

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Amendment No. 1)

(Mark One)

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

For the fiscal year ended December 30, 2023

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

(State or other jurisdiction of incorporation or organization)

47-3595252

(I.R.S. Employer Identification No.)

440 South Church Street, Suite 700

Charlotte, North Carolina

(Address of principal executive offices)

28202

(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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 ☒

Non-accelerated filer ☐

Accelerated filer ☐

Small reporting company ☐

Emerging growth company ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the outstanding common stock, other than shares held by persons who may be deemed affiliates, was approximately \$1.7 billion as of July 1, 2023, the last business day of the registrant's most recently completed second fiscal quarter.

As of February 26, 2024, there were 163,971,601 shares of Common Stock of the registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2024 Annual Meeting of Stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K, are incorporated by reference in Part III, Items 10-14 of this Form 10-K.

EXPLANATORY NOTE

Driven Brands Holdings Inc. (the “Company”) is filing this Amendment No. 1 (this “Amendment”) to its Annual Report on Form 10-K for the fiscal year ended December 30, 2023 (the “2023 Form 10-K”) solely to correct clerical errors in (i) the report titled “Report of Independent Registered Public Accounting Firm” provided by Grant Thornton LLP (the “Audit Report”) and (ii) the consent of Grant Thornton LLP attached as Exhibit 23.1 to the 2023 Form 10-K (the “Consent”). Specifically, the Audit Report inadvertently referred to an incorrect company name and incorrect date, and the Consent inadvertently omitted reference to a Registration Statement on Form S-3.

This Amendment does not reflect events occurring after the filing of the 2023 Form 10-K, does not update disclosures contained in the 2023 Form 10-K and does not modify or amend the 2023 Form 10-K except as specifically described above. Pursuant to Rule 12b-15 of the Securities Exchange Act of 1934, as amended, this Amendment contains the complete text of Item 8. Financial Statements and certifications of the Company’s Principal Executive Officer and Principal Financial Officer required under Items 302 and 906 of the Sarbanes-Oxley Act of 2002, as amended, dated as of the date of this Amendment, as well as updated inline XBRL exhibits.

Item 8. Financial Statements and Supplementary Data

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Driven Brands Holdings Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Driven Brands Holdings Inc. and its subsidiaries (the “Company”) as of December 30, 2023 and December 31, 2022, and the related consolidated statements of operations, comprehensive income (loss), shareholders’/members’ equity and cash flows for each of the two years in the period ended December 30, 2023, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 30, 2023 and December 31, 2022, and the results of its operations and its cash flows for the two years in the period ended December 30, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 30, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

As described in Management’s Annual Report on Internal Control Over Financial Reporting, management has excluded 11 businesses from its assessment of internal control over financial reporting as of December 30, 2023 because they were acquired by the Company in purchase business combinations during 2023. We have also excluded these 11 businesses from our audit of internal control over financial reporting. These businesses, each of which is wholly-owned, comprised, in the aggregate, total assets and total net revenue excluded from management’s assessment and our audit of internal control over financial reporting of approximately less than 1% of consolidated total net revenue and consolidated total assets, respectively, as of and for the year ended December 30, 2023.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Interim Goodwill Impairment Assessments – Maintenance-Repair, U.S. Car Wash, and International Car Wash Reporting Units

As described in Notes 2, 6 and 7 to the consolidated financial statements, the Company's goodwill balance was \$1.46 billion as of December 30, 2023, and the goodwill associated with the Maintenance and Car Wash reportable segments was \$482.0 million and \$217.4 million, respectively. Management has determined that the Maintenance reportable segment includes the Maintenance-Quick Lube and Maintenance-Repair reporting units, and the Car Wash reportable segment includes the International Car Wash and U.S. Car Wash reporting units. Management tests goodwill for impairment at the reporting unit level on the first day of the fourth quarter every year or more frequently if events or changes in circumstances indicate the asset might be impaired. If a reporting unit's carrying amount exceeds its fair value, the Company will record an impairment charge based on that difference. Management performed a strategic review of the U.S. car wash operations, and as a result of the strategic review, as well as other qualitative and quantitative factors, including a decline in the stock price during the third quarter of 2023, management determined a triggering event had occurred requiring a quantitative analysis of the Company's goodwill as of September 30, 2023. Based on the results of the interim impairment analysis, management determined that the carrying value of the U.S. Car Wash reporting unit exceeded its fair value and recorded a goodwill impairment charge of \$851 million. Management uses the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method to determine the fair value of goodwill. Significant assumptions used by management in estimating fair value under the discounted cash flow model include revenue growth rates, terminal growth rates, discount rates and EBITDA margins.

The principal considerations for our determination that performing procedures relating to the interim goodwill impairment assessments of the Maintenance-Repair, U.S. Car Wash, and International Car Wash reporting units is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the U.S. Car Wash, Maintenance-Repair, and International Car Wash reporting units using the income approach; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to revenue growth rates, terminal growth rates, and discount rates for the Maintenance-Repair and U.S. Car Wash reporting units and revenue growth rates, terminal growth rate, discount rate, and EBITDA margin for the International Car Wash reporting unit; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's interim goodwill impairment assessments, including controls over the valuation of the Maintenance-Repair, U.S. Car Wash, and International Car Wash reporting units. These procedures also included, among others (i) testing management's process for developing the fair value estimate of the Maintenance-Repair, U.S. Car Wash, and International Car Wash reporting units; (ii) evaluating the appropriateness of the discounted cash flow method used by management; (iii) testing the completeness and accuracy of the underlying data used in the discounted cash flow method; and (iv) evaluating the reasonableness of the significant assumptions used by management related to revenue growth rates, terminal growth rates, and discount rates for the Maintenance-Repair and U.S. Car Wash reporting units and revenue growth rates, terminal growth rate, discount rate, and EBITDA margin for the International Car Wash reporting unit. Evaluating management's assumptions related to revenue growth rates, terminal growth rates, and EBITDA margin involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Maintenance-Repair, U.S. Car Wash and International Car Wash reporting units; (ii) the consistency with external market and industry data; and (iii) whether the assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating (i) the appropriateness of the discounted cash flow method and (ii) the reasonableness of the discount rate assumption.

/s/ PricewaterhouseCoopers LLP

Charlotte, North Carolina
February 28, 2024

We have served as the Company's auditor since 2022.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
Driven Brands Holdings Inc.

Opinion on the financial statements

We have audited the accompanying consolidated statements of operations, comprehensive income (loss), shareholders' equity, and cash flows of Driven Brands Holdings Inc. (a Delaware corporation) and subsidiaries (the "Company") for the period ended December 25, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the results of its operations and its cash flows for the period ended December 25, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We served as the Company's auditor from 2009 to 2022.

Charlotte, North Carolina
March 18, 2022

DRIVEN BRANDS HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share amounts)	Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Net revenue:			
Franchise royalties and fees	\$ 190,367	\$ 171,734	\$ 144,413
Company-operated store sales	1,526,353	1,324,408	843,646
Independently-operated store sales	196,395	195,157	204,246
Advertising contributions	98,850	87,750	75,599
Supply and other revenue	292,064	254,145	199,376
Total net revenue	2,304,029	2,033,194	1,467,280
Operating Expenses:			
Company-operated store expenses	1,004,472	812,262	515,837
Independently-operated store expenses	109,078	107,940	114,115
Advertising expenses	97,290	87,986	74,765
Supply and other expenses	158,436	145,481	112,318
Selling, general, and administrative expenses	443,112	383,478	292,263
Acquisition related costs	13,174	15,304	62,386
Store opening costs	5,831	2,878	2,497
Depreciation and amortization	175,296	147,156	112,777
Goodwill impairment	850,970	—	—
Trade name impairment	—	125,450	—
Asset impairment charges and lease terminations	132,903	5,655	3,257
Total operating expenses	2,990,562	1,833,590	1,290,215
Operating (loss) income	(686,533)	199,604	177,065
Other expenses, net:			
Interest expense, net	164,196	114,096	75,914
(Gain) loss on foreign currency transactions	(3,078)	17,168	20,683
Loss on debt extinguishment	—	—	45,576
Other expense, net	161,118	131,264	142,173
(Loss) income before taxes	(847,651)	68,340	34,892
Income tax (benefit) expense	(102,689)	25,167	25,356
Net (loss) income	(744,962)	43,173	9,536
Net loss attributable to non-controlling interest	—	(15)	(96)
Net (loss) income attributable to Driven Brands Holdings Inc.	\$ (744,962)	\$ 43,188	\$ 9,632
(Loss) earnings per share:			
Basic	\$ (4.50)	\$ 0.26	\$ 0.06
Diluted	\$ (4.53)	\$ 0.25	\$ 0.06
Weighted average shares outstanding			
Basic	161,917	162,762	160,684
Diluted	161,917	166,743	164,644

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

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

<i>(in thousands)</i>	Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Net (loss) income	\$ (744,962)	\$ 43,173	\$ 9,536
Other comprehensive income (loss):			
Foreign currency translation adjustments	26,098	(64,418)	(20,994)
Unrealized (loss) gain from cash flow hedges, net of tax (benefit) expense of (\$254), \$1,849, and (\$157), respectively	(892)	5,941	(671)
Actuarial (loss) gain of defined pension plan, net of tax expense of \$18, \$591, and \$0, respectively	(633)	1,049	132
Other comprehensive income (loss), net	24,573	(57,428)	(21,533)
Total comprehensive loss	(720,389)	(14,255)	(11,997)
Comprehensive income (loss) attributable to non-controlling interests	13	(36)	(73)
Comprehensive loss attributable to Driven Brands Holdings Inc.	<u>\$ (720,402)</u>	<u>\$ (14,219)</u>	<u>\$ (11,924)</u>

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

DRIVEN BRANDS HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share and per share amounts)

	December 30, 2023	December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 176,522	\$ 227,110
Restricted cash	657	792
Accounts and notes receivable, net	151,259	179,888
Inventory	83,171	72,040
Prepaid and other assets	46,714	40,084
Income tax receivable	15,928	15,075
Assets held for sale	301,229	—
Advertising fund assets, restricted	45,627	36,421
Total current assets	821,107	571,410
Other assets	56,565	30,561
Property and equipment, net	1,438,496	1,545,738
Operating lease right-of-use assets	1,389,316	1,299,189
Deferred commissions	6,312	7,121
Intangibles, net	739,402	765,903
Goodwill	1,455,946	2,277,065
Deferred tax assets	3,660	2,911
Total assets	\$ 5,910,804	\$ 6,499,898
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 67,526	\$ 60,606
Accrued expenses and other liabilities	242,171	317,318
Income tax payable	5,404	4,454
Current portion of long-term debt	32,673	32,986
Income tax receivable liability	56,001	53,328
Advertising fund liabilities	23,392	36,726
Total current liabilities	427,167	505,418
Long-term debt	2,910,812	2,705,281
Deferred tax liabilities	154,742	276,749
Operating lease liabilities	1,332,519	1,177,501
Income tax receivable liability	117,915	117,915
Deferred revenue	30,507	30,046
Long-term accrued expenses and other liabilities	30,419	33,419
Total liabilities	5,004,081	4,846,329
Commitments and contingencies (Note 19)		
Preferred Stock \$0.01 par value; 100,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.01 par value, 900,000,000 shares authorized: and 163,965,231 and 167,404,047 shares outstanding; respectively	1,640	1,674
Additional paid-in capital	1,652,401	1,628,904
Retained (deficit) earnings	(710,087)	84,795
Accumulated other comprehensive loss	(37,875)	(62,435)
Total shareholders' equity attributable to Driven Brands Holdings Inc.	906,079	1,652,938
Non-controlling interests	644	631
Total shareholders' equity	906,723	1,653,569
Total liabilities and shareholders' equity	\$ 5,910,804	\$ 6,499,898

