. This was also partially offset by a $46 million loss on debt extinguishment related to the write-off of unamortized discount associated with the early termination of the Car Wash Senior Credit Facilities and a $3 million increase in net loss on foreign currency transactions. Adjusted Net Income increased $52 million for the six months ended June 26, 2021 to $72 million, compared to $20 million for the six months ended June 27, 2020. The increase in Adjusted Net Income was primarily due to an increase in revenue, primarily related to the acquisition of ICWG and additional tuck-in acquisitions, as well as organic growth from store growth and same store sales growth, partially offset by an increase in operating expenses and income tax expense related to this growth. Adjusted EBITDA was $179 million for the six months ended June 26, 2021, an increase of $108 million, compared to Adjusted EBITDA of $71 million for the six months ended June 27, 2020. Adjusted Net Income and Adjusted EBITDA are non-GAAP financial measures of performance. For a discussion of our use of these non-GAAP measures and a reconciliation from net income (loss) to Adjusted Net Income and Adjusted EBITDA, see "*Reconciliation of Non-GAAP Financial Information*".

Strong operational execution, coupled with improving consumer and driving trends, led to total system-wide sales of $1.2 billion during the three months ended June 26, 2021, an increase of 65% from the three months ended June 27, 2020. Total system-wide sales were $2.2 billion during the six months ended June 26, 2021, an increase of 46% from the six months ended June 27, 2020. The outbreak of COVID-19 led to adverse impacts on global economies, including the U.S., Canada and Europe during fiscal year 2020 and into fiscal year 2021. While COVID-19 did not have a material adverse effect on our business operations for the three and six months ended June 26, 2021, an increased level of volatility and uncertainty still exists, and we are continuing to monitor any potential impact to our business.

Key Performance Indicators

Key measures that we use in assessing our business and evaluating our segments include the following:

System-wide sales. System-wide sales represent the total of net sales for our franchised, independently-operated and company-operated stores. This measure allows management to better assess the total size and health of each segment, our overall store performance and the strength of our market position relative to competitors. Sales at franchised stores are not included as revenue in our results from operations, but rather, we include franchise royalties and fees that are derived from sales at franchised stores. Franchise royalties and fees revenue represented 10% and 17% of our total revenue for the three months ended June 26, 2021 and June 27, 2020, respectively, and for the six months ended June 26, 2021 and June 27, 2020, respectively. For the three months ended June 26, 2021 and June 27, 2020, approximately 96% and 93%, respectively, of franchise royalties and fees revenue is attributable to royalties, with the remaining balance attributable to license and development fees. For the six months ended June 26, 2021 and June 27, 2020, approximately 95% and 92% respectively, of franchise royalties and fees revenue is attributable to royalties, with the remaining balance attributable to license and development fees. Revenue from company-operated stores represented 55% and 52% our total revenue for the three months ended June 26, 2021 and June 27, 2020, respectively, and for the six months ended June 26, 2021 and June 27, 2020, respectively. Revenue from independently-operated stores represented 15% and 16% of our total revenue for the three and six months ended June 26, 2021, respectively.

Store count. Store count reflects the number of franchised, independently-operated and company-operated stores open at the end of the reporting period. Management reviews the number of new, closed, acquired and divested stores to assess net unit growth and drivers of trends in system-wide sales, franchise royalties and fees revenue, company-operated store sales and independently-operated store sales.

Same store sales. Same store sales reflect the change in sales year-over-year for the same store base. We define the same store base to include all franchised, independently-operated and company-operated stores open for comparable weeks during the given fiscal period in both the current and prior year, which may be different from how others define similar terms. This measure highlights the performance of existing stores, while excluding the impact of new store openings and closures, and acquisitions and divestitures.

Segment Adjusted EBITDA. We define Segment Adjusted EBITDA as earnings before interest expense, net, income tax expense, and depreciation and amortization, with further adjustments for acquisition-related costs, straight-line rent, equity compensation, loss on debt extinguishment, foreign currency transaction related gains or losses, store opening costs, and certain non-recurring and non-core, infrequent or unusual charges. Segment Adjusted EBITDA is a supplemental measure of operating performance of our segments and may not be comparable to similar measures reported by other companies. Segment Adjusted EBITDA is a performance metric utilized by our Chief Operating Decision Maker to allocate resources to and assess performance of our segments. Refer to Note 5 in our condensed consolidated financial statements for a reconciliation of Segment Adjusted EBITDA to income (loss) before taxes for the three and six months ended June 26, 2021 and June 27, 2020.

The following table sets forth our key performance indicators for the three and six months ended June 26, 2021 and June 27, 2020:

(in thousands, except store count or as otherwise noted)	Three months ended		Six months ended	
	June 26, 2021	June 27, 2020	June 26, 2021	June 27, 2020
System-Wide Sales				
System-Wide Sales by Segment:				
Maintenance	$ 321,190	$ 217,201	$ 599,111	$ 447,618
Car Wash	122,083	—	235,295	—
Paint, Collision & Glass	597,578	397,197	1,140,011	892,832
Platform Services	117,473	85,597	186,830	142,445
Total	$ 1,158,324	$ 699,995	$ 2,161,247	$ 1,482,895
System-Wide Sales by Business Model:				
Franchised Stores	$ 895,747	$ 612,335	$ 1,658,651	$ 1,300,344
Company-Operated Stores	206,198	87,660	390,053	182,551
Independently-Operated Stores	56,379	—	112,542	—
Total	$ 1,158,324	$ 699,995	$ 2,161,246	$ 1,482,895
Store Count				
Store Count by Segment:				
Maintenance	1,485	1,426	1,485	1,426
Car Wash	979	—	979	—
Paint, Collision & Glass	1,655	1,608	1,655	1,608
Platform Services	200	198	200	198
Total	4,319	3,232	4,319	3,232
Store Count by Business Model:				
Franchised Stores	2,802	2,726	2,802	2,726
Company-Operated Stores	784	506	784	506
Independently-Operated Stores	733	—	733	—
Total	4,319	3,232	4,319	3,232
Same Store Sales %				
Maintenance	41.9 %	(14.6 %)	28.9 %	(8.8 %)
Paint, Collision & Glass	37.3 %	(25.2 %)	12.3 %	(10.7 %)
Platform Services	37.2 %	(3.6 %)	31.1 %	(1.3 %)
Total	38.7 %	(19.0 %)	19.2 %	(8.7 %)
Segment Adjusted EBITDA				
Maintenance	$ 44,561	$ 26,339	$ 85,001	$ 47,805
Car Wash	43,069	—	77,224	—
Paint, Collision & Glass	21,856	11,011	39,495	26,888
Platform Services	17,602	15,969	28,610	23,434

Reconciliation of Non-GAAP Financial Information

To supplement our consolidated financial statements prepared and presented in accordance with GAAP, we use certain non-GAAP financial measures throughout this quarterly report, as described further below, to provide investors with additional useful information about our financial performance, to enhance the overall understanding of our past performance and future prospects and to allow for greater transparency with respect to important metrics used by our management for financial and operational decision-making.

