# Net leverage ratio as of Q3 2022 was 4.7x

DrivenBrands

**Reconciliation of LTM Q3 Fiscal 2022 Net Income and Debt Agreement Adjusted EBITDA**

| ($ thousands) | Three months ended December 25, 2021 | Nine months ended September 24, 2022 | LTM Q3 2022 |
|---|---|---|---|
| Net Income | ($38,785) | $15,775 | ($23,010) |
| Income tax expense | 911 | 8,592 | 9,503 |
| Interest expense, net | 23,524 | 78,946 | 102,470 |
| Depreciation and amortization | 34,055 | 107,628 | 141,683 |
| **EBITDA** | **$19,705** | **$210,941** | **$230,646** |
| Acquisition related costs[(a)] | 59,712 | 9,981 | 69,693 |
| Non-core items and project costs, net[(b)] | 1,746 | 3,436 | 5,182 |
| Straight-line rent adjustment[(c)] | 3,228 | 11,530 | 14,758 |
| Equity-based compensation expense[(d)] | 1,357 | 12,159 | 13,516 |
| Foreign currency transaction loss, net[(e)] | 14,327 | 30,490 | 44,817 |
| Bad debt recovery[(f)] | (3,183) | (449) | (3,632) |
| Asset sale leaseback (gain) loss, impairment and closed store expenses[(g)] | (11,940) | 105,202 | 93,262 |
| **Adjusted EBITDA** | **$84,952** | **$383,290** | **$468,242** |
| Acquisition EBITDA adjustments[(h)] | | | 43,184 |
| Run Rate adjustments related to store opening and closings[(i)] | | | 8,397 |
| Other adjustments permitted under Debt Agreement | | | 12,020 |
| **Debt Agreement Adjusted EBITDA** | | | **$531,843** |

| *($ thousands)* | September 24, 2022 |
|---|---|
| Total Debt | $2,680,356 |
| Less: Cash and cash equivalents | $190,373 |
| **Net Debt** | **$2,489,983** |

| *($ thousands)* | September 24, 2022 |
|---|---|
| Net Debt | $2,489,983 |
| LTM Debt Agreement Adjusted EBITDA | $531,843 |
| **Net Leverage Ratio** | **4.68x** |

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**Notes:**

a. Consists of acquisition costs as reflected within the consolidated statement 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 U.S. 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. Consists of the non-cash portion of rent expense, which reflects the extent to which our straight-line rent expense recognized under U.S. GAAP exceeds or is less than our cash rent payments.

d. Represents non-cash equity-based compensation expense.

e. Represents net foreign currency transaction gains/losses that primarily related to the remeasurement of our intercompany loans. For the nine months ended September 24, 2022, these losses were partially offset by unrealized gains/losses on remeasurement of cross currency swaps.

f. Represents the recovery of previously uncollectible receivables outside of normal operations.

g. Represents net (gain) loss on sale leasebacks, the discontinuation of trade names, as well as 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 the respective lease termination dates.

h. Represents our estimate of our anticipated annual operating results, including, without limitation, our estimates of the contribution of businesses acquired as if such acquisitions had occurred on the first day of the twelve-month period ended September 24, 2022.

i. Represents our estimate of our anticipated annual operating results from new store openings and store closings annualized as if such store openings and store closings had occurred on the first day of the twelve-month period ended September 24, 2022.