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

DRIVEN BRANDS HOLDINGS INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS'/MEMBERS' EQUITY

	Year Ended					
	December 30, 2023		December 31, 2022		December 25, 2021	
	Shares	Amount	Shares	Amount	Shares	Amount
<i>(in thousands, except share amounts)</i>						
Preferred stock, \$0.01 par value per share	—	\$ —	—	\$ —	—	\$ —
Common stock, \$0.01 par value per share						
Balance at beginning of period	167,404,047	\$ 1,674	167,380,450	\$ 1,674	56,500,000	\$ 565
Stock issued relating to Employee Stock Purchase Plan	82,546	1	143,707	1	—	—
Shares issued for exercise/vesting of share-based compensation awards	354,093	4	35,788	—	26,084	—
Share repurchases	(3,601,694)	(36)	—	—	(2,067,172)	(21)
Forfeiture of restricted stock awards	(273,761)	(3)	(155,898)	(1)	(55,887)	—
Issuance of common stock upon initial public offering, net of underwriting discounts and commissions	—	—	—	—	108,204,698	1,082
Common stock issued upon underwriter's exercise of over-allotment	—	—	—	—	4,772,727	48
Balance at end of period	163,965,231	\$ 1,640	167,404,047	\$ 1,674	167,380,450	\$ 1,674
Additional paid-in capital						
Balance at beginning of period		\$ 1,628,904		\$ 1,605,890		\$ 1,055,172
Equity-based compensation expense		15,300		20,583		4,301
Exercise of stock options		6,117		354		505
Stock issued relating to Employee Stock Purchase Plan		2,080		2,077		—
Issuance of common stock upon initial public offering, net of underwriting discounts and commissions		—		—		645,661
Common stock issued upon underwriter's exercise of over-allotment		—		—		99,177
Repurchase of common stock		—		—		(42,956)
Establishment of tax receivable agreement liability		—		—		(155,970)
Balance at end of period		\$ 1,652,401		\$ 1,628,904		\$ 1,605,890
Retained (deficit) earnings						
Balance at beginning of period		\$ 84,795		\$ 41,607		\$ 31,975
Share repurchases		(49,920)		—		—
Net (loss) income		(744,962)		43,188		9,632
Balance at end of period		\$ (710,087)		\$ 84,795		\$ 41,607
Accumulated other comprehensive loss						
Balance at beginning of period		\$ (62,435)		\$ (5,028)		\$ 16,528
Other comprehensive loss (income)		24,560		(57,407)		(21,556)
Balance at end of period		\$ (37,875)		\$ (62,435)		\$ (5,028)
Non-controlling interests						
Balance at beginning of period		\$ 631		\$ 1,099		\$ 2,120
Net loss		—		(15)		(96)
Other comprehensive loss (income)		13		(21)		23
Divestiture of Denmark car wash operations		—		(432)		—
At-Pac divestiture		—		—		(948)
Balance at end of period		\$ 644		\$ 631		\$ 1,099
Total shareholders' equity		\$ 906,723		\$ 1,653,569		\$ 1,645,242

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

DRIVEN BRANDS HOLDINGS INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Net (loss) income	\$ (744,962)	\$ 43,173	\$ 9,536
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	175,296	147,156	112,777
Goodwill impairment	850,970	—	—
Trade name impairment	—	125,450	—
Equity-based compensation expense	15,300	20,583	4,301
(Gain) loss on foreign denominated transactions	(2,022)	17,147	25,324
(Gain) loss on foreign currency derivatives	(1,056)	21	(4,642)
Loss (gain) on sale and disposal of businesses, fixed assets, and sale-leaseback transactions	4,909	(34,854)	(11,353)
Reclassification of interest rate hedge to income	(2,077)	(542)	—
Bad debt expense	1,938	5,777	1,854
Asset impairment charges and lease terminations	132,903	5,655	3,257
Amortization of deferred financing costs and bond discounts	10,307	8,450	7,002
(Benefit) provision for deferred income taxes	(125,804)	20,567	9,866
Loss on extinguishment of debt	—	—	45,576
Other, net	24,243	(21)	(2,183)
Changes in assets and liabilities, net of acquisitions:			
Accounts and notes receivable, net	13,561	(58,837)	(36,395)
Inventory	(11,731)	(22,712)	(5,723)
Prepaid and other assets	(6,877)	(30,418)	(30,260)
Advertising fund assets and liabilities, restricted	(16,861)	12,698	9,386
Other assets	(39,814)	(23,378)	483
Deferred commissions	418	3,407	(1,899)
Deferred revenue	1,937	1,925	6,678
Accounts payable	7,390	(34,634)	6,905
Accrued expenses and other liabilities	(52,854)	2,898	128,871
Income tax receivable	53	(12,335)	4,466
Cash provided by operating activities	235,167	197,176	283,827
Cash flows from investing activities:			
Capital expenditures	(596,478)	(436,205)	(160,760)
Cash used in business acquisitions, net of cash acquired	(59,574)	(763,061)	(800,829)
Proceeds from sale-leaseback transactions	194,658	333,798	144,134
Proceeds from sale or disposal of businesses and fixed assets	9,987	25,188	2,519
Cash used in investing activities	(451,407)	(840,280)	(814,936)
Cash flows from financing activities:			
Payment of debt extinguishment and issuance costs	—	(7,172)	(19,756)
Proceeds from the issuance of long-term debt	—	365,000	950,000
Repayment of long-term debt	(27,971)	(23,912)	(721,500)
Proceeds from revolving lines of credit and short-term debt	378,000	435,000	526,800
Repayment of revolving lines of credit and short-term debt	(130,000)	(435,000)	(544,800)
Repayment of principal portion of finance lease liability	(5,165)	(3,369)	(2,199)
Proceeds from failed sale-leaseback transactions	—	—	538
Proceeds from initial public offering, net of underwriting discounts	—	—	661,500

Net proceeds from follow-on public offering	—	—	99,225
Share repurchases	(49,956)	—	(43,040)
Proceeds from the termination of interest rate swap	—	10,870	—
Payment for termination of interest rate swaps	—	—	(21,826)
Stock option exercises	6,117	340	505
Other, net	(326)	1,611	89
Cash provided by financing activities	170,699	343,368	885,536
Effect of exchange rate changes on cash	484	(2,283)	558
Net change in cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted	(45,057)	(302,019)	354,985
Cash and cash equivalents, beginning of period	227,110	523,414	172,611
Cash included in advertising fund assets, restricted, beginning of period	32,871	38,586	19,369
Restricted cash, beginning of period	792	792	15,827
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, beginning of period	260,773	562,792	207,807
Cash and cash equivalents, end of period	176,522	227,110	523,414
Cash included in advertising fund assets, restricted, end of period	38,537	32,871	38,586
Restricted cash, end of period	657	792	792
Cash, cash equivalents, restricted cash, and cash included in advertising fund assets, restricted, end of period	\$ 215,716	\$ 260,773	\$ 562,792
Supplemental cash flow disclosures - non-cash items:			
Capital expenditures included in accrued expenses and other liabilities	\$ 33,695	\$ 18,857	\$ 4,753
Deferred consideration included in accrued expenses and other liabilities	3,311	35,007	16,000
Contingent consideration	—	—	56,000
Supplemental cash flow disclosures - cash paid for:			
Interest	\$ 156,083	\$ 113,226	\$ 75,807
Income taxes	22,947	17,220	12,764

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

DRIVEN BRANDS HOLDINGS INC.
NOTES TO 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 approximately 5,000 franchised, independently-operated, and company-operated locations across 49 U.S. states and 13 other countries. The Company has a portfolio of highly recognized brands, including Take 5 Oil Change®, Take 5 Car Wash®, Meineke Car Care Centers®, MAACO®, CARSTAR®, Auto Glass Now®, and 1-800-Radiator & A/C® that compete in the automotive services industry.

Initial Public Offering and Secondary 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.

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. On September 8, 2021, the underwriters for the secondary offering exercised a portion of their over-allotment option and purchased 881,393 additional shares of common stock. The Company did not receive any proceeds from the exercise of the over-allotment option.

On September 12, 2022, the Company filed a Registration Statement on Form 424B7 for an underwritten secondary offering of 7 million shares of common stock at \$32.19 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. After the secondary offering, related parties to Roark Capital Management, LLC held approximately 61% of our outstanding common stock.

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 a 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 Tax Receivable Agreement was effective as of the date of the Company’s IPO. The Company recorded a current tax receivable liability of \$56 million and \$53 million as of December 30, 2023 and December 31, 2022, respectively, and a non-current tax receivable liability of \$118 million as of December 30, 2023 and December 31, 2022, respectively, on the consolidated balance sheets. We made an initial payment of approximately \$25 million under the Tax Receivable Agreement in January 2024.

Stock Split and Equity Structure

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 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). Our 2023 and 2021 fiscal years ending December 30, 2023 and December 25, 2021 consisted of 52 weeks, respectively, and our 2022 fiscal year ending December 31, 2022 consisted of 53 weeks. The Car Wash segment is consolidated based on a calendar month end.

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and pursuant to the rules and regulations of the U.S. Securities Exchange Commission (“SEC”). The consolidated financial statements include the accounts of Driven Brands Holdings Inc. and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Certain prior year amounts have been reclassified to conform to current year presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the related notes to the consolidated financial statements. Significant items that are subject to estimates and assumptions include, but are not limited to, valuation of intangible assets and goodwill; income taxes; allowances for credit losses; valuation of derivatives; self-insurance claims; and stock-based compensation. Management evaluates its estimates on an ongoing basis and may employ outside experts to assist in its evaluations. Changes in such estimates, based on historical experience, current conditions, and various other additional information, may affect amounts reported in future periods. Actual results could differ due to uncertainty inherent in the natures of these estimates.

Cash and Cash Equivalents

Cash equivalents consist of demand deposits and short-term, highly liquid investments with original maturities of three months or less. These investments are carried at cost, which approximates fair value.

Restricted Cash

The Company had total restricted cash of \$39 million and \$34 million at December 30, 2023 and December 31, 2022, respectively, which primarily consisted of funds from franchisees pursuant to franchise agreements, the usage of which was restricted to advertising activities, and letters of credit collateral. Advertising funds are presented within advertising fund assets, restricted, on the consolidated balance sheet.

Accounts and Notes Receivable

The Company’s accounts receivable consists principally of amounts due related to product sales, centrally billed commercial fleet work, centrally billed insurance claims, advertising and franchise fees, rent due from franchisees, and training services. These receivables are generally due within 30 days of the period in which the corresponding sales occur and are classified as accounts and notes receivable, net on the consolidated balance sheet. Accounts receivable are reported at their estimated net realizable value.

Notes receivable are primarily from franchisees and relate to financing arrangements for certain past due balances or to partially finance the acquisition of company-operated stores or re-franchising locations. The notes are typically collateralized by the assets of the store being purchased. Interest income recognized on these notes is included in supply and other revenue on the accompanying consolidated statements of operations. The Company places notes receivable on a non-accrual status based on management’s determination if it is probable that the principal balance is not expected to be repaid per the contractual terms. When the Company places a note receivable on a non-accrual status, interest income recorded on the note is reversed through supply and other revenue. The Company recorded an immaterial amount of interest income related to its notes receivables during the years ended December 30, 2023, December 31, 2022, and December 25, 2021.

Allowance for Credit Losses

Expected credit losses for uncollectible receivable balances consider both current conditions and reasonable and supportable forecasts of future conditions. Current conditions considered include predefined aging criteria, as well as specified events that indicate the balance due is not collectible. Reasonable and supportable forecasts used in determining the probability of future collection consider publicly available macroeconomic data and whether future credit losses are expected to differ from historical losses.

Inventory

Inventory is stated at the lower of cost or net realizable value. The Company primarily purchases its oil, lubricants, soap and auto glass in bulk quantities to take advantage of volume discounts and to ensure inventory availability to complete services. Inventories are presented net of volume rebates.

Property and Equipment, net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets. Leasehold improvements are depreciated over the shorter of the estimated useful life or the remaining lease term of the related asset. Repairs and maintenance are expensed as incurred.

The following table presents the estimated useful lives for each asset category:

Buildings and improvements	5 to 40 years
Furniture and fixtures	5 to 7 years
Store equipment	5 to 15 years
Leasehold improvements	5 to 15 years
Vehicles	3 to 5 years
Computer equipment and software	3 to 5 years

Cloud computing arrangements

The Company capitalizes qualified cloud computing implementation costs associated with the application development stage and subsequently amortizes these costs over the term of the hosting arrangement and stated renewal period, if it is reasonably certain we will renew. Capitalized costs are included in other assets on the consolidated balance sheets. During the year ended December 30, 2023, we recorded cloud computing amortization of \$2 million. As of December 31, 2022 and December 25, 2021, no cloud computing arrangements were in service.

Leases

The lease standard requires the lessee in an operating lease to record a balance sheet gross-up upon lease commencement by recognizing an ROU asset and lease liability equal to the present value of the lease payments over the expected lease term. The ROU asset and lease liability are derecognized in a manner that effectively yields a straight-line lease expense over the lease term. In addition to the changes to the lessee operating lease accounting requirements, the amendments also change the types of costs that can be capitalized related to a lease agreement for both lessees and lessors.

Finance lease ROU assets are depreciated on a straight-line basis over the lesser of the useful life of the leased asset or lease term. Finance lease liabilities are recognized using the effective interest method, with interest determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. Interest associated with finance lease liabilities is recognized in interest expense, net, on the consolidated statements of operations and is included in changes in accrued expenses and other liabilities in the consolidated statements of cash flows.