Non-GAAP financial measures have limitations in their usefulness to investors because they have no standardized meaning prescribed by GAAP and are not prepared under any comprehensive set of accounting rules or principles. In addition, non-GAAP financial measures may be calculated differently from, and therefore may not be directly comparable to, similarly titled measures used by other companies. As a result, non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for, our consolidated financial statements prepared and presented in accordance with GAAP.

Adjusted Net Income/Adjusted Earnings per Share. We define Adjusted Net Income as net income calculated in accordance with GAAP, adjusted for acquisition-related costs, straight-line rent, equity compensation, loss on debt extinguishment and certain non-recurring, non-core, infrequent or unusual charges, amortization related to acquired intangible assets and the tax effect of the adjustments. Adjusted Earnings Per Share is calculated by dividing Adjusted Net Income by the weighted average shares outstanding. Management believes this non-GAAP financial measure is useful because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions.

The following table provides a reconciliation of Adjusted Net Income and Adjusted Earnings per Share to net income (loss) as defined by GAAP:

Adjusted Net Income/Adjusted Earnings per Share

	Three months ended		Six months ended	
(in thousands, except per share data)	**June 26, 2021**	**June 27, 2020**	**June 26, 2021**	**June 27, 2020**
Net income (loss)	$ 35,168	$ 3,091	$ 15,235	$ (856)
Acquisition related costs[a]	389	1,016	2,038	1,211
Non-core items and project costs, net[b]	2,522	509	2,553	1,764
Sponsor management fees[c]	—	539	—	1,079
Straight-line rent adjustment[d]	3,358	1,787	5,843	2,639
Equity-based compensation expense[e]	1,028	791	2,011	690
Foreign currency transaction (gain) / loss, net[f]	(5,229)	(1,194)	5,282	2,285
Bad debt expense[g]	—	2,842	—	2,842
Asset impairment and closed store expenses[h]	3,478	2,560	2,692	6,880
Loss on debt extinguishment[i]	78	—	45,576	—
Amortization related to acquired intangible assets[j]	5,558	3,685	9,210	7,650
Adjusted net income before tax impact of adjustments	46,350	15,626	90,440	26,184
Tax impact of adjustments[j]	(4,441)	(2,995)	(18,082)	(6,622)
Adjusted net income	41,909	12,631	72,358	19,562
Net income (loss) attributable to non-controlling interest	(36)	33	(30)	(66)
Adjusted net income attributable to Driven Brands Holdings Inc.	$ 41,945	$ 12,598	$ 72,388	$ 19,628
Weighted average shares outstanding[k]				
Basic	162,626	88,990	158,727	88,990
Diluted	166,512	88,990	162,271	88,990
Adjusted earnings per share[k]				
Basic	$ 0.25	$ 0.14	$ 0.45	$ 0.22
Diluted	$ 0.25	$ 0.14	$ 0.44	$ 0.22

Adjusted EBITDA. We define Adjusted EBITDA as earnings before interest expense, net, income tax expense, and depreciation and amortization, with further adjustments for acquisition-related costs, straight-line rent, equity compensation, loss on debt extinguishment and certain non-recurring, non-core, infrequent or unusual charges. Adjusted EBITDA may not be comparable to similarly titled metrics of other companies due to differences in methods of calculation. Management believes this non-GAAP financial measure is useful because it is a key measure used by our management team to evaluate our operating performance, generate future operating plans and make strategic decisions.

The following table provides a reconciliation of Adjusted EBITDA to net loss:

Adjusted EBITDA

	Three months ended		Six months ended	
	June 26, 2021	June 27, 2020	June 26, 2021	June 27, 2020
Net income (loss)	$ 35,168	$ 3,091	$ 15,235	$ (856)
Income tax expense	17,011	1,542	12,565	221
Interest expense, net	16,612	17,863	34,702	35,379
Depreciation and amortization	26,423	8,636	50,275	16,435
EBITDA	95,214	31,132	112,777	51,179
Acquisition related costs[(a)]	389	1,016	2,038	1,211
Non-core items and project costs, net[(b)]	2,522	509	2,553	1,764
Sponsor management fees[(c)]	—	539	—	1,079
Straight-line rent adjustment[(d)]	3,358	1,787	5,843	2,639
Equity-based compensation expense[(e)]	1,028	791	2,011	690
Foreign currency transaction (gain) / loss, net[(f)]	(5,229)	(1,194)	5,282	2,285
Bad debt expense[(g)]	—	2,842	—	2,842
Asset impairment and closed store expenses[(h)]	3,478	2,560	2,692	6,880
Loss on debt extinguishment[(i)]	78	—	45,576	—
Adjusted EBITDA	$ 100,838	$ 39,982	$ 178,772	$ 70,569

a. Consists of acquisition costs as reflected within the condensed consolidated statements of operations, including legal, consulting and other fees and expenses incurred in connection with acquisitions completed during the applicable period, as well as inventory rationalization expenses incurred in connection with acquisitions. We expect to incur similar costs in connection with other acquisitions in the future and, under GAAP, such costs relating to acquisitions are expensed as incurred and not capitalized.
b. Consists of discrete items and project costs, including (i) third-party consulting and professional fees associated with strategic transformation initiatives and (ii) other miscellaneous expenses, including non-capitalizable expenses relating to the Company's initial public offering and other strategic transactions.
c. Includes management fees paid to Roark Capital Management, LLC.
d. Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under GAAP exceeds or is less than our cash rent payments.
e. Represents non-cash equity-based compensation expense.
f. Represents foreign currency transaction net gains and losses primarily related to the remeasurement of our intercompany loans.
g. Represents bad debt expense related to uncollectible receivables outside of normal operations.
h. Relates to the impairment of certain fixed assets and operating lease right-of-use assets related to closed locations. Also represents lease exit costs and other costs associated with stores that were closed prior to their respective lease termination dates.
i. Represents the write-off of unamortized discount associated with early termination of debt.
j. Consists of amortization related to acquired intangible assets as reflected within depreciation and amortization in the condensed consolidated statements of operations.
k. Represents the tax impact of adjustments associated with the reconciling items between net income and Adjusted Net Income, excluding the provision for uncertain tax positions and valuation allowance for certain deferred taxes. To determine the tax impact of the deductible reconciling items, we utilized statutory income tax rates ranging from 9% to 38%, depending upon the tax attributes of each adjustment and the applicable jurisdiction.
l. Share and per share amounts have been adjusted to reflect an implied 88,990-for-one stock split that became effective on January 14, 2021. See Note 1 in the accompanying condensed consolidated financial statements for additional information.

Results of Operations for the three months ended June 26, 2021 compared to the three months ended June 27, 2020

To facilitate review of our results of operations, the following tables set forth our financial results for the periods indicated. All information is derived from the condensed consolidated statements of operations. Independently-operated store sales and expenses are derived from our acquisition of ICWG and are only reflected in the results of operations from the August 3, 2020 acquisition date through the end of our current period, and, as such, it is not meaningful to compare to prior period results.