At contract inception, we determine whether the contract is or contains a lease based on the terms and conditions of the contract. Lease contracts are recognized on our consolidated balance sheet as ROU assets and lease liabilities; however, we have elected not to recognize ROU assets and lease liabilities on leases with terms of one year or less. Variable lease payments that are dependent on usage, output, or may vary for other reasons are excluded from lease payments in the measurement of the ROU assets and lease liabilities and are recognized as lease expense in the period the obligation is incurred. For lease agreements entered into or reassessed after the adoption of Topic 842, we combine lease and non-lease components. The Company's vehicle and equipment leases are comprised of a single lease component.

If a lease does not provide enough information to determine the implicit interest rate in the agreements, the Company uses its incremental borrowing rate in calculating the lease liability. The Company determines its incremental borrowing rate for each lease by reference to yield rates on collateralized debt issuances, which approximates borrowings on a collateralized basis, by companies of a similar credit rating as the Company, with adjustments for differences in years to maturity and implied company-specific credit spreads.

Certain leases include renewal and termination options and the option to renew is under our sole discretion. These leases are included in the lease term in determining the ROU assets and liabilities when we are reasonably certain we will exercise the option.

The ROU asset also includes initial direct costs paid less lease incentives received from the lessor. The Company also records lease income for subleases of franchise stores to certain franchisees. Lease income from sublease rentals is recognized on a straight-line basis over the lease term.

Impairment of Long-Lived Assets

Long-lived assets that are used in operations are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through undiscounted future cash flows. Recognition and measurement of a potential impairment is performed on assets grouped with other assets and liabilities at the lowest level where identifiable cash flows are largely independent of the cash flows of other assets and liabilities. An impairment loss is the amount by which the carrying amount of a long-lived asset or asset group exceeds its estimated fair value. Fair value is generally estimated by internal specialists based on the present value of anticipated future cash flows or, if required, with the assistance of independent third-party valuation specialists, depending on the nature of the assets or asset group.

Goodwill and Indefinite-Lived Intangible Assets

Goodwill is recorded when the aggregate purchase price of an acquisition exceeds the estimated fair value of the net identified tangible and intangible assets acquired. The Company's indefinite-lived intangibles are comprised of trademarks and tradenames. Management tests goodwill for impairment at the reporting unit level on the first day of the fourth quarter every year or more frequently if events or changes in circumstances indicate the asset might be impaired. If a reporting unit's carrying amount exceeds its fair value, the Company will record an impairment charge based on that difference.

In performing a quantitative test for impairment of goodwill, we primarily use the income approach method of valuation that includes the discounted cash flow method and the market approach that includes the guideline public company method to determine the fair value of goodwill and indefinite-lived intangible assets. Significant assumptions used by management in estimating fair value under the discounted cash flow model include revenue growth rates, terminal growth rates, discount rates, and EBITDA margins. Other assumptions include operating expenses, overhead expenses, tax depreciation, and capital expenditures. Assumptions used to determine fair value under the guideline public company method include the selection of guideline companies and the valuation multiples applied.

In the process of performing a quantitative test of our trade name intangible assets, we primarily use the relief of royalty method under the income approach method of valuation. Significant assumptions used to determine fair value under the relief of royalty method include future trends in sales, a royalty rate, and a discount rate to be applied to the forecast revenue stream.

There is an inherent degree of uncertainty in preparing any forecast of future results. Future trends in system-wide sales are dependent to a significant extent on national, regional, and local economic conditions. Any decreases in customer traffic or average repair order due to these or other reasons could reduce gross sales at franchise locations, resulting in lower royalty and other payments from franchisees, as well as lower sales at company-operated locations. This could reduce the profitability of franchise locations, potentially impacting the ability of franchisees to make royalty payments owed to us when due, which could adversely impact our current cash flow from franchise operations and company-operated sites.

The determination of an indefinite life is subject to reassessment if changes in facts and circumstances indicate the period of benefit has become finite.

Refer to [Note 7](#) for information regarding goodwill and intangible impairment charges recorded during the years ended December 30, 2023 and December 31, 2022.

Definite Lived Intangible Assets

The Company's definite lived intangible assets are comprised primarily of trademarks, franchise agreements, license agreements, membership agreements, customer relationships, and developed technology.

Intangible assets with definite lives are being amortized on a straight-line basis over the estimated useful life of each asset as follows:

	Estimated Useful Life
Tradenames	2 to 3 years
Franchise agreements	3 to 30 years
License agreements	7 to 19 years
Membership agreements	7 to 9 years
Customer relationships	13 to 16 years
Developed technology	5 to 8 years

The lives of definite lived intangibles are reviewed and reduced if changes in their planned use occurs. If changes in the assets planned use is identified, management reviews the useful life and carrying value of the asset to assess the recoverability of the assets if facts and circumstances indicate the carrying value may not be recoverable. The recoverability test requires management to compare the undiscounted cash flows expected to be generated by the intangible asset or asset group to the carrying value. If the carrying amounts of the intangible asset is not recoverable on an undiscounted cash flow basis, an impairment charge is recognized to the extent the carrying value exceeds its fair value.

Management reviews business combinations to identify intangible assets, which are typically tradenames and customer relationships, and value the assets based on information and assumptions available to us at the date of purchase utilizing income and market approaches to determine fair value.

Assets Held for Sale

Assets currently available for sale and expected to be sold within one year are classified as assets held for sale on the consolidated balance sheets. During the year ended December 30, 2023, the Company transferred \$301 million of assets from property and equipment to assets held for sale. Refer to [Note 7](#) for additional information. There were no assets designated as held for sale as of December 31, 2022.

Accrued Liabilities

Included within accrued expenses and other liabilities on the consolidated balance sheet were \$50 million and \$58 million of accrued payroll, bonus, and benefits at December 30, 2023 and December 31, 2022, respectively.

Derivative instruments

We utilize derivative financial instruments to manage our interest rate and foreign exchange exposure. For derivatives instruments where we have not elected hedge accounting, the change in fair value is recognized in earnings. For derivative instruments where we have elected hedge accounting, the changes in the derivative and the hedged item attributable to the hedged risks are recognized in the same line within our consolidated statement of operations. For derivatives designated as cash flow hedges, changes in the fair value of the derivative is initially recorded in accumulated other comprehensive income (loss) and subsequently recorded to the statement of operations when the hedged item impacts earnings. Derivatives designated as hedge accounting are assessed at inception and on an ongoing basis whether the instrument is, and will continue to be, highly effective in offsetting cash flow or fair value of the hedged item and whether it remains probable the forecasted transaction will occur. Changes in the fair value for derivative instruments that do not qualify as hedge accounting are recognized in the consolidated statement of operations. Refer to [Note 12](#) for additional information regarding our derivative assets and liabilities.

Revenue Recognition

Franchise royalties and fees

Franchisees are required to pay an upfront license fee prior to the opening of a location. The initial license payment received is recognized ratably over the life of the franchise agreement. Franchisees will also pay continuing royalty fees, at least monthly, based on a percentage of the store level retail sales or a flat amount, depending on the brand. The royalty income is recognized as the underlying sales occur. In addition to the initial fees and royalties, the Company also recognizes revenue associated with development fees charged to franchisees, which are recognized as income over the life of the associated franchise agreement. Development fees relate to the right of a franchisee to open additional locations in an agreed upon territory.

Company-operated store sales

Company-operated store sales are recognized, net of sales discounts, upon delivery of services and the service-related product. Customers also have the ability to purchase car wash club memberships that allow a customer unlimited washes for the duration of the membership. The Company recognizes revenue from these membership programs on a straight-line basis over the membership term. Sales proceeds for gift cards are recognized as a contract liability; the liability is reduced and revenue is recognized when the gift card is subsequently redeemed for services. Breakage on unredeemed gift card balances is estimated and recognized as revenue using the proportional method based on historical redemption patterns.

The states and municipalities in which the Company operates impose sales tax on all of the Company's nonexempt revenue. The Company collects the sales tax from its customers and remits the entire amount to the appropriate taxing authority. The Company's policy is to exclude the tax collected and remitted from net revenue and direct costs. The Company accrues sales tax liabilities as it records sales, maintaining the amount owed to the taxing authorities in accrued expenses and other liabilities on the consolidated balance sheets.

Independently-operated store sales and expenses

Independently-operated store sales and expenses consist of our car wash sites outside North America. The Company is primarily responsible for fulfilling its performance obligation of providing car wash and other vehicle cleaning services but engages a third-party to provide site labor and operate these stores on its behalf. The Company pays a commission to these third-parties to perform this service. Revenue from car washes at these locations is recorded in independently-operated store sales at the time the service is performed, while the commissions paid to the third-parties are recorded in independently-operated store expenses.

Advertising contributions

Franchised and company-operated stores are generally required to contribute advertising dollars according to the terms of their respective contract (typically based on a percentage of sales) that are used for, among other activities, advertising the brand on a national and local basis, as determined by the brand's franchisor. The Company's franchisees make their contributions to a marketing fund which in turn administers and distributes their advertising contributions directly to the franchisor. This advertising fee revenue is recognized as the underlying sales occur. Advertising expenses are recorded as incurred. Revenues and expenses related to these advertising collections and expenditures are reported on a gross basis in the consolidated statements of operations. The assets related to the advertising fund are considered restricted and disclosed as such on the Company's consolidated balance sheets.

Any excess or deficiency of advertising fee revenue compared to advertising expenditures is recognized in the fourth quarter of the Company's fiscal year. Any excess of revenue over expenditures is recognized only to the extent of previously recognized deficits. When advertising revenues exceed the related advertising expenses and there is no recovery of a previously recognized deficit of advertising revenues, advertising costs are accrued up to the amount of revenues.

Supply and other revenue

Supply and other revenue includes revenue related to product sales, vendor incentive revenue, insurance licensing fees, store leases, software maintenance fees, and automotive training services revenue. Supply and other revenue is recognized once title of goods is transferred to franchisees or other independent parties, as the sales of the related products occur, or ratably. Vendor incentive revenue is recognized as sales of the related product occur. Insurance licensing fee revenue is generated when the Company is acting as an agent on behalf of its franchisees and is recognized once title of goods is transferred to franchisees. The insurance license revenue is presented net of any related expense with any residual revenue reflecting the management fee the Company charges for the program. Store lease revenue is recognized ratably over the underlying property lease term. Software maintenance fee revenue is recognized monthly in connection with providing and servicing software. Automotive training services are provided to third party shop owner/operators in accordance with agreed upon contract terms. These contracts may be for one-time shop visits or agreements to receive access to education and training programs for multiple years. For one-time shop visits, revenue is recognized at the time the service is rendered. For the multi-year education and training contracts, revenue is recognized ratably over the contract term.

Assets Recognized from the Costs to Obtain a Contract with a Customer:

The Company has elected a practical expedient to expense costs as incurred for costs to obtain a contract when the amortization period would have been one year or less. The Company records contract assets, included in deferred commissions on the accompanying consolidated balance sheets, for the incremental costs of obtaining a contract with a customer if we expect 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 consolidated statements of operations ratably over the life of the associated franchise agreement.

Contract Balances

The Company generally records a contract liability when cash is provided for a contract with a customer before the Company has completed its contractual performance obligation. This includes cash payments for initial franchise fees as well as upfront payments on store owner consulting and education contracts. Franchise fees and shop owner consulting contract payments are recognized over the life of the agreement, which range from five to 20 and three to four year terms, respectively.

Company-Operated Store Expenses

Company-operated store expenses consist of payroll and benefit costs for employees at company-operated locations, as well as rent, costs associated with procuring materials from suppliers, and other store-level operating costs. The Company receives volume rebates based on a variety of factors which are included in accounts receivable on the accompanying consolidated balance sheets and accounted for as a reduction of company-operated store expenses as they are earned. Sales discounts received from suppliers are recorded as a reduction of the cost of inventory. Advanced rebates are included in accrued expenses and other liabilities on the accompanying consolidated balance sheets and are accounted for as a reduction of company-operated store expenses as they are earned over the term of the supply agreement. In addition, the Company includes subleasing expense associated with the subleasing of store buildings to franchisees within supply and other expenses in the consolidated statements of operations.

Store Opening Costs

Store opening costs consist of employee, facility, and grand opening marketing costs that company-operated stores incur prior to opening. The Company typically incurs store opening costs when opening new company-operated stores and when converting independently branded, acquired company-operated stores to one of its brands. These expenses are charged to expense as incurred.

Equity-based Compensation

The Company recognizes expense related to equity-based compensation awards over the service period (generally the vesting period) in the consolidated financial statements based on the estimated fair value of the award on the grant-date. Forfeitures are accounted for as they occur.

Shares Repurchased

We record shares repurchased on their trade date and reduce shareholders' equity and increase accounts payable on the accompanying consolidated balance sheets. Shares repurchased are retired, and the excess of repurchase price over the par value of the shares is charged to retained earnings.

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 has the ability to access at the measurement date;

Level 2: 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.

The Company estimates the fair value of financial instruments using available market information and appropriate valuation methodologies. The carrying amount for cash and cash equivalents, restricted cash, accounts receivable, inventory, other current

assets, accounts payable and accrued expenses approximate fair value because of their short maturities. The notes receivable carrying value also approximates fair value due to interest rates that approximate market rates for agreements with similar maturities and credit quality. The fair value of the Company's foreign currency derivative instruments is derived from valuation models, which use Level 2 observable inputs such as quoted market prices, interest rates, and forward yield curves. The fair value of long-term debt is estimated based on Level 2 inputs using discounted cash flows and market-based expectations for interest rates, credit risk and contractual terms of the debt agreements.

Financial assets and liabilities measured at fair value on a recurring basis as of December 30, 2023 and December 31, 2022 are summarized as follows:

Items Measured at Fair Value at December 30, 2023				
(in thousands)	Level 1		Level 2	Total
Derivative assets, recorded in other assets	—		285	285
Derivative liabilities, recorded in accrued expenses and other liabilities	—		493	493
Items Measured at Fair Value at December 31, 2022				
(in thousands)	Level 1		Level 2	Total
Mutual fund investments held in rabbi trust	\$	758	\$ —	\$ 758
Derivative assets, recorded in prepaid and other assets	—		158	158
Derivative assets, recorded in other assets	—		2,148	2,148
Derivative liabilities, recorded in accrued expenses and other liabilities	—		5,005	5,005

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

<i>(in thousands)</i>	December 30, 2023		December 31, 2022	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
Long-term debt	\$ 2,977,996	\$ 2,800,011	\$ 2,784,175	\$ 2,477,456

Income Taxes

The Company accounts for income taxes under the liability method whereby deferred tax assets and liabilities are measured using enacted tax laws and rates expected to apply to taxable income in the years in which the assets and liabilities are expected to be recovered or settled. The effects on deferred tax assets and liabilities of subsequent changes in the tax laws and rates are recognized in income during the year the changes are enacted.

In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized on the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with tax authorities. The Company records any interest and penalties associated as additional income tax expense in the consolidated statements of operations.

Deferred Financing Costs

The costs related to the issuance of debt are presented in the accompanying balance sheets as a direct deduction from the carrying amount of that debt or within other assets for deferred financing costs associated with the Revolving Credit Facility and amortized over the terms of the related debt agreements as interest expense using the effective interest method.

Insurance Reserves

The Company is partially self-insured for employee medical coverage. The Company records a liability for the ultimate settlement of claims incurred as of the balance sheet date based upon estimates provided by the third-party that administers the

claims on the Company's behalf. The Company also reviews historical payment trends and knowledge of specific claims in determining the reasonableness of the reserve. Adjustments to the reserve are made when the facts and circumstances of the underlying claims change. If the actual settlements of the medical claims are greater than the estimated amount, additional expense will be recognized.

Foreign Currency Translation

We translate assets and liabilities of non-U.S. operations into U.S. dollars at rates of exchange in effect at the balance sheet date, and revenues and expenses at the average exchange rates prevailing during the period. Resulting translation adjustments are recorded as a separate component of other comprehensive income (loss). Transactions resulting in foreign exchange gains and losses are included in the consolidated statements of operations.

Recently Issued Accounting Standards

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides optional expedients and exceptions for applying generally accepted accounting principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. In response to the concerns about structural risks of interbank offered rates and, particularly, the risk of cessation of LIBOR, regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation. The ASU provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. This guidance is effective immediately and the amendments may be applied prospectively through December 31, 2024. On June 2, 2023, the Company entered into a loan amendment to transition our LIBOR-based loans to the Secured Overnight Financing Rate ("SOFR"). The amendment went into effect on July 1, 2023 and did not have a material impact on the loans affected.

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures*. The standard enhances segment disclosure requirements of significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") to assist in understanding how segment expenses and operating results are evaluated. The new standard does not change the definition or aggregation of operating segments. The standard also expands the interim disclosure requirements on a retrospective basis. This ASU is effective for annual periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*. This ASU improves the transparency of income tax disclosures, including consistent categories and greater disaggregation of information in the tax rate reconciliation as well as disaggregation of income taxes paid by jurisdiction. This ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted for annual financial statements that have not yet been issued or made available for issuance. The Company is evaluating the impact of this guidance on its consolidated financial statements and related disclosures.

Note 3—Acquisitions and Dispositions

The Company strategically acquires companies and assets to increase its footprint and offer products and services that diversify its existing offerings, primarily through asset purchase agreements. 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 fair values as of the date of the acquisition with the remaining amount recorded in goodwill.

2023 Acquisitions

The Company completed six acquisitions in the Maintenance segment during the year ended December 30, 2023, representing six sites. The aggregate cash consideration for these acquisitions, net of cash acquired and liabilities assumed, was approximately \$9 million.

The Company completed three acquisitions in the Car Wash segment during the year ended December 30, 2023, representing four sites. The aggregate cash consideration for these acquisitions, net of cash acquired and liabilities assumed, was approximately \$15 million.

The Company completed two acquisitions in the Paint, Collision & Glass segment during the year ended December 30, 2023, representing two sites. The aggregate cash consideration for these acquisitions, net of cash acquired and liabilities assumed, was approximately \$6 million.

The Company estimated the fair value of acquired assets and liabilities as of the date of acquisition based on information currently available. As the Company finalizes the fair value of assets acquired and liabilities assumed, additional purchase price adjustments may be recorded during the measurement period. The provisional amounts for assets acquired and liabilities assumed for the 2023 acquisitions are as follows:

2023 Maintenance Segment

<i>(in thousands)</i>	Maintenance
Assets:	
Operating lease right-of-use assets	\$ 3,693
Property and equipment, net	3,855
Assets acquired	7,548
Liabilities:	
Accrued expenses and other liabilities	275
Operating lease liabilities	3,394
Total liabilities assumed	3,669
Cash consideration, net of cash acquired	8,108
Deferred consideration	490
Total consideration, net of cash acquired	\$ 8,598
Goodwill	\$ 4,719

2023 Car Wash Segment

<i>(in thousands)</i>	Car Wash
Assets:	
Operating lease right-of-use assets	\$ 1,249
Property and equipment, net	11,181
Deferred tax asset	17
Assets acquired	12,447
Liabilities:	
Accrued expenses and other liabilities	11
Operating lease liabilities	1,220
Total liabilities assumed	1,231
Cash consideration, net of cash acquired	15,293
Deferred consideration	25
Total consideration, net of cash acquired	\$ 15,318
Goodwill	\$ 4,102

2023 Paint, Collision & Glass Segment

(in thousands)

	Paint, Collision & Glass	
Assets:		
Inventory	\$	35
Property and equipment, net		667
Assets acquired		702
Cash consideration, net of cash acquired		4,947
Deferred consideration		695
Total consideration, net of cash acquired	\$	5,642
Goodwill	\$	4,940

Goodwill represents the excess of the consideration paid over the fair value of net assets acquired and includes the expected benefit of synergies within the existing segments and intangible assets that do not qualify for separate recognition. Goodwill, which was allocated to the Car Wash, Maintenance, and Paint, Collision & Glass segments, is substantially all deductible for income tax purposes.

2022 Acquisitions

The Company completed 22 acquisitions in the Car Wash segment during the year ended December 31, 2022, representing 35 sites, which were deemed to be business combinations. The aggregate cash consideration for these acquisitions, net of cash acquired, was approximately \$350 million. On June 14, 2022, the Car Wash segment acquired Jimmy Clean Car Wash, which was comprised of 3 sites for a total consideration of \$32 million. On July 6, 2022, the Car Wash segment acquired Speedy Shine Express Car Wash, which was comprised of 2 sites for a total consideration of \$34 million. On October 5, 2022, the Car Wash segment acquired Quick & Clean Car Wash, which was comprised of 4 sites for a total consideration of \$38 million.

The Company completed 6 acquisitions in the Maintenance segment during the year ended December 31, 2022, representing 14 sites, each individually immaterial, which were deemed to be business combinations. The aggregate cash consideration for these acquisitions, net of cash acquired and liabilities assumed, was \$25 million.

The Company completed 10 acquisitions in the Paint, Collision & Glass segment during the year ended December 31, 2022 representing 174 sites, which were deemed to be business combinations. The aggregate cash consideration for these acquisitions, net of cash acquired, was \$406 million. On December 30, 2021 the Company acquired AGN, which was comprised of 79 sites at the time of the Company's acquisition, for a total consideration of \$171 million. The purchase price allocation resulted in the recognition of \$49 million of intangible assets, \$37 million of which was a trade name intangible asset. The fair value of the acquired trade name was estimated using an income approach, specifically, the relief-from-royalty method. The Company utilized assumptions with respect to forecasted sales, the discount rate, and the royalty rate in determining the fair value of the acquired trade name. The purchase price allocation was considered complete for AGN as of December 31, 2022. On April 28, 2022, the Company acquired All Star Glass ("ASG"), which was comprised of 31 sites at the time of the acquisition for a total consideration of \$36 million. On July 6, 2022, the Company acquired K&K Glass, which was comprised of 8 sites for a total consideration of \$40 million. On July 27, 2022, the Company acquired Jack Morris Auto Glass, which was comprised of 9 sites for a total consideration of \$54 million. On September 8, 2022, the Company acquired Auto Glass Fitters Inc., which was comprised of 24 sites for a total consideration of \$72 million. The Company amortizes the customer list intangibles and definite lived trade name over their estimated remaining lives of 13 years, and 1 year, respectively.

2022 Car Wash Segment

The provisional amounts for assets acquired and liabilities assumed for the 2022 Car Wash acquisitions are as follows:

<i>(in thousands)</i>	Quick & Clean Car Wash	Speedy Shine Express Car Wash	Jimmy Clean Car Wash	All Other Car Wash	Total Car Wash
Assets:					
Property and equipment, net	\$ 28,220	\$ 16,200	\$ 21,740	\$ 172,178	\$ 238,338
Deferred tax assets	335	12	64	2,831	3,242
Total assets acquired	28,555	16,212	21,804	175,009	241,580
Liabilities:					
Accrued expenses and other liabilities	9	8	110	444	571
Total liabilities assumed	9	8	110	444	571
Cash Consideration, net of cash acquired	36,851	32,495	31,890	239,758	340,994
Deferred Consideration	1,140	1,005	—	6,846	8,991
Total Consideration, net of cash acquired	\$ 37,991	\$ 33,500	\$ 31,890	\$ 246,604	\$ 349,985
Goodwill	\$ 9,445	\$ 17,296	\$ 10,196	\$ 72,039	\$ 108,976

2022 Paint, Collision & Glass Segment

The provisional amounts for assets acquired and liabilities assumed for the 2022 Paint, Collision & Glass acquisitions are as follows:

<i>(in thousands)</i>	Auto Glass Fitters Inc.	Jack Morris Auto Glass	K&K Glass	All Star Glass	Auto Glass Now	All Other Paint, Collision & Glass	Total PC&G
Assets:							
Accounts and notes receivable, net	\$ 5,264	\$ 1,162	\$ —	\$ 2,349	\$ —	\$ 832	\$ 9,607
Inventory	134	1,150	1,067	546	—	1,518	4,415
Prepaid and other assets	64	70	—	119	—	14	267
Property and equipment, net	417	418	1,553	568	1,064	1,628	5,648
Operating lease right-of-use assets	1,016	1,558	587	5,943	11,177	2,865	23,146
Intangibles, net	20,600	16,100	16,600	8,500	49,100	—	110,900
Deferred tax assets	—	—	—	—	—	84	84
Total assets acquired	27,495	20,458	19,807	18,025	61,341	6,941	154,067
Liabilities:							
Accounts payable	2,010	630	—	1,825	—	229	4,694
Accrued expenses and other liabilities	817	644	195	2,152	1,932	768	6,508
Current portion of long term debt	—	—	—	10	31	—	41
Long-term debt	—	—	—	21	89	—	110
Operating lease liabilities	262	1,030	392	4,223	8,229	2,024	16,160
Deferred tax liabilities	375	19	—	—	—	—	394
Total liabilities assumed	3,464	2,323	587	8,231	10,281	3,021	27,907
Cash Consideration, net of cash acquired	56,044	48,386	40,056	36,342	170,629	30,209	381,666
Deferred Consideration	16,025	5,400	—	—	—	3,400	24,825
Total Consideration, net of cash acquired	\$ 72,069	\$ 53,786	\$ 40,056	\$ 36,342	\$ 170,629	\$ 33,609	\$ 406,491
Goodwill	\$ 48,038	\$ 35,651	\$ 20,836	\$ 26,548	\$ 119,569	\$ 29,689	\$ 280,331

2022 Maintenance Segment

The provisional amounts for assets acquired and liabilities assumed for the 2022 Maintenance acquisitions are as follows:

		Maintenance
<i>(in thousands)</i>		
Assets:		
Inventory	\$	362
Property and equipment, net		5,040
Operating lease right-of-use assets		10,323
Deferred tax assets		844
Total assets acquired		16,569
Liabilities:		
Accrued expenses and other liabilities		792
Operating lease liabilities		9,402
Total liabilities assumed		10,194
Cash Consideration, net of cash acquired		22,849
Deferred Consideration		2,068
Total Consideration, net of cash acquired	\$	24,917
Goodwill	\$	18,542

Goodwill represents the excess of the consideration paid over the fair value of net assets acquired and includes the expected benefit of synergies within the existing segments and intangible assets that do not qualify for separate recognition. Goodwill, which was allocated to the Car Wash, Maintenance, and Paint, Collision & Glass segments, is substantially all deductible for income tax purposes.