Revenue

	Three months ended		Change	
(in thousands)	**June 26, 2021**	**June 27, 2020**		
Franchise royalties and fees	$ 37,873	$ 28,282	$ 9,591	34 %
Company-operated store sales	206,198	87,660	118,538	135 %
Independently-operated store sales	56,379	—	56,379	N/M
Advertising fund contributions	19,648	12,619	7,029	56 %
Supply and other revenue	54,730	39,262	15,468	39 %
Total revenue	$ 374,828	$ 167,823	$ 207,005	123 %

Franchise Royalties and Fees

Franchise royalties and fees increased $10 million for the three months ended June 26, 2021 as compared to the three months ended June 27, 2020. This was primarily due to same store sales growth and the addition of 76 franchised stores and a corresponding $283 million increase in franchised system-wide sales as compared to the three months ended June 27, 2020.

Company-Operated Store Sales

Company-operated store sales increased $119 million for the three months ended June 26, 2021 as compared to the three months ended June 27, 2020. This increase was due to same store sales growth and the addition of 278 company-operated stores year-over-year, including 246 car wash company-operated stores from the acquisition of ICWG and additional tuck-in Car Wash acquisitions, as well as additional company-operated stores in the Paint, Collision & Glass segment from the acquisition of Fix Auto during the second quarter of 2020. Acquisitions contributed an incremental $66 million of company-operated store sales during the three months ended June 26, 2021, and the remaining $53 million was due to the impact of organic growth primarily in our Maintenance segment.

Advertising Fund Contributions

Advertising fund contributions increased by $7 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, primarily due to an increase in franchised system-wide sales of approximately $283 million. Our franchise agreements typically require the franchisee to pay continuing advertising fund fees based on a percentage of franchisee gross sales.

Supply and Other Revenue

Supply and other revenue increased $15 million for the three months ended June 26, 2021 as compared to the three months ended June 27, 2020, primarily due to growth within the Platform Services and Maintenance segments. In addition, the acquisition of ICWG and other car wash sites generated approximately $2 million of incremental revenue for the three months ended June 26, 2021.

Operating Expenses

(in thousands)	Three months ended June 26, 2021	Three months ended June 27, 2020	Change	
Company-operated store expenses	$ 123,820	$ 53,373	$ 70,447	132 %
Independently-operated store expenses	30,792	—	30,792	N/M
Advertising fund expenses	19,648	12,619	7,029	56 %
Supply and other expenses	29,598	21,295	8,303	39 %
Selling, general, and administrative expenses	77,935	45,456	32,479	71 %
Acquisition costs	389	1,016	(627)	(62)%
Store opening costs	405	627	(222)	(35)%
Depreciation and amortization	26,423	8,636	17,787	206 %
Asset impairment charges	2,178	3,499	(1,321)	(38)%
Total operating expenses	$ 311,188	$ 146,521	$ 164,667	112 %

Company-Operated Store Expenses

Company-operated store expenses increased $70 million for the three months ended June 26, 2021 as compared to the three months ended June 27, 2020. This increase in expenses is commensurate with the addition of 278 company-operated stores since June 27, 2020. Company-operated store expenses continue to increase at a slower rate than company-operated store sales due to our continued use of an efficient staffing model.

Advertising Fund Expenses

The $7 million increase in advertising fund expenses for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, represents a commensurate increase to advertising fund contributions during the period. Advertising fund expenses generally trend consistent with advertising fund contributions.

Supply and Other Expenses

Supply and other expenses increased $8 million for the three months ended June 26, 2021 as compared to the three months ended June 27, 2020. This increase in expenses is commensurate with the growth in supply and other revenue.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $32 million for the three months ended June 26, 2021 as compared to the three months ended June 27, 2020. This increase is primarily due to $18 million of increased employee compensation and other employee-related expenses resulting primarily from the acquisition of ICWG and a $$5 million increase in marketing expenses.

Acquisition Costs

Acquisition costs decreased $1 million for the three months ended June 26, 2021, compared to the three months ended June 27, 2020. Acquisition costs during the three months ended June 26, 2021 were primarily related to nine acquisitions in the Car Wash segment, representing 26 car wash sites, and acquisition costs during the three months ended June 27, 2020 were primarily related to the Fix Auto acquisition.

Store Opening Costs

Store opening costs decreased by $0.2 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, due to a decrease in average store opening costs for new company-operated store openings and conversions of acquired stores to the Take 5 brand. There were six new company-operated store openings and one store conversion in the three months ended June 26, 2021, compared to four company-operated store openings and one Take 5 store conversion during the three months ended June 27, 2020.

Depreciation and Amortization

Depreciation and amortization expense increased $18 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, due to additional fixed assets and definite-lived intangible assets recognized in recent acquisitions.

Asset Impairment Charges

Asset impairment charges decreased by $1 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, due to impairment related to certain fixed assets and operating lease right-of-use assets at closed locations.

Interest Expense, Net

	Three months ended			
(in thousands)	**June 26, 2021**	**June 27, 2020**	**Change**	
Interest expense, net	$ 16,612	$ 17,863	$ (1,251)	(7)%

Interest expense, net decreased $1 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, as a result of our more favorable interest rates during the three months ended June 26, 2021 and the bridge loan entered into during the three months ended June 27, 2020 to finance 2020 acquisitions, which was paid in full and extinguished in 2020, partially offset by the Driven Holdings Revolving Credit Facility issued in 2021.

Gain on Foreign Currency Transactions, Net

	Three months ended			
(in thousands)	**June 26, 2021**	**June 27, 2020**	**Change**	
(Gain) on foreign currency transactions, net	$ (5,229)	$ (1,194)	$ (4,035)	338 %

The gain on foreign currency transactions is comprised of a $7 million remeasurement gain on our foreign intercompany notes, partially offset by $2 million of unrealized losses incurred on foreign currency hedges that are not designated as hedging instruments.

Loss on Debt Extinguishment

	Three months ended			
(in thousands)	**June 26, 2021**	**June 27, 2020**	**Change**	
Loss on debt extinguishment	$ 78	$ —	$ 78	100 %

The loss on debt extinguishment for the three months ended June 26, 2021 increased by less than $1 million from the three months ended June 26, 2021.

Income Tax Expense

(in thousands)	Three months ended June 26, 2021	Three months ended June 27, 2020	Change	
Income tax expense	$ 17,011	$ 1,542	$ 15,469	1003 %

Income tax expense increased by $15 million for the three months ended June 26, 2021 as compared to the three months ended June 27, 2020. The effective income tax rate for the three months ended June 26, 2021 was 32.6% compared to 33.3% for the three months ended June 27, 2020. The decrease in rate was primarily driven by an increase in income before taxes relative to the tax effects of our permanent differences for the three months ended June 26, 2021, which was partially offset by a change in statutory tax rates in the United Kingdom, enacted during the three months ended June 26, 2021.

Results of Operations for the six months ended June 26, 2021 compared to the six months ended June 27, 2020

To facilitate review of our results of operations, the following tables set forth our financial results for the periods indicated. All information is derived from the condensed consolidated statements of operations. Independently-operated store sales and expenses are derived from our acquisition of ICWG and are only reflected in the results of operations from the August 3, 2020 acquisition date through the end of our current period, and, as such, it is not meaningful to compare to prior period results.