Immaterial purchase price adjustments were recorded during the current year relating to 2022 acquisitions within their respective one year period. Purchase accounting allocations are complete for all 2022 acquisitions as of December 30, 2023.

The following table presents financial information regarding the 2022 Car Wash segment and Paint, Collision & Glass segment acquisitions included in our consolidated statements of operations from the date of acquisition through December 31, 2022 under the heading “Actual from acquisition date in 2022.” The following tables also present supplemental pro-forma information as if the acquisitions had occurred at the beginning of fiscal year 2021. The pro-forma information does not necessarily reflect the results of operations that would have occurred had the acquisitions occurred at the beginning of 2021. Cost savings are also not reflected in the pro-forma amounts for the years ended December 31, 2022 and December 25, 2021.

<i>(in thousands)</i>	Actual from acquisition date in 2022			Pro-forma for Year Ended	
				December 31, 2022	December 25, 2021
	Car Wash Acquisitions	Glass Acquisitions	Car Wash & Glass Acquisitions	Driven Brands Holdings Consolidated Pro-forma	Driven Brands Holdings Consolidated Pro-forma
Revenue	\$ 21,526	\$ 157,498	\$ 179,024	\$ 2,172,185	\$ 1,764,435
Net income attributable to Driven Brands Holdings Inc.	\$ 5,598	\$ 22,885	\$ 28,483	\$ 66,249	\$ 61,539

2021 Acquisitions

The Company completed 38 acquisitions in the Car Wash segment, representing 110 car wash sites and were deemed to be business combinations, during the year ended December 25, 2021. The aggregate cash consideration for these acquisitions, net of cash acquired, was \$732 million.

The Company completed 2 acquisitions representing 12 collision sites, each individually immaterial, which are included within the Company's Paint, Collision & Glass segment during the year ended December 25, 2021 and were deemed to be business combinations. The aggregate cash consideration for these acquisitions, net of cash acquired, was \$33 million.

The Company also completed 8 acquisitions in the Maintenance segment representing 13 maintenance sites, each individually immaterial, during the year ended December 25, 2021 and were deemed to be business combinations. The aggregate cash consideration for these acquisitions, net of cash acquired, was \$37 million.

Deferred Consideration and Transaction Costs

Deferred consideration is typically paid six months to one-year after the acquisition closing date once all conditions under the purchase agreement have been satisfied. Included in the total consideration amounts above for the acquisitions in 2023 was \$1 million of consideration not paid on the closing date. The Company had \$3 million and \$35 million of deferred consideration related to acquisitions at December 30, 2023 and December 31, 2022, respectively. The Company paid \$33 million and \$16 million of deferred consideration related to prior acquisitions during the years ended December 30, 2023 and December 31, 2022, respectively. Deferred consideration is recorded within investing activities at the time of payment.

The Company incurred less than \$1 million, \$4 million, and \$3 million of transaction costs during the years ended December 30, 2023, December 31, 2022, and December 25, 2021 respectively. In addition, during the year ended December 25, 2021 the Company recorded a \$4 million benefit to acquisition costs in the consolidated statements of operations related to the reversal of a liability previously recorded for a 2020 acquisition related to contingent consideration that was deemed to be remote.

Dispositions

On September 12, 2022, the Company disposed of CARSTAR franchise sites from within the Paint, Collision & Glass segment for consideration of \$17 million. As a result of the sale, a \$12 million gain was recognized within selling, general, and administrative expenses during the year ended December 31, 2022. The Company allocated \$3 million of goodwill as part of the sale.

Note 4—Accounts and Notes Receivable, Net

The balance on the consolidated balance sheets are amounts primarily related to customers, vendors and franchisees. As of December 30, 2023 and December 31, 2022, the gross amount of current accounts and notes receivable were \$163 million and \$198 million, respectively. The current allowance for credit losses for these periods were \$12 million and \$18 million, respectively. The gross amount of non-current notes receivable was \$4 million, as of December 30, 2023 and December 31, 2022, respectively. The non-current allowance for credit losses for these periods was less than \$1 million and \$1 million, respectively.

The changes in the allowance for accounts and notes receivable for the year ended December 30, 2023 and December 31, 2022 were as follows:

(in thousands)

Balance as of December 25, 2021	\$	18,385
Bad debt expense		5,777
Write-off of uncollectible receivables		(4,556)
Balance at December 31, 2022	\$	19,606
Bad debt expense, net of recoveries		1,938
Write-off of uncollectible receivables		(9,612)
Balance at December 30, 2023	\$	11,932

Note 5—Property and Equipment

Property and equipment at December 30, 2023 and December 31, 2022 consisted of the following:

<i>(in thousands)</i>	December 30, 2023	December 31, 2022
Buildings	\$ 644,692	\$ 641,520
Land	138,240	127,613
Furniture, fixtures, and other	38,020	23,464
Computer equipment and software	88,277	41,304
Store equipment	482,132	375,595
Leasehold improvements	275,484	228,006
Finance lease ROU assets	18,446	42,984
Vehicles	9,263	8,217
Construction in progress	129,075	313,821
Total property and equipment	1,823,629	1,802,524
Less: accumulated depreciation	(385,133)	(256,786)
Total property and equipment, net	\$ 1,438,496	\$ 1,545,738

During the year ended December 30, 2023, the Company transferred \$301 million of assets from property and equipment to assets held for sale. Refer to [Note 7](#) for additional information.

Depreciation expense was \$147 million, \$120 million and \$91 million for the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

Note 6—Goodwill and Other Intangible Assets

Changes in the carrying amount of goodwill for the years ended December 30, 2023 and December 31, 2022 are as follows:

<i>(in thousands)</i>	Maintenance ⁽¹⁾	Car Wash ⁽²⁾	Paint, Collision & Glass	Platform Services ⁽³⁾	Total
Balance at December 25, 2021	\$ 458,996	\$ 972,255	\$ 323,252	\$ 155,889	\$ 1,910,392
Acquisitions	18,542	108,976	280,331	—	407,849
Sale of business unit	—	(685)	(3,495)	—	(4,180)
Purchase price adjustments	—	3,860	(34)	—	3,826
Foreign exchange	(130)	(32,800)	(5,542)	(2,350)	(40,822)
Balance at December 31, 2022	\$ 477,408	\$ 1,051,606	\$ 594,512	\$ 153,539	\$ 2,277,065
Acquisitions	4,719	4,102	4,940	—	13,761
Purchase price adjustments	—	—	2,324	—	2,324
Sale of business unit	(102)	—	(485)	—	(587)
Impairment	—	(850,970)	—	—	(850,970)
Foreign exchange	—	12,702	740	911	14,353
Balance at December 30, 2023	\$ 482,025	\$ 217,440	\$ 602,031	\$ 154,450	\$ 1,455,946

⁽¹⁾ Reporting units include Maintenance-Quick Lube and Maintenance-Repair

⁽²⁾ Reporting units include Car Wash International and U.S. Car Wash

⁽³⁾ Reporting units include Platform-Distribution and Platform-Training

Intangible assets for the years ended December 30, 2023 and December 31, 2022 are as follows:

(in thousands)

Balance at December 30, 2023				
	Gross Carrying Value	Impairment	Accumulated Amortization	Net Carrying Value
Definite Lived Amortizable				
Franchise agreements	\$ 221,996	\$ —	\$ (69,382)	\$ 152,614
License agreements	11,998	—	(5,818)	6,180
Membership agreements	11,600	—	(6,173)	5,427
Customer relationships	129,730	—	(25,090)	104,640
Developed technology	27,250	—	(22,509)	4,741
Trademarks & other	22,311	—	(18,904)	3,407
Total definite lived amortizable	424,885	—	(147,876)	277,009
Indefinite-Lived				
Trademarks	462,393	—	—	462,393
Total	\$ 887,278	\$ —	\$ (147,876)	\$ 739,402

Balance at December 31, 2022				
	Gross Carrying Value	Impairment	Accumulated Amortization	Net Carrying Value
Definite Lived Amortizable				
Franchise agreements	\$ 222,617	\$ —	\$ (59,466)	\$ 163,151
License agreements	11,968	—	(4,354)	7,614
Membership agreements	11,600	—	(5,480)	6,120
Customer relationships	128,127	—	(13,689)	114,438
Developed technology	25,717	—	(19,788)	5,929
Trademarks & other	26,256	—	(19,749)	6,507
Total definite lived amortizable	426,285	—	(122,526)	303,759
Indefinite-Lived				
Trademarks	587,594	(125,450)	—	462,144
Total	\$ 1,013,879	\$ (125,450)	\$ (122,526)	\$ 765,903

Amortization expense was \$29 million, \$27 million, and \$19 million for the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

Amortization expense related to definite lived intangible assets for the next five years and thereafter are as follows:

(in thousands)

	Amount
2024	\$ 27,265
2025	22,649
2026	22,056
2027	20,079
2028	18,942
Thereafter	166,018
Total	\$ 277,009

Note 7—Asset Impairment Charges

2023 Goodwill and Asset Impairment Charges

During the year ended December 30, 2023, management performed an initial strategic review of the U.S. car wash operations, which included, but was not limited to, an evaluation of the following: store performance, the competitive landscape, revenue and expense optimization opportunities, and capital requirements. As a result of this strategic review, management approved the closure of 29 stores, halted the opening of new company-operated stores, and began marketing property and equipment for sale

that will not be utilized by the Company. These actions resulted in impairment charges of \$122 million relating to property and equipment, including assets held for sale, and right-of-use assets during the year ended December 30, 2023 and the transfer of \$301 million of assets from property and equipment to assets held for sale on the consolidated balance sheet as of December 30, 2023. Management expects the sale of these assets to occur over the next twelve months.

As a result of the evaluation performed above, as well as other qualitative and quantitative factors, including a decline in the stock price during the third quarter of 2023, management determined a triggering event had occurred requiring a step one quantitative analysis of the Company's goodwill and indefinite lived intangible assets as of September 30, 2023. Based on the results of our interim impairment analysis, we concluded the carrying value of the U.S. Car Wash reporting unit exceeded its fair value, and we recorded a full goodwill impairment charge of \$851 million during the year ended December 30, 2023. The fair value of the remaining reporting units exceeded their carrying amounts, indicating no goodwill impairment. The fair values of each reporting unit were determined using a combination of the income approach and market approach valuation methodologies.

On October 1, 2023, the first day of the fourth quarter, the Company performed its annual impairment assessment, which did not result in additional impairments.

The Company will continue to monitor the other reporting units. Reporting units that do not perform in accordance with expectations could result in impairment charges to other reporting units in future periods, including International Car Wash and Maintenance-Repair, primarily comprised of the Meineke brand.

2022 Trade Name Impairment Charges

The Company has acquired a number of car wash businesses since 2020. As part of those acquisitions, the Company determined a fair value for each of the associated intangible assets including trade names and customer relationships. During the quarter ended June 25, 2022, the Company made the strategic decision to rebrand the majority of its U.S. car wash locations to operate under the name "Take 5 Car Wash", and therefore discontinued the use of certain car wash trade names that were previously determined to have indefinite lives. Using a projected discounted cash flow analysis based on the relief from royalty method, the fair value of the trade names was determined to be \$6 million while their carrying value was \$132 million. As a result, the Company recognized a \$125 million impairment charge during the year ended December 31, 2022, which is reported as trade name impairment charge in the consolidated statement of operations. The transition will take approximately two and a half years to complete from the date of impairment, and therefore the remaining carrying value is being amortized over 30 months from the date of impairment.

Note 8— 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 consolidated statements of operations ratably over the life of the associated franchise agreement.