Revenue

(in thousands)	Six months ended June 26, 2021	Six months ended June 27, 2020	Change	
Franchise royalties and fees	$ 68,287	$ 57,694	$ 10,593	18 %
Company-operated store sales	390,053	182,551	207,502	114 %
Independently-operated store sales	112,542	—	112,542	N/M
Advertising fund contributions	36,903	27,502	9,401	34 %
Supply and other revenue	96,462	80,183	16,279	20 %
Total revenue	$ 704,247	$ 347,930	$ 356,317	102 %

Franchise Royalties and Fees

Franchise royalties and fees increased $11 million for the six months ended June 26, 2021 as compared to the six months ended June 27, 2020. This was primarily due to same store sales growth and the addition of 76 franchised stores and a corresponding $358 million increase in franchised system-wide sales as compared to the six months ended June 27, 2020. The increase in franchised system-wide sales was partially driven by the acquisition of Fix Auto in April 2020, which contributed $191 million of system-wide sales during the six months ended June 26, 2021.

Company-Operated Store Sales

Company-operated store sales increased $208 million for the six months ended June 26, 2021 as compared to the six months ended June 27, 2020. This increase was due to same store sales growth and the addition of 278 company-operated stores year-over-year, including 246 car wash company-operated stores from the acquisition of ICWG and additional tuck-in acquisitions, as well as additional company-operated stores in the Paint, Collision & Glass segment from the acquisition of Fix Auto during the second quarter of 2020. Acquisitions contributed an incremental $123 million of company-operated store sales during the six months ended June 26, 2021, and the remaining $85 million was due to the impact of organic growth primarily in our Maintenance segment.

Advertising Fund Contributions

Advertising fund contributions increased by $9 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, primarily due to an increase in franchised system-wide sales of approximately $358 million. Our franchise agreements typically require the franchisee to pay continuing advertising fund fees based on a percentage of franchisee gross sales.

Supply and Other Revenue

Supply and other revenue increased $16 million for the six months ended June 26, 2021 as compared to the six months ended June 27, 2020. This increase was primarily due to growth within the Platform Services and Maintenance segments. In addition, the acquisition of ICWG and other car wash sites generated approximately $3 million of incremental supply and other revenue for the six months ended June 26, 2021.

Operating Expenses

	Six months ended			
(in thousands)	**June 26, 2021**	**June 27, 2020**	**Change**	
Company-operated store expenses	$ 236,575	$ 116,665	$ 119,910	103 %
Independently-operated store expenses	61,900	—	61,900	N/M
Advertising fund expenses	36,903	27,502	9,401	34 %
Supply and other expenses	52,087	44,354	7,733	17 %
Selling, general, and administrative expenses	146,984	96,521	50,463	52 %
Acquisition costs	2,038	1,211	827	68 %
Store opening costs	694	1,802	(1,108)	(61)%
Depreciation and amortization	50,275	16,435	33,840	206 %
Asset impairment charges	3,431	6,411	(2,980)	(46)%
Total operating expenses	$ 590,887	$ 310,901	$ 279,986	90 %

Company-Operated Store Expenses

Company-operated store expenses increased $120 million for the six months ended June 26, 2021 as compared to the six months ended June 27, 2020. This increase in expenses is commensurate with the addition of 278 company-operated stores since June 27, 2020. Company-operated store expenses continue to increase at a slower rate than company-operated store sales due to our continued use of an efficient staffing model.

Advertising Fund Expenses

The $9 million increase in advertising fund expenses for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, represents a commensurate increase to advertising fund contributions during the period. Advertising fund expenses generally trend consistent with advertising fund contributions.

Supply and Other Expenses

Supply and other expenses increased $8 million for the six months ended June 26, 2021 as compared to the six months ended June 27, 2020. This increase in expenses is commensurate with the growth in supply and other revenue.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $50 million for the six months ended June 26, 2021 as compared to the six months ended June 27, 2020. This increase is primarily due to $27 million of increased employee compensation and other employee-related expenses resulting primarily from the acquisition of ICWG, a $7 million increase in marketing expenses, and a $5 million increase in IPO-related costs.

Acquisition Costs

Acquisition costs increased $1 million for the six months ended June 26, 2021, compared to the six months ended June 27, 2020, as a result of the 13 acquisitions in the Car Wash segment, representing 30 car wash sites during the six months ended June 26, 2021.

Store Opening Costs

Store opening costs decreased $1 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, due to a decrease in new company-operated store openings and conversions of acquired stores to the Take 5 brand. There were 10 new company-operated store openings and one store conversion in the six months ended June 26, 2021, compared to 17 company-operated store openings and 12 Take 5 store conversions during the six months ended June 27, 2020.

Depreciation and Amortization

Depreciation and amortization expense increased $34 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, due to additional fixed assets and definite-lived intangible assets recognized in recent acquisitions.

Asset Impairment Charges

Asset impairment charges decreased $3 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020. This was due to impairment related to certain fixed assets and operating lease right-of-use assets at closed locations.

Interest Expense, Net

	Six months ended			
(in thousands)	June 26, 2021	June 27, 2020	Change	
Interest expense, net	$ 34,702	$ 35,379	$ (677)	(2)%

Interest expense, net decreased $1 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, as a result of our more favorable interest rates during the six months ended June 26, 2021, the bridge loan entered into during the six months ended June 27, 2020 to finance 2020 acquisitions, which was paid in full and extinguished in 2020, and the draw on the Series 2019-3 Variable Funding Senior Notes during the six months ended June 27, 2020, partially offset by the Driven Holdings Revolving Credit Facility issued in 2021.

Loss on Foreign Currency Transactions, Net

	Six months ended			
(in thousands)	June 26, 2021	June 27, 2020	Change	
Loss on foreign currency transactions, net	$ 5,282	$ 2,285	$ 2,997	131 %

The loss on foreign currency transactions is comprised of a $6 million remeasurement loss on our foreign intercompany notes, partially offset by less than $1 million of unrealized gains incurred on foreign currency hedges that are not designated as hedging instruments.

Loss on Debt Extinguishment

	Six months ended			
(in thousands)	June 26, 2021	June 27, 2020	Change	
Loss on debt extinguishment	$ 45,576	$ —	$ 45,576	100 %

The loss on debt extinguishment of $46 million for the six months ended June 26, 2021 is due to the write-off of unamortized discount associated with the settlement of the Car Wash Senior Credit Facilities, which were repaid during the six months ended June 26, 2021 with proceeds from the IPO and cash on hand.

Income Tax Expense

(in thousands)	Six months ended June 26, 2021	Six months ended June 27, 2020	Change	
Income tax expense	$ 12,565	$ 221	$ 12,344	5586 %

Income tax expense increased by $12 million for the six months ended June 26, 2021 as compared to the six months ended June 27, 2020. The effective income tax rate for the six months ended June 26, 2021 was 45.2% compared to (34.8)% for the six months ended June 27, 2020. The increase in rate was primarily driven by profitable pretax operations, favorable discrete tax adjustments related to a non-taxable loss on debt extinguishment, and tax deductible costs incurred related to the initial public offering, which was partially offset by a change in the statutory tax rates in the United Kingdom, enacted during the six months ended June 26, 2021.