Capitalized costs to obtain a contract as of December 30, 2023 and December 31, 2022 were \$6 million and \$7 million, respectively, and are presented within deferred commissions on the consolidated balance sheets. The Company recognized less than \$1 million of costs during the years ended December 30, 2023 and December 31, 2022, respectively, that were recorded as a contract asset at the beginning of the periods.

Contract liabilities consist primarily of deferred franchise fees and deferred development fees. The Company had contract liabilities of \$31 million and \$29 million as of December 30, 2023 and December 31, 2022, respectively, which are presented within deferred revenue on the consolidated balance sheets. The Company recognized \$4 million of revenue relating to contract liabilities during the year ended December 30, 2023 and December 31, 2022, respectively.

Note 9—Long-term Debt

Our long-term debt obligations consist of the following:

<i>(in thousands)</i>	December 30, 2023	December 31, 2022
Series 2018-1 Securitization Senior Notes, Class A-2	\$ 259,188	\$ 261,938
Series 2019-1 Securitization Senior Notes, Class A-2	285,000	288,000
Series 2019-2 Securitization Senior Notes, Class A-2	263,313	266,063
Series 2020-1 Securitization Senior Notes, Class A-2	168,875	170,625
Series 2020-2 Securitization Senior Notes, Class A-2	436,500	441,000
Series 2021-1 Securitization Senior Notes, Class A-2	439,875	444,375
Series 2022-1 Securitization Senior Notes, Class A-2	360,438	364,088
Revolving Credit Facility	248,000	—
Term Loan Facility	491,250	496,250
Other debt ^(a)	25,557	51,836
Total debt	2,977,996	2,784,175
Less: debt issuance costs	(34,511)	(45,908)
Less: current portion of long-term debt	(32,673)	(32,986)
Total long-term debt, net	\$ 2,910,812	\$ 2,705,281

^(a) Amount primarily consists of finance lease obligations. See [Note 11](#).

Scheduled debt repayments for the next five fiscal years and thereafter are as follows:

<i>(in thousands)</i>	
2024	\$ 32,673
2025	285,437
2026	807,432
2027	529,472
2028	1,313,350
Thereafter	9,632
Total future repayments	\$ 2,977,996

2018-1 Securitization Senior Notes

In April 2018, Driven Brands Funding, LLC (the “Issuer”) issued \$275 million Series 2018-1 Securitization Senior Secured Notes (the “2018-1 Senior Notes”) bearing a fixed interest rate of 4.739% per annum. The 2018-1 Senior Notes have a final legal maturity date in April 2048 and an anticipated repayment date in April 2025. The 2018-1 Senior Notes are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Company capitalized \$7 million of debt issuance costs related to the 2018-1 Senior Notes.

2019-1 Securitization Senior Notes

In March 2019, the Issuer issued \$300 million of Series 2019-1 Securitization Senior Notes (the “2019-1 Senior Notes”) bearing a fixed interest rate of 4.641% per annum. The 2019-1 Senior Notes have a final legal maturity date in April 2049 and an anticipated repayment date in April 2026. The 2019-1 Senior Notes are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. The Company capitalized \$6 million of debt issuance costs related to the 2019-1 Senior Notes.

2019-2 Securitization Senior Notes

In September 2019, the Issuer issued \$275 million Series 2019-2 Securitization Senior Secured Notes (the “2019-2 Senior Notes”) bearing a fixed interest rate of 3.981% per annum. The 2019-2 Senior Notes have a final legal maturity date in October 2049 and an anticipated repayment date in October 2026. The 2019-2 Senior Notes are secured by substantially all assets of the

Issuer and are guaranteed by the Securitization Entities. The Company capitalized \$6 million of debt issuance costs related to the 2019-2 Senior Notes.

Series 2019-3 Variable Funding Securitization Senior Notes

In December 2019, the Issuer issued Series 2019-3 Variable Funding Senior Notes (the “2019 VFN”) in the revolving amount of \$115 million. The 2019 VFN have a final legal maturity date in January 2050. The commitment under the 2019 VFN was set to expire in July 2022, with the option of three one-year extensions. In July 2023, the Company exercised the second of three one-year extension options. The 2019 VFN are secured by substantially all assets of the Issuer and are guaranteed by the Securitization Entities. As of July 1, 2023, borrowings incur interest at the Base Rate plus an applicable margin or Secured Overnight Financing Rate (“SOFR”) plus an applicable term adjustment. The Company capitalized \$1 million of debt issuance costs related to the 2019-3 VFN. No amounts were outstanding under the 2019 VFN as of December 30, 2023 and December 31, 2022. As of December 30, 2023, there were \$24.5 million of outstanding letters of credit that reduced the borrowing availability under the 2019 VFN.

2020-1 Securitization Senior Notes

In July 2020, Driven Brands Funding, LLC and Driven Brands Canada Funding Corporation (together, the “Co-Issuers”), each wholly owned indirect subsidiaries of the Company, issued \$175 million 2020-1 Securitization Senior Notes (the “2020-1 Senior Notes”) bearing a fixed interest rate of 3.786% per annum. The 2020-1 Senior Notes have a final legal maturity date in July 2050 and an anticipated repayment date in July 2027. The 2020-1 Senior Notes are secured by substantially all assets of the Co-Issuers and are guaranteed by the Canadian Co-Issuer and various subsidiaries of the Canadian Co-Issuer. The Company capitalized \$11 million of debt issuance costs related to the 2020-1 Senior Notes.

2020-2 Securitization Senior Notes

In December 2020, the Co-Issuers issued \$450 million 2020-2 Securitization Senior Notes (the “2020-2 Senior Notes”) bearing a fixed interest rate of 3.237% per annum. The 2020-2 Senior Notes have a final legal maturity date in January 2051; and an anticipated repayment date in January 2028. The 2020-2 Senior Notes are secured by substantially all assets of the Co-Issuers and are guaranteed by the Securitization Entities. The Company capitalized \$8 million of debt issuance costs related to the 2020-2 Senior Notes.

2021-1 Securitization Senior Notes

In September 2021, the Co-Issuers issued \$450 million of 2021-1 Securitization Senior Notes (the “2021-1 Senior Notes”) bearing a fixed interest rate of 2.791% per annum. The 2021-1 Senior Notes have a final legal maturity date in October 2051 and an anticipated repayment date in October 2028. The 2021-1 Senior Notes are secured by substantially all assets of the Co-issuers and are guaranteed by the Securitization Entities. The Company capitalized \$10 million of debt issuance costs related to the 2021-1 Senior Notes.

2022-1 Securitization Senior Notes

In October 2022, the Co-Issuers issued \$365 million of 2022-1 Securitization Senior Notes (the “2022-1 Senior Notes”), bearing a fixed interest rate of 7.393% per annum. The 2022-1 Senior Notes have a final legal maturity date in October 2052, and an anticipated repayment date in October 2027. The 2022-1 Senior Notes are secured by substantially all assets of the Co-issuers and are guaranteed by the Securitization Entities. In conjunction with the issuance of the 2022-1 Senior Notes, the Co-Issuers also issued Series 2022-1 Class A-1 Notes in the amount of \$135 million, which can be accessed at the Issuer’s option if certain conditions are met. The Company capitalized \$7 million of debt issuance costs related to the 2022-1 Senior Notes.

Credit Agreement

Revolving Credit Facility

In May 2021, Driven Holdings, LLC, (“the Borrower”) a Delaware limited liability company and indirect wholly-owned subsidiary of Driven Brands Holdings Inc., entered into a credit agreement to secure a revolving line of credit with a group of financial institutions (“Revolving Credit Facility”), which provides for an aggregate amount of up to \$300 million, and has a maturity date in May 2026 (“Credit Agreement”). On June 2, 2023, the Credit Agreement was amended pursuant to which, as of July 1, 2023, borrowings incur interest at the Base Rate plus an applicable margin or SOFR plus an applicable term adjustment. The Revolving Credit Facility also includes periodic commitment fees based on the available unused balance and a quarterly administrative fee.

As of December 30, 2023, the Company had an outstanding balance of \$248 million on the Revolving Credit Facility.

Term Loan Facility

In December 2021, the Borrower amended the Credit Agreement to provide for a new term loan credit facility (the "Term Loan Facility"), which has an initial aggregate commitment of \$500 million, with loans and other extensions of credit thereunder maturing in December 2028. The Company capitalized \$9 million of debt issuance costs related to the Term Loan Facility. On June 2, 2023, the Credit Agreement was amended pursuant to which, as of July 1, 2023, borrowings incur interest at the Base Rate plus an applicable margin or SOFR plus an applicable term adjustment. Starting with the second full calendar quarter after the funding of the Term Loan Facility, the Term Loan Facility requires scheduled quarterly payments in amounts equal to 0.25% of the original aggregate principal amount of the Term Loan Facility, with the balance due at maturity.

Car Wash Senior Credit Facilities

As part of the ICWG acquisition in 2020, the Company assumed \$532 million of First Lien Term Loan debt. The loan was paid off in January 2021, and as a result the remaining unamortized discount was written-off and included loss on debt extinguishment in the consolidated statement of operations in the first quarter of 2021. In addition, the Company also assumed \$175 million of Second Lien Term Loan debt. The loan was paid off in January 2021, and as result the remaining unamortized discount was written-off and included loss on debt extinguishment in the consolidated statement of operations in the first quarter of 2021. The Company also assumed a first lien revolving credit facility from ICWG, the outstanding balance of \$18 million was paid off in January 2021 and the credit facility was terminated.

Guarantees and Covenants of the Notes

Substantially all of the assets of the Company, including most of the domestic and certain of the foreign revenue-generating assets, which principally consist of franchise-related agreements, certain company-operated stores, certain product distribution agreements, intellectual property and license agreements for the use of intellectual property, are owned by subsidiaries of the Borrower and the Issuer, and are pledged to secure the Notes and indebtedness under the Credit Agreement (together the "Indebtedness"). The restrictions placed on the Issuer and its subsidiaries require that interest and principal (if any) on the Securitization Notes be paid prior to any residual distributions to the Company, and amounts are segregated weekly to ensure appropriate funds are reserved to pay the quarterly interest and principal (if any) amounts due. The amount of weekly cash flow that exceeds all expenses and obligations of the Issuer and its subsidiaries (including required reserve amounts) is generally remitted to the Company in the form of a dividend.

The Company's Indebtedness is subject to certain quantitative covenants related to debt service coverage and leverage ratios. In addition, the agreements related to the Indebtedness also contain various affirmative and negative operating and financial reporting covenants, which are customary for such debt instruments. These covenants, among other things, limit the ability of the Issuer and its subsidiaries to sell assets; engage in mergers, acquisitions, and other business combinations; declare dividends or redeem or repurchase capital stock; incur, assume, or permit to exist additional indebtedness or guarantees; make loans and investments; incur liens; and enter into transactions with affiliates. In the event that certain covenants are not met, the Indebtedness may become fully due and payable on an accelerated schedule. In addition, the Borrower and the Issuer may voluntarily prepay, in part or in full subject to certain pre-payment premiums or make-whole obligations.

As of December 30, 2023, the Co-Issuers were in material compliance with all covenants under the agreements discussed above.

Driven Brands Holdings Inc. has no material separate cash flows or assets or liabilities as of December 30, 2023. All business operations are conducted through its operating subsidiaries and it has no material independent operations. Driven Brands Holdings Inc. has no other material commitments or guarantees. As a result of the restrictions described above, certain of the subsidiaries' net assets are effectively restricted in their ability to be transferred to Driven Brands Holdings Inc. as of December 30, 2023.

Note 10—Segment Information

The Company's worldwide operations are comprised of the following reportable segments: Maintenance, Car Wash, Paint, Collision & Glass, and Platform Services.

The Maintenance segment is primarily composed of the Take 5 Oil and Meineke brands, and revenue is primarily derived from the performance of maintenance services, including oil changes and regularly scheduled and as-needed automotive maintenance services and vehicle component repair and replacement. Maintenance segment revenue also includes franchise royalties and fees and supply and other product sales.

The Paint, Collision & Glass segment is primarily composed of the ABRA, CARSTAR, Fix Auto, Maaco, AGN, and Uniban brands and services both retail and commercial customers such as commercial fleet operators and insurance carriers. Paint,

Collision & Glass includes revenue derived from license and royalty fees paid by franchisees, glass replacement, calibration, and collision service revenue derived from company-operated locations, and supply and other product sales.

The Platform Services segment is primarily composed of the 1-800 Radiator & A/C, PH, Spire Supply, Driven Advantage, and ATI businesses. Platform Services revenue is primarily derived from the sale of supplies and other products, as well as automotive training services and franchise license and royalty fees paid by franchisees.