Segment Results of Operations for the three months ended June 26, 2021 compared to the three months ended June 27, 2020

We assess the performance of our segments based on Segment Adjusted EBITDA, which is defined as earnings before interest expense, net, income tax expense, and depreciation and amortization, with further adjustments for acquisition-related costs, store opening and closure costs, straight-line rent, equity compensation, loss on debt extinguishment and certain non-recurring, non-core, infrequent or unusual charges. Additionally, shared services costs are not allocated to these segments and are included in Corporate and Other. Segment Adjusted EBITDA may not be comparable to similarly titled metrics of other companies due to differences in methods of calculation.

Maintenance

(in thousands, unless otherwise noted)	Three months ended June 26, 2021	Three months ended June 27, 2020	Change	
Franchise royalties and fees	$ 9,090	$ 6,724	$ 2,366	35 %
Company-operated store sales	126,107	79,504	46,603	59 %
Supply and other revenue	9,813	5,286	4,527	86 %
Total revenue	$ 145,010	$ 91,514	$ 53,496	58 %
Segment Adjusted EBITDA	$ 44,561	$ 26,339	$ 18,222	69 %
System-Wide Sales				
Franchised stores	$ 195,083	$ 137,697	$ 57,386	42 %
Company-operated stores	126,107	79,504	$ 46,603	59 %
Total System-Wide Sales	$ 321,190	$ 217,201	$ 103,989	48 %
Store Count *(in whole numbers)*				
Franchised stores	981	954	27	3 %
Company-operated stores	504	472	32	7 %
Total Store Count	1,485	1,426	59	4 %
Same Store Sales %	41.9 %	(14.6)%	N/A	N/A

Maintenance revenue increased $53 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, driven by an increase in company-operated store sales from same store sales growth of 41.9% and net new stores. Franchise royalties and fees increased by $2 million primarily due to the $57 million increase in franchised system-wide sales year-over-year.

Maintenance Segment Adjusted EBITDA increased $18 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, primarily due to revenue growth from increases in store count and same store sales. We have continued to utilize a more efficient labor model at company-operated locations, which is driving continued efficiencies in company-operated store margins.

Car Wash

(in thousands, unless otherwise noted)		Three Months Ended June 26, 2021
Company-operated store sales	$	65,705
Independently-operated store sales		56,379
Supply and other revenue		1,831
Total revenue	$	123,915
Segment Adjusted EBITDA	$	43,069
System-Wide Sales		
Company-operated stores		65,704
Independently-operated stores		56,379
Total System-Wide Sales	$	122,083
Store Count *(in whole numbers)*		
Company-operated stores		246
Independently-operated stores		733
Total Store Count		979

The Car Wash segment is comprised of our car wash sites throughout the United States, Europe and Australia. We established this operating segment in August 2020 from our acquisition of ICWG, which served as our entry point into the car wash market. Car Wash revenue and Segment Adjusted EBITDA were $124 million and $43 million, respectively, for the three months ended June 26, 2021. See Note 3 to the consolidated financial statements for additional information on the Car Wash acquisitions.

Paint, Collision & Glass

	Three months ended					
(in thousands, unless otherwise noted)		June 26, 2021		June 27, 2020	Change	
Franchise royalties and fees	$	19,988	$	15,239	$ 4,749	31 %
Company-operated store sales		13,019		6,211	6,808	110 %
Supply and other revenue		17,567		13,652	3,915	29 %
Total revenue	$	50,574	$	35,102	$ 15,472	44 %
Segment Adjusted EBITDA	$	21,856	$	11,011	$ 10,845	98 %
System-Wide Sales						
Franchised stores	$	584,559	$	390,986	$ 193,573	50 %
Company-operated stores		13,019		6,211	$ 6,808	110 %
Total System-Wide Sales	$	597,578	$	397,197	$ 200,381	50 %
Store Count *(in whole numbers)*						
Franchised stores		1,622		1,575	47	3 %
Company-operated stores		33		33	—	— %
Total Store Count		1,655		1,608	47	3 %
Same Store Sales %		37.3 %		(25.2)%	N/A	N/A

Paint, Collision & Glass revenue increased $15 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020. This increase was driven by a $194 million increase in franchised system-wide sales due to the acquisition of Fix Auto, same store sales growth of 37.3%, and the addition of 47 franchised stores. Same store sales growth was driven by market share gains and the lifting of certain restrictions due to COVID-19 in 2021.

Paint, Collision & Glass Segment Adjusted EBITDA increased $11 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, as a result of additional Segment Adjusted EBITDA from the Fix Auto acquisition, the increase in franchise store count, and the increase in same store sales.

Platform Services

	Three months ended			
(in thousands, unless otherwise noted)	**June 26, 2021**	**June 27, 2020**	**Change**	
Franchise royalties and fees	$ 8,795	$ 6,433	$ 2,362	37 %
Company-operated store sales	1,463	1,356	107	8 %
Supply and other revenue	34,583	26,979	7,604	28 %
Total revenue	$ 44,841	$ 34,768	$ 10,073	29 %
Segment Adjusted EBITDA	$ 17,602	$ 15,969	$ 1,633	10 %
System-Wide Sales				
Franchised stores	$ 116,010	$ 84,241	$ 31,769	38 %
Company-operated stores	1,463	1,356	$ 107	8 %
Total System-Wide Sales	$ 117,473	$ 85,597	$ 31,876	37 %
Store Count *(in whole numbers)*				
Franchised stores	199	197	2	1 %
Company-operated stores	1	1	—	— %
Total Store Count	200	198	2	1 %
Same Store Sales %	37.2 %	(3.6)%	N/A	N/A

Platform Services revenue increased $10 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, due to same store sales growth of 37.2% and increased distribution volume growth driven by continued growth in the Maintenance segment.

Platform Services Segment Adjusted EBITDA increased $2 million for the three months ended June 26, 2021, as compared to the three months ended June 27, 2020, primarily driven by a combination of revenue growth and efficient cost management.

Segment Results of Operations for the six months ended June 26, 2021 compared to the six months ended June 27, 2020

We assess the performance of our segments based on Segment Adjusted EBITDA, which is defined as earnings before interest expense, net, income tax expense, and depreciation and amortization, with further adjustments for acquisition-related costs, store opening and closure costs, straight-line rent, equity compensation, loss on debt extinguishment and certain non-recurring, non-core, infrequent or unusual charges. Additionally, shared services costs are not allocated to these segments and are included in Corporate and Other. Segment Adjusted EBITDA may not be comparable to similarly titled metrics of other companies due to differences in methods of calculation.

Maintenance

(in thousands, unless otherwise noted)	Six months ended June 26, 2021	Six months ended June 27, 2020	Change	
Franchise royalties and fees	$ 17,016	$ 14,057	$ 2,959	21 %
Company-operated store sales	240,174	167,244	72,930	44 %
Supply and other revenue	15,970	9,910	6,060	61 %
Total revenue	$ 273,160	$ 191,211	$ 81,949	43 %
Segment Adjusted EBITDA	$ 85,001	$ 47,805	$ 37,196	78 %
System-Wide Sales				
Franchised stores	$ 358,937	$ 280,374	$ 78,563	28 %
Company-operated stores	240,174	167,244	72,930	44 %
Total System-Wide Sales	$ 599,111	$ 447,618	$ 151,493	34 %
Store Count *(in whole numbers)*				
Franchised stores	981	955	26	3 %
Company-operated stores	504	475	29	6 %
Total Store Count	1,485	1,430	55	4 %
Same Store Sales %	28.9 %	(8.8 %)	N/A	N/A

Maintenance revenue increased $82 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, driven by an increase in company-operated store sales from same store sales growth of 28.9% and net new stores. Franchise royalties and fees increased by $3 million primarily due to the $79 million increase in franchised system-wide sales year-over-year.

Maintenance Segment Adjusted EBITDA increased $37 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, primarily due to revenue growth from increases in store count and same store sales. We have continued to utilize a more efficient labor model at company-operated locations, which is driving continued efficiencies in company-operated store margins.

Car Wash

(in thousands, unless otherwise noted)	Six months ended June 26, 2021
Company-operated store sales	122,753
Independently-operated store sales	112,542
Supply and other revenue	3,284
Total revenue	$ 238,579
Segment Adjusted EBITDA	$ 77,224
System-Wide Sales	
Company-operated stores	$ 122,753
Independently-operated stores	112,542
Total System-Wide Sales	$ 235,295
Store Count *(in whole numbers)*	
Company-operated stores	246
Independently-operated stores	733
Total Store Count	979

The Car Wash segment is comprised of our car wash sites throughout the United States, Europe and Australia. We established this operating segment in August 2020 from our acquisition of ICWG, which served as our entry point into the car wash market. Car Wash revenue and Segment Adjusted EBITDA were $239 million and $77 million, respectively, for the six months ended June 26, 2021. See Note 3 to the consolidated financial statements for additional information on the Car Wash acquisitions.

Paint, Collision & Glass

	Six months ended			
(in thousands, unless otherwise noted)	**June 26, 2021**	**June 27, 2020**	**Change**	
Franchise royalties and fees	$ 37,298	$ 32,985	$ 4,313	13 %
Company-operated store sales	24,949	12,057	12,892	107 %
Supply and other revenue	32,219	29,006	3,213	11 %
Total revenue	$ 94,466	$ 74,048	$ 20,418	28 %
Segment Adjusted EBITDA	$ 39,495	$ 26,888	$ 12,607	47 %
System-Wide Sales				
Franchised stores	$ 1,115,062	$ 880,775	$ 234,287	27 %
Company-operated stores	24,949	12,057	$ 12,892	107 %
Total System-Wide Sales	$ 1,140,011	$ 892,832	$ 247,179	28 %
Store Count *(in whole numbers)*				
Franchised stores	1,622	1,575	47	3 %
Company-operated stores	33	33	—	— %
Total Store Count	1,655	1,608	47	3 %
Same Store Sales %	12.3 %	(10.7)%	N/A	N/A

Paint, Collision & Glass revenue increased $20 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020. This increase was driven by a $234 million increase in franchised system-wide sales due to the acquisition of Fix Auto, same store sales growth of 12.3%, and the addition of 47 franchised stores. Same store sales growth was driven by market share gains and the lifting of certain restrictions due to COVID-19 in 2021. During the six months ended June 26, 2021, the acquisition of Fix Auto contributed $191 million and $20 million of system-wide sales and revenue, respectively.

Paint, Collision & Glass Segment Adjusted EBITDA increased $13 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, as a result of additional Segment Adjusted EBITDA from the Fix Auto acquisition, the increase in franchise store count, and the increase in same store sales.

Platform Services

(in thousands, unless otherwise noted)	Six months ended June 26, 2021	Six months ended June 27, 2020	Change	
Franchise royalties and fees	$ 13,973	$ 10,778	$ 3,195	30 %
Company-operated store sales	2,446	3,334	(888)	(27)%
Supply and other revenue	63,018	52,814	10,204	19 %
Total revenue	$ 79,437	$ 66,926	$ 12,511	19 %
Segment Adjusted EBITDA	$ 28,610	$ 23,434	$ 5,176	22 %
System-Wide Sales				
Franchised stores	$ 184,384	$ 139,111	$ 45,273	33 %
Company-operated stores	2,446	3,334	$ (888)	(27)%
Total System-Wide Sales	$ 186,830	$ 142,445	$ 44,385	31 %
Store Count *(in whole numbers)*				
Franchised stores	199	197	2	1 %
Company-operated stores	1	1	—	— %
Total Store Count	200	198	2	1 %
Same Store Sales %	31.1 %	(1.3)%	N/A	N/A

Platform Services revenue increased $13 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, due to same store sales growth of 31.1% and increased distribution volume growth driven by continued growth in the Maintenance segment.

Platform Services Segment Adjusted EBITDA increased $5 million for the six months ended June 26, 2021, as compared to the six months ended June 27, 2020, primarily driven by a combination of revenue growth and margin expansion through efficient cost management.

Financial Condition, Liquidity and Capital Resources

Sources of Liquidity and Capital Resources

Cash flow from operations, supplemented with long-term borrowings and revolving credit facilities, have been sufficient to fund our operations while allowing us to make strategic investments to grow our business. We believe that our sources of liquidity and capital resources will be adequate to fund our operations, acquisitions, company-operated store development, other general corporate needs and the additional expenses we expect to incur for at least the next twelve months. We expect to continue to have access to the capital markets at acceptable terms. However this could be adversely affected by many factors, including a downgrade of our credit rating or a deterioration of certain financial ratios.

On January 14, 2021, we completed our IPO through which we issued and sold approximately 32 million shares of common stock at a price per share of $22. On February 10, 2021, we sold an additional 5 million shares pursuant to the underwriters' exercise of their option to purchase additional shares. We received total proceeds of approximately $761 million from these transactions, net of the underwriting discounts and commissions. Upon closing of the IPO, we fully repaid $725 million related to the First Lien Term Loan, Second Lien Term Loan and the Revolving Debt Facility assumed in the ICWG Acquisition, including the related interest and fees. In addition, we recorded a $46 million loss on debt extinguishment primarily driven by the write off of unamortized discount. We also used $43 million in proceeds to purchase approximately 2 million shares of common stock from certain of our existing shareholders.

Driven Brands Funding, LLC (the "Master Issuer"), a wholly owned subsidiary of the Company, and Driven Brands Canada Funding Corporation (along with the Master Issuer, the "Co-Issuers") are subject to certain quantitative covenants related to debt service coverage and leverage ratios in connection with the Securitization Senior Notes. As of June 26, 2021, the Co-Issuers were in compliance with all covenants under its agreements.

The following table illustrates the main components of our cash flows:

	Six months ended	
(in thousands)	**June 26, 2021**	**June 27, 2020**
Net cash provided by operating activities	$ 124,688	$ 13,557
Net cash used in investing activities	(196,837)	(53,410)
Net cash provided by financing activities	40,827	62,371
Effect of exchange rate changes on cash	1,813	(337)
Net change in cash, cash equivalents, restricted cash, and restricted cash included in advertising fund assets	$ (29,509)	$ 22,181

Operating Activities

Net cash provided by operating activities was $125 million for the six months ended June 26, 2021 compared to $14 million for the six months ended June 27, 2020, primarily resulting from an increase in operating income, non-cash loss on extinguishment of debt, and other non-cash expenses, which were partially offset by an increase in net working capital requirements.