The Car Wash segment primarily operates under the IMO brand across Europe and Australia and the Take 5 Car Wash brand in the U.S., providing express-style conveyor car wash services to both retail and commercial customers.

In addition to the reportable segments, the Company's consolidated financial results include "Corporate and Other" activity. Corporate and Other incurs costs related to the advertising 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 certain intercompany transactions, namely sales by the Platform Services segment to the Paint, Collision & Glass and Maintenance segments.

The accounting policies applicable to each segment are generally consistent with those used in the consolidated financial statements. The Company's Chief Operating Decision Maker evaluates the performance of its segments and allocates resources to them 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, cloud computing amortization, equity compensation, store opening costs, loss on debt extinguishment and certain non-recurring, non-core, infrequent or unusual charges. Segment Adjusted EBITDA is a supplemental measure of the operating performance of our segments and may not be comparable to similar measures reported by other companies. No asset information has been provided for these reportable segments as the Chief Operating Decision Maker does not regularly review asset information by reportable segment.

Segment results for the years ended December 30, 2023, December 31, 2022, and December 25, 2021 are as follows:

Year ended December 30, 2023						
(in thousands)	Maintenance	Car Wash	Paint, Collision & Glass	Platform Services	Corporate and Other	Total
Franchise royalties and fees	\$ 56,298	\$ —	\$ 103,604	\$ 30,465	\$ —	\$ 190,367
Company-operated store sales	809,356	395,357	317,428	4,212	—	1,526,353
Independently-operated store sales	—	196,395	—	—	—	196,395
Advertising fund contributions	—	—	—	—	98,850	98,850
Supply and other revenue	94,746	5,992	79,342	181,327	(69,343)	292,064
Total net revenue	\$ 960,400	\$ 597,744	\$ 500,374	\$ 216,004	\$ 29,507	\$ 2,304,029
Segment Adjusted EBITDA	\$ 329,498	\$ 128,996	\$ 140,569	\$ 80,492	\$ (156,837)	\$ 522,718

Year ended December 31, 2022						
(in thousands)	Maintenance	Car Wash	Paint, Collision & Glass	Platform Services	Corporate and Other	Total
Franchise royalties and fees	\$ 45,046	\$ —	\$ 93,026	\$ 33,662	\$ —	\$ 171,734
Company-operated store sales	692,947	390,502	235,924	5,035	—	1,324,408
Independently-operated store sales	—	195,157	—	—	—	195,157
Advertising fund contributions	—	—	—	—	87,750	87,750
Supply and other revenue	61,869	7,061	81,714	157,676	(54,175)	254,145
Total net revenue	\$ 799,862	\$ 592,720	\$ 410,664	\$ 196,373	\$ 33,575	\$ 2,033,194
Segment Adjusted EBITDA	\$ 258,470	\$ 175,326	\$ 134,818	\$ 72,383	\$ (139,313)	\$ 501,684

Year ended December 25, 2021						
(in thousands)	Maintenance	Car Wash	Paint, Collision & Glass	Platform Services	Corporate and Other	Total
Franchise royalties and fees	\$ 35,932	\$ —	\$ 79,125	\$ 29,356	\$ —	\$ 144,413
Company-operated store sales	503,719	277,118	57,804	5,005	—	843,646
Independently-operated store sales	—	204,246	—	—	—	204,246
Advertising fund contributions	—	—	—	—	75,599	75,599
Supply and other revenue	37,425	6,071	67,272	127,413	(38,805)	199,376
Total net revenue	\$ 577,076	\$ 487,435	\$ 204,201	\$ 161,774	\$ 36,794	\$ 1,467,280
Segment Adjusted EBITDA	\$ 175,323	\$ 146,350	\$ 82,796	\$ 56,714	\$ (108,619)	\$ 352,564

The reconciliations of (Loss) income before taxes to Segment Adjusted EBITDA for the years ended December 30, 2023, December 31, 2022 and December 25, 2021 are as follows:

(in thousands)	Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
(Loss) income before taxes	\$ (847,651)	\$ 68,340	\$ 34,892
Depreciation and amortization	175,296	147,156	112,777
Interest expense, net	164,196	114,096	75,914
Acquisition related costs ^(a)	13,174	15,304	62,386
Non-core items and project costs, net ^(b)	7,343	20,241	5,656
Store opening costs	5,831	2,878	2,497
Cloud computing amortization ^(c)	1,923	—	—
Equity-based compensation expense ^(d)	15,300	20,583	4,301
Foreign currency transaction (gain) loss, net ^(e)	(3,078)	17,168	20,683
Bad debt expense ^(f)	—	(449)	(3,183)
Goodwill impairment ^(g)	850,970	—	—
Trade name impairment ^(h)	—	125,450	—
Asset sale leaseback (gain) loss, impairment and closed store expenses ⁽ⁱ⁾	139,414	(29,083)	(8,935)
Loss on debt extinguishment ⁽ⁱ⁾	—	—	45,576
Segment Adjusted EBITDA	\$ 522,718	\$ 501,684	\$ 352,564

^(a) Consists of acquisition costs as reflected within the 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 U.S. GAAP, such costs relating to acquisitions are expensed as incurred.

^(b) Consists of discrete items and project costs, including (i) third party consulting and professional fees associated with strategic transformation initiatives as well as non-recurring payroll-related costs, (ii) a \$15 million change in estimate related to the Tax Receivable Agreement that we entered into at the IPO related to the filing of our 2021 tax returns was recorded in the fourth quarter of 2022, and (iii) other miscellaneous expenses, including non-capitalizable expenses relating to the Company's initial public offering in 2021.

^(c) Includes non-cash amortization expenses relating cloud computing arrangements.

^(d) Represents non-cash equity-based compensation expense.

^(e) Represents foreign currency transaction (gains) losses, net that primarily related to the remeasurement of our intercompany loans as well as unrealized gains and losses on remeasurement of cross currency swaps and forward contracts.

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

^(g) Relates to a goodwill impairment within the Car Wash segment. Refer to [Note 7](#) for additional information.

- (b) Certain indefinite lived Car Wash trade names were impaired as the Company elected to discontinue their use. Refer to [Note 7](#) for additional information.
- (i) Relates to (gains) losses, net on sale leasebacks, impairment of certain fixed assets and operating lease right-of-use assets related to closed and underperforming locations, assets held for sale, and lease exit costs and other costs associated with stores that were closed prior to the respective lease termination dates. Refer to [Note 7](#) for additional information.
- (j) Represents charges incurred related to the Company's repayment of the Car Wash Senior Credit Facilities in 2021.

There were no customers that accounted for 10% or more of the Company's total net revenue or accounts receivable across all segments in 2023, 2022, or 2021.

The following table shows information relating to the geographic regions in which the Company operates:

<i>(in thousands)</i>	Total Net Revenue for Year Ended			Total Long-Lived Assets		
	December 30, 2023	December 31, 2022	December 25, 2021	December 30, 2023	December 31, 2022	December 25, 2021
United States	\$ 1,967,635	\$ 1,690,128	\$ 1,137,226	\$ 2,363,692	\$ 2,402,866	\$ 1,843,952
Canada	134,038	140,972	122,179	21,892	23,605	24,503
Rest of world	202,356	202,094	207,875	442,228	418,456	478,154
Total	\$ 2,304,029	\$ 2,033,194	\$ 1,467,280	\$ 2,827,812	\$ 2,844,927	\$ 2,346,609

The following table shows the Company's capital expenditures by reportable segment:

<i>(in thousands)</i>	Maintenance		Car Wash		Paint, Collision & Glass		Platform Services		Corporate and Other		Total
Capital expenditures											
2023	\$	112,701	\$	438,367	\$	14,089	\$	546	\$	30,775	\$ 596,478
2022		81,363		332,966		6,985		669		14,222	\$ 436,205
2021		49,454		105,057		920		231		5,098	\$ 160,760

Note 11—Leases

The Company's lease and sublease portfolio primarily consists of the real property leases related to franchisee and company-operated locations, as well as office space and various vehicle and equipment leases. Leases for real property generally have terms ranging from five to 25 years, with most having one or more renewal options ranging from one to 10 years. The Company does not include option periods in its determination of the lease term unless renewals are deemed reasonably certain to be exercised. Equipment and vehicle leases generally have terms ranging from one to five years. The Company's portfolio of leases does not contain any material residual value guarantees or restrictive covenants.

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

<i>(in thousands)</i>	Balance Sheet Location	December 30, 2023	December 31, 2022
Right-of-use assets			
Finance leases	Property and equipment, net	\$ 18,446	\$ 42,984
Operating leases	Operating lease right-of-use assets	1,389,316	1,299,189
Total right-of-use assets		<u>\$ 1,407,762</u>	<u>\$ 1,342,173</u>
Current lease liabilities			
Finance leases	Current portion of long-term debt	\$ 4,420	\$ 4,736
Operating leases	Accrued expenses and other liabilities	74,937	76,767
Total current lease liabilities		<u>\$ 79,357</u>	<u>\$ 81,503</u>
Long-term lease liabilities			
Finance leases	Long-term debt	\$ 14,889	\$ 40,719
Operating leases	Operating lease liabilities	1,332,519	1,177,501
Total long-term lease liabilities		<u>\$ 1,347,408</u>	<u>\$ 1,218,220</u>

The lease cost for operating and finance leases recognized in the consolidated statement of operations were as follows:

<i>(in thousands)</i>	December 30, 2023	December 31, 2022
Finance lease expense:		
Amortization of right-of-use assets	\$ 1,648	\$ 5,207
Interest on lease liabilities	1,802	1,943
Operating lease expense	172,344	130,333
Short-term lease expense	419	1,859
Variable lease expense	1,719	1,541
Total lease expense, net	<u>\$ 177,932</u>	<u>\$ 140,883</u>

The Company recorded a \$63 million and \$5 million impairment loss during the years ended December 30, 2023 and December 31, 2022, respectively, related to Company's decision to exit certain leased locations. There were no lease impairments recorded for the year ended December 25, 2021.

The Company also subleases certain facilities to franchisees and others, which generated \$5 million, \$5 million, and \$7 million in sublease revenue during each of the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively, and is included as a component of supply and other revenue on the consolidated statement of operations.

For the year ended December 30, 2023, the Company sold 38 car wash and 25 maintenance properties in various locations throughout the U.S. for a total of \$195 million. For the year ended December 31, 2022, the Company sold 78 car wash and 11 maintenance properties in various locations throughout the U.S. for a total of \$334 million. For the year ended December 25, 2021, the Company sold 38 car wash and 5 maintenance properties in various locations throughout the U.S. for a total of \$144 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 typically ranging from 15 to 25 years and provide the Company with the option of extending 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 approximately \$145 million and \$145 million, respectively, for the year ended December 30, 2023 and \$264 million and \$263 million, respectively, for the year ended December 31, 2022 related to these lease arrangements. The Company recorded net gains of \$29 million, \$25 million, and \$12 million for the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

	December 30, 2023	December 31, 2022
Weighted average remaining lease terms (years)		
Operating	14.8	15.4
Financing	10.4	12.0
Weighted average discount rate		
Operating	5.75 %	5.18 %
Financing	4.40 %	5.01 %

Supplemental cash flow information related to the Company's lease arrangements were as follows:

(in thousands)	Year Ended	
	December 30, 2023	December 31, 2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows used in operating leases	\$ 152,078	\$ 118,474
Operating cash flows used in finance leases	918	1,716
Financing cash flows used in finance leases	1,152	1,659
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 234,365	\$ 300,034
Finance leases	2,642	11,020

As of December 30, 2023, future minimum lease payments under noncancellable leases were as follows:

(in thousands)	Finance	Operating	Income from Subleases
2024	\$ 4,637	\$ 168,137	\$ 6,656
2025	3,888	163,191	5,973
2026	3,226	156,595	5,544
2027	2,330	148,218	5,142
2028	1,661	138,927	3,982
Thereafter	4,644	1,416,748	14,091
Total undiscounted cash flows	\$ 20,386	\$ 2,191,816	\$ 41,388
Less: Present value discount	1,077	784,360	
Less: Current lease liabilities	4,420	74,937	
Long-term lease liabilities	\$ 14,889	\$ 1,332,519	

Note 12—Derivatives

The Company utilizes derivative financial instruments primarily to hedge its exposure to changes in interest rates and movements in foreign currency exchange rates. All derivative financial instruments are recorded on the balance sheet at their respective fair values. The Company does not use financial instruments or derivatives for any trading or other speculative purposes.