Investing Activities

Net cash used in investing activities was $197 million for the six months ended June 26, 2021 compared to $53 million for the six months ended June 27, 2020. During the six months ended June 26, 2021, the Company received proceeds of $49 million from sale-leaseback transactions and $6 million from sale of company operated stores. Proceeds from sale-leaseback transactions and the sale of company-operated stores were offset by an increase in cash paid for acquisitions and capital expenditures during the six months ended June 26, 2021 as compared to the six months ended June 27, 2020. For the six months ended June 26, 2021, we invested $206 million in acquisitions, net of cash acquired, compared to $28 million for the six months ended June 27, 2020.

For the six months ended June 26, 2021, we invested $46 million in capital expenditures, compared to $25 million for the six months ended June 27, 2020. This increase is mostly due to new company-operated store openings within our Car Wash and Maintenance segments, as well as expenditures related to the maintenance of our existing store base and technology initiatives. Capital expenditures related to the maintenance of existing locations represented $8 million of the $46 million in total capital expenditures for the six months ended June 26, 2021, as compared to $3 million of the $25 million in total capital expenditures for the six months ended June 27, 2020.

Financing Activities

Net cash provided by financing activities was $41 million for the six months ended June 26, 2021 compared to $62 million for the six months ended June 27, 2020, primarily resulting from our repayment of the Car Wash Senior Credit Facilities, repurchases of our common stock, and the termination of our interest rate swaps. These were offset by the proceeds from our IPO and the underwriters' exercise of their over-allotment option, net of underwriting discounts, and proceeds from the Driven Holdings Revolving Credit Facility. See Note 1 to our condensed consolidated financial statements for additional information regarding our IPO, and Note 6 to our condensed consolidated financial statements for additional information regarding the Driven Holdings Revolving Credit Facility.

Long-term Debt

Our long-term debt obligations consist of the following:

(in thousands)	June 26, 2021	December 26, 2020
Series 2018-1 Securitization Senior Notes, Class A-2	$ 266,063	$ 267,438
Series 2019-1 Securitization Senior Notes, Class A-2	292,500	294,000
Series 2019-2 Securitization Senior Notes, Class A-2	270,188	271,563
Series 2020-1 Securitization Senior Notes, Class A-2	173,250	174,125
Series 2020-2 Securitization Senior Notes, Class A-2	447,750	450,000
Car Wash First Lien Term Loan	—	528,858
Car Wash Second Lien Term Loan	—	175,000
Car Wash Revolving Credit Facility	—	18,000
Driven Holdings Revolving Credit Facility	79,000	—
Other debt [1]	27,424	26,763
Total debt	1,556,175	2,205,747
Less: unamortized discount	—	(46,030)
Less: debt issuance costs	(34,425)	(34,510)
Less: current portion of long-term debt	(17,793)	(22,988)
Total long-term debt, net	$ 1,503,957	$ 2,102,219

[1] Amount primarily consists of finance lease obligations.

On January 14, 2021, we completed an initial public offering and used the proceeds to fully repay the Car Wash Senior Credit Facilities. For further information about our long-term debt obligations, see Note 6 to the condensed consolidated financial statements.

Income Tax Receivable Agreement

We expect to be able to utilize certain tax benefits which are related to periods prior to the effective date of the Company's initial public offering, which we therefore attribute to our existing shareholders. We expect that these tax benefits (i.e., the Pre-IPO and IPO-Related Tax Benefits) will reduce the amount of tax that we and our subsidiaries would otherwise be required to pay in the future. We have entered into an income tax receivable agreement which provides our Pre-IPO shareholders with the right to receive payment by us of 85% of the amount of cash savings, if any, in U.S. and Canadian federal, state, local and provincial income tax that we and our subsidiaries actually realize as a result of the utilization of the Pre-IPO and IPO-Related Tax Benefits.

For purposes of the income tax receivable agreement, cash savings in income tax will be computed by reference to the reduction in the liability for income taxes resulting from the utilization of the Pre-IPO and IPO-Related Tax Benefits. The term of the income tax receivable agreement commenced upon the effective date of the Company's initial public offering and will continue until the Pre-IPO and IPO-Related Tax Benefits have been utilized, accelerated or expired.

Because we are a holding company with no operations of our own, our ability to make payments under the income tax receivable agreement is dependent on the ability of our subsidiaries to make distributions to us. The securitized debt facility may restrict the ability of our subsidiaries to make distributions to us, which could affect our ability to make payments under the income tax receivable agreement. To the extent that we are unable to make payments under the income tax receivable agreement because of restrictions under our outstanding indebtedness, such payments will be deferred and will generally accrue interest at a rate of LIBOR plus 1.00% per annum until paid. To the extent that we are unable to make payments under the income tax receivable agreement for any other reason, such payments will generally accrue interest at a rate of LIBOR plus 5.00% per annum until paid.

Critical Accounting Policies and Estimates

Our significant accounting policies are more fully described in Note 2 of the condensed consolidated financial statements. Refer to our annual report for the year ended December 26, 2020 for a full discussion of our critical accounting policies. There have been no material changes to our critical accounting policies from those disclosed in our Form 10-K for the year ended December 26, 2020.

Application of New Accounting Standards

See Note 2 of the condensed consolidated financial statements for a discussion of recently issued accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to the Company's annual report for the year ended December 26, 2020 for a complete discussion of the Company's market risk. There have been no material changes in the Company's market risk from those disclosed in the Company's Form 10-K for the year ended December 26, 2020, other than the Company's repayment of the Car Wash Senior Credit Facilities in January 2021, the Company's execution of the income tax receivable agreement in connection with the IPO, and the Company's entry into the Driven Holdings Revolving Credit Facility. The repayment of debt and income tax receivable agreement impacted both the Company's interest rate risk and foreign exchange risk. See Notes 1 and 6 to the condensed consolidated financial statements for additional details.

Item 4. Controls and Procedures

a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our CEO and CFO, has evaluated the design effectiveness of our disclosure controls and procedures (as defined in Rules 13a- 15(e) and 15d- 15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of June 26, 2021. The term "disclosure controls and procedures," means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on evaluation of the design of our disclosure controls and procedures as of June 26, 2021, our CEO and CFO have concluded that as of such date, our disclosure controls and procedures were designed effectively and will provide a reasonable level of assurance.

b) Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the six months ended June 26, 2021 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings.

We are subject to various lawsuits, administrative proceedings, audits, and claims arising in the ordinary course of business. Some of these lawsuits purport to be class actions and/or seek substantial damages. We are required to record an accrual for litigation loss contingencies that are both probable and reasonably estimable. Legal fees and expenses associated with the defense of all of our litigation are expensed as such fees and expenses are incurred. Management regularly assesses our insurance deductibles, analyzes litigation information with our attorneys and evaluates our loss experience in connection with pending legal proceedings. While we do not presently believe that any of the legal proceedings to which we are currently a party will ultimately have a material adverse impact on us, there can be no assurance that we will prevail in all the proceedings we are party to, or that we will not incur material losses from them.

Item 1A. Risk Factors

For a discussion of risk factors that could adversely affect our results of operations, financial condition, business reputation or business prospects, we refer you to Part I, Item 1A "Risk Factors" included in our Annual Report on Form 10-K for the fiscal year ended December 26, 2020, as supplemented by the following risk factor.

We may be deemed to be a joint employer with our franchisees under certain new federal laws, rules and regulations.

Companies that operate franchise systems may be subject to claims for allegedly being a joint employer with a franchisee. In August 2015, the National Labor Relations Board (the “NLRB”) adopted a new and broader standard for determining when two or more employers may be found to be a joint employer of the same employees under the National Labor Relations Act. Under that standard, there was an increased risk that franchisors could be held liable or responsible for unfair labor practices and other violations at franchised locations and subject them to other liabilities and obligations under the National Labor Relations Act. On February 25, 2020, the NLRB adopted a rule that reinstated the standard that existed prior to August 2015, thereby reducing the risk that franchisors might be held liable as a joint employer under the National Labor Relations Act as well for other violations and claims. However, it is possible that the August 2015 standard will be restored, or a more expansive rule adopted by the NLRB under the current administration or by other government agencies. In addition, on July 30, 2021, the U.S. Department of Labor (the “DOL”) announced a final rule to revise and update the definition of joint employer under the FLSA. The final rule, which will become effective on September 28, 2021, will rescind a rule adopted under the previous administration, which narrowed the criteria under which multiple entities could be found to be joint employers under the FLSA and focused on a control-based test to the exclusion of economic dependence more generally. It is anticipated that the DOL will revert to the prior, relatively more flexible (and potentially more expansive) “economic realities” test for assessing whether a party can be deemed a joint employer, which may include an analysis of whether the employee is economically dependent on multiple employers. The final rule may increase a franchisor’s risk of liability compared to the joint employer standard in effect under the previous administration. In addition, the DOL under the current administration may issue further guidance or adopt an even more expansive interpretation of joint employer and/or other interpretations that could result in franchisors being held liable or responsible for FLSA violations by their franchisees.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Exhibit Description
3.1	Amended and Restated Certificate of Incorporation of Driven Brands Holdings Inc. (incorporated by reference from Exhibit 3.1 to Driven Brands Holdings Inc.'s Form 10-K, filed March 24, 2021).
3.2	Amended and Restated Restated Bylaws of Driven Brands Holdings Inc. (incorporated by reference from Exhibit 3.2 to Driven Brands Holdings Inc.'s Form 10-K, filed March 24, 2021).
4.1	Second Supplement to Series 2019-3 Supplement, dated as of April 30, 2021 and effective as of May 9, 2021, by and among Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as co-issuer, and Citibank, N.A., as trustee (incorporated by reference from Exhibit 4.1 to Driven Brands Holdings Inc.'s Form 8-K, filed April 30, 2021).
4.2	Amendment No. 6 to the Amended and Restated Base Indenture, dated as of March 30, 2021, among Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as Canadian co-issuer, and Citibank, N.A., as trustee (incorporated by reference from Exhibit 4.1 to Driven Brands Holdings Inc.'s Form 8-K, filed March 31, 2021).
4.3	Amendment No. 7 to the Amended and Restated Base Indenture, dated as of March 30, 2021, among Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as Canadian co-issuer, and Citibank, N.A., as trustee (incorporated by reference from Exhibit 4.8 to Driven Brands Holdings Inc.'s Registration Statement on Form S-1, filed August 2, 2021).
10.1	Amendment No. 3 to the Amended and Restated Management Agreement and Consent to Amendment No. 1 to Canadian Management Agreement, dated as of March 30, 2021, among Driven Brands Funding, LLC, Driven Funding Holdco, LLC, certain subsidiaries of Driven Brands Funding, LLC party thereto, Take 5 LLC, Take 5 Oil Change, LLC, Driven Brands, Inc., as manager, and Citibank, N.A., as trustee (incorporated by reference from Exhibit 10.1 to Driven Brands Holdings Inc.'s Form 8-K, filed March 31, 2021).
10.2	Amendment No. 1 to Canadian Management Agreement, dated as of March 30, 2021, among Driven Brands Canada Funding Corporation, Driven Canada Funding HoldCo Corporation, certain subsidiaries of Driven Brands Canada Funding Corporation party thereto, Driven Brands Canada Shared Services Inc., as manager, and Citibank, N.A., as trustee (incorporated by reference from Exhibit 10.2 to Driven Brands Holdings Inc.'s Form 8-K, filed March 31, 2021).
10.3	Credit Agreement, dated May 27, 2021, by and among Driven Holdings, LLC, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (incorporated by reference from Exhibit 10.33 to Driven Brands Holdings Inc.'s Registration Statement on Form S-1, filed August 2, 2021).
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes Oxley Act of 2002 and 18 U.S.C. Section 1350.
32.2	Certification of Chief Financial Officer pursuant to to Section 906 of the Sarbanes Oxley Act of 2002 and 18 U.S.C. Section 1350.
101.INS	XBRL Instance Document
101.SCH	XBRL Schema Document
101.CAL	XBRL Calculation Linkbase Document
101.DEF	XBRL Definition Linkbase Document
101.LAB	XBRL Label Linkbase Document
101.PRE	XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 9, 2021

DRIVEN BRANDS HOLDINGS INC.

By:	/s/ Jonathan Fitzpatrick
Name:	Jonathan Fitzpatrick
Title:	President and Chief Executive Officer
By:	/s/ Michael Beland
Name:	Michael Beland
Title:	Senior Vice President and Chief Accounting Officer

Exhibit 31.1

CERTIFICATION

I, Jonathan Fitzpatrick, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Driven Brands Holdings Inc. (the “Registrant”);

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, have been prepared in accordance with generally accepted accounting principles and fairly present, in all material respects, the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the design effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the design effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

(5) The Registrant’s other certifying officer and I have disclosed, based on our most recent design evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: August 9, 2021

/s/ Jonathan Fitzpatrick
Jonathan Fitzpatrick
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Tiffany Mason, certify that:

(1) I have reviewed this Quarterly Report on Form 10-Q of Driven Brands Holdings Inc. (the “Registrant”);

(2) Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

(3) Based on my knowledge, the financial statements, and other financial information included in this quarterly report, have been prepared in accordance with generally accepted accounting principles and fairly present, in all material respects, the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

(4) The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the design effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the design effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

(5) The Registrant’s other certifying officer and I have disclosed, based on our most recent design evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize and report financial information; and
   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Dated: August 9, 2021

/s/ Tiffany Mason
Tiffany Mason
Executive Vice President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Driven Brands Holdings Inc. (the "Company") for the quarter ended June 26, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan Fitzpatrick, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2021

/s/ Jonathan Fitzpatrick
Jonathan Fitzpatrick
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Driven Brands Holdings Inc. (the “Company”) for the quarter ended June 26, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Tiffany Mason, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 9, 2021	/s/ Tiffany Mason
	Tiffany Mason
	Executive Vice President and Chief Financial Officer