Derivatives Designated as Cash Flow Hedges of Interest Rate Risk

In July 2022, the Company entered into an interest rate swap, which was designated as a hedge against adverse fluctuations in interest rates by reducing the exposure to variability in cash flows relating to either interest payments or total proceeds on a forecasted issuance of long-term debt. The notional amount of this hedge was \$275 million. As of December 30, 2023 and

December 31, 2022 the amount included in accumulated other comprehensive income was \$8 million and \$10 million, respectively. We reclassified \$2 million and less than \$1 million into interest expense during the years ended December 30, 2023 and December 31, 2022, respectively. This gain will be recognized ratably over the 5 year life of the contract beginning in October 2022.

Historically, the Company entered into interest rate swap transactions to hedge against the changes in cash flows associated with changes in the one-month LIBOR, the benchmark interest rate being hedged, associated with interest payments on the first \$300 million of the Company's First and Second Lien Term Loans, respectively. See [Note 9](#) for additional details on the Company's debt agreements. In January 2021, the company officially terminated the interest rate swaps associated with the debt agreements and recorded an immaterial amount of expense related to the cancellation of this instrument.

Derivatives Designated as Fair Value Hedge of Exchange Rate Risk

In December 2021, the Company entered into a cross currency swap as an economic hedge against exposure to changes in the Canadian dollar in connection with its Canadian securitization transaction, which is discussed in greater detail in [Note 9](#). The cross currency swap has an \$88 million notional and a settlement date in July 2027. Throughout the term of the swap agreements, the Company pays interest at a fixed rate in Canadian dollars and receives interest at a fixed rate in U.S. dollars.

The Company recorded a loss of \$1 million and a gain of \$7 million relating to foreign currency derivative contracts in other comprehensive income and as a component of accumulated other comprehensive income as of December 30, 2023 and December 31, 2022, respectively. The Company expects an immaterial amount to be reclassified from other comprehensive income to (gain) loss on foreign currency transactions, net in the consolidated statement of operations during the next 12 months. The Company will continue to assess the effectiveness of the hedge on a quarterly basis.

Derivatives Not Designated as Hedges of Exchange Rate Risk

To manage exposure to changes with our foreign currency intercompany transactions, the Company enters into short term foreign currency forward contracts. We have foreign currency derivative contracts with a notional value of \$77 million. The settlements can be rolled into the next periods trade if desired.

As part of the acquisition of ICWG, the Company assumed three cross-currency interest rate swap agreements to mitigate the interest rate risk and exchange rate risk associated with the variable interest, USD-denominated senior loans raised by ICWG. The cross-currency interest rate swaps had a total notional amount of \$235 million and were scheduled to terminate in October 2021. In January 2021, the company officially terminated the cross currency swaps associated with the debt agreements and recorded an immaterial amount of expense related to the cancellation of this instrument. Throughout the term of the swap agreements, the Company paid interest at a fixed rate and received interest at the three-month LIBOR rate.

The Company recorded a \$1 million gain, a less than \$1 million loss, and a \$5 million gain during the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively, related to the change in fair value of derivatives in (gain) loss on foreign currency transactions, net in the consolidated statement of operations.

The fair value of our derivative instruments held were as follows:

(in thousands)

December 30, 2023		
	Balance Sheet Location	Fair Value
Derivative liabilities		
Derivatives designated as hedging instruments:		
Cross currency swap	Other assets	\$ 285
Cross currency swap	Accrued expenses and other liabilities	233
Derivatives not designated as hedging instruments:		
Foreign exchange forward contract	Accrued expenses and other liabilities	260

(in thousands)

		December 31, 2022	
		Balance Sheet Location	Fair Value
Derivative liabilities:			
Derivatives designated as hedging instruments:			
Cross currency swap	Other assets	\$	2,148
Cross currency swap	Accrued expenses and other liabilities		165
Derivatives not designated as hedging instruments:			
Foreign exchange forward contract	Prepaid and other assets		158
Foreign exchange forward contract	Accrued expenses and other liabilities		4,840

Counterparty Credit Risk

By entering into derivative instrument contracts, the Company exposes itself, from time to time, to counterparty credit risk. Counterparty credit risk is the failure of the counterparty to perform under the terms of the derivative contract. When the fair value of a derivative contract is in an asset position, the counterparty has a liability to the Company, which creates credit risk for the Company. The Company attempts to minimize this risk by selecting counterparties with investment grade credit ratings, limiting its exposure to any single counterparty and regularly monitoring its market position with each counterparty.

Note 13—Related-Party Transactions

The Company made payments for facilities maintenance services in the aggregate amount of approximately \$7 million, \$6 million, and \$2 million during the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively, to Divisions Maintenance Group, an entity owned by affiliates of Roark Capital Management, LLC.

One of the directors on the Company's board also serves as an officer of a service provider used in our fleet management operations. During the year ended December 30, 2023, the Company made payments of \$3 million to this service provider through the normal course of business.

The transactions were reviewed, ratified, and approved by the Audit Committee of the Company's Board of Directors in accordance with the Company's Related Person Transactions Policy.

Note 14—Employee Benefit Plans

The Company has a 401(k) plan that covers eligible employees as defined by the plan agreement. Employer contributions to the plan were \$4 million, \$2 million, and \$1 million in 2023, 2022, and 2021, respectively.

During the year ended December 31, 2022, the Company had a rabbi trust to fund the obligations of its non-qualified deferred compensation plan for its executive level employees, which became effective as of January 2018. The rabbi trust was comprised of various mutual fund investments selected by plan participants. The Company recorded the mutual fund investment assets at fair value with any subsequent changes in fair value recorded in the consolidated statements of operations. As such, offsetting changes in the asset values and defined contribution plan obligations were recorded in the statements of operations in the same period. The trust asset balance and the deferred compensation plan liability balance were \$1 million as of December 31, 2022. During the year ended December 30, 2023, the Company liquidated the rabbi trust assets. As of December 30, 2023, the deferred compensation plan liability balance was \$2 million.

The Company has an unfunded pension plan covering certain international employees within the Car Wash segment. The plan's Accumulated benefit obligation and Projected Benefit Obligation were \$7 million and \$6 million as of December 30, 2023 and December 31, 2022, respectively. Pension expense was less than \$1 million for the years ended December 30, 2023, December 31, 2022, and December 25, 2021. The pension liability was recorded within long-term accrued expenses and other liabilities within the consolidated balance sheet. The discount rate used to determine benefit obligation for the pension plan was 3.51% and 4.15% for the years ended December 30, 2023 and December 31, 2022. The compensation increase used to determine benefit obligation for the pension plan was 0% for the years ended December 30, 2023 and December 31, 2022. There are no required contributions for 2023. Pension benefit payments under the plan are expected to be \$2 million spread ratably over the next 5 years.

Note 15 — Shareholders' Equity

In August 2023, the Board of Directors authorized a program to repurchase up to \$50 million of the Company's common stock (the "Share Repurchase Program"). During the year ended December 30, 2023, the Company repurchased 3,601,694 shares of its common stock for approximately \$50 million, at an average price per share of \$13.87. All repurchases were made in open market transactions. As of December 30, 2023, the Company completed the purchase of all shares under the Share Repurchase Program.

Note 16 — Equity Agreements and Incentive Equity Plan

On April 17, 2015, Driven Investor LLC established the Driven Investor LLC Incentive Equity Plan (the "Equity Plan"). The Equity Plan, among other things, established the ownership of certain membership units in Driven Investor LLC and defined the distribution rights and allocations of profits and losses associated with those membership units. Additionally, the Equity Plan calls for certain restrictions regarding transfers of units, corporate governance, and Board of Director representation.

In April 2015, Driven Investor LLC established certain profits interest units as part of the award agreements (the "Award Agreements") granted pursuant to the Equity Plan. The Award Agreements provide for grants of certain profits interest units to employees, directors or consultants of Driven Investor LLC and Subsidiaries. For both the Profits Interest Time Units and Profits Interest Performance Units, if the grantee's continuous service terminated for any reason, the grantee forfeits 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 the change in control and the other vesting criteria are achieved as a result. In addition, the grantee forfeits all right, title, and interest in and to any vested units if the grantee was terminated for cause, breaches any post-termination covenants, or fail to execute any general release required to be executed.

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.

Profits Interest Units

Prior to IPO, the Parent's equity awards included Profits Interest Units as noted above. 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 exchange of Profits Interest - Time Units for time based 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") and the achievement of the other vesting criteria. The percentage of vesting was based on achieving certain performance criteria. No vesting occurred as a result of the IPO as the other vesting criteria were not achieved. In connection with the IPO, the Performance Units were exchanged for performance-based restricted stock awards. Employees who received IPO Options had the same vesting conditions for the performance-based portion of the IPO Options as the performance-based restricted stock awards.

In October 2023, the Company converted 2,963,829 performance-based restricted stock awards to time-based awards that vest in full on April 30, 2025, subject to a continuous service requirement through the vesting date.

	Unvested Time Awards	Weighted Average Grant Date Fair Value, per unit	Unvested Performance Awards	Weighted Average Grant Date Fair Value, per unit
Outstanding as of January 14, 2021	610,477	\$ 12.65	4,178,246	\$ 15.79
Forfeited/Cancelled	(17,304)	21.27	(84,737)	13.55
Vested	(164,868)	10.04	—	—
Outstanding as of December 25, 2021	428,305	\$ 13.31	4,093,509	\$ 15.84
Forfeited/Cancelled	(30,869)	10.34	(77,760)	15.34
Vested	(107,767)	12.95	—	—
Outstanding as of December 31, 2022	289,669	\$ 13.76	4,015,749	\$ 15.84
Modifications	2,963,829	11.15	(2,963,829)	15.94
Forfeited/Cancelled	(53,865)	12.74	(251,895)	12.86
Vested	(96,542)	12.97	—	—
Outstanding as of December 30, 2023	3,103,091	\$ 11.31	800,025	\$ 16.22

There was approximately \$31 million of unrecognized compensation expense related to the time-based restricted stock awards at December 30, 2023, which is expected to be recognized over a weighted-average vesting period of 1.3 years.

There was approximately \$3 million of unrecognized compensation expense related to the performance-based restricted stock awards at December 30, 2023. For the years ended December 30, 2023, December 31, 2022 and December 25, 2021, no compensation cost was recognized for the performance-based restricted stock awards given the performance criteria was not met or probable. Certain former employees continued to hold performance-based awards after the IPO.

Restricted Stock Units and Performance Stock Units

The Company has issued restricted stock units (“RSUs”) and performance stock units (“PSUs”). Awards are eligible to vest provided that the employee remains in continuous service on each vesting date. The RSUs vest ratably in three installments on each of the first three anniversaries of the grant date. The PSUs vest after a three-year performance period. The number of PSUs that vest is contingent on the Company achieving certain performance goals, one being a performance condition and the other being a market condition. The number of PSU shares that vest may range from 0% to 200% of the original grant, based upon the level of performance. Certain awards are considered probable of meeting vesting requirements, and therefore, the Company has started recognizing expense. For both 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.

For RSUs and PSUs with a performance condition the grant date fair value is based upon the market price of the Company’s common stock on the date of the grant. For PSUs with a market condition, the Company estimates the grant date fair value using the Monte Carlo valuation model. For all PSUs, the Company reassesses the probability of the achievement of the performance condition at each reporting period.

The range of assumptions used for issued PSUs with a market condition valued using the Monte Carlo model were as follows:

	For the Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Annual dividend yield	—%	—%	—%
Expected term (years)	2.6-2.8	2.7-3.0	3.0
Risk-free interest rate	3.65%-4.51%	2.32%-3.05%	0.2%
Expected volatility	37.9%-38.8%	40.9%-43.9%	41.2%
Correlation to the index peer group	60.2%-60.3%	50.7%-59.5%	65.9%

There was approximately \$13 million of total unrecognized compensation cost related to the unvested RSUs at December 30, 2023, which is expected to be recognized over a weighted-average vesting period of 2.1 years. In addition, there was approximately \$4 million of total unrecognized compensation cost related to the unvested PSUs, which are expected to be recognized over a weighted-average vesting period of 1.9 years.

The following are the restricted stock units and performance stock units granted in conjunction with or after the IPO:

	Unvested Time Units	Weighted Average Grant Date Fair Value, per unit	Unvested Performance Units	Weighted Average Grant Date Fair Value, per unit
Outstanding as of January 14, 2021 (pre-IPO)	—	\$ —	—	\$ —
Granted post-IPO	81,160	23.11	144,735	24.52
Forfeited/Cancelled	(18,735)	22.18	(37,439)	24.36
Outstanding as of December 25, 2021	62,425	\$ 23.38	107,296	\$ 24.58
Granted	300,067	27.96	488,488	32.39
Forfeited/Cancelled	(20,424)	26.18	(46,024)	29.22
Vested	(20,465)	23.41	—	—
Outstanding as of December 31, 2022	321,603	\$ 27.49	549,760	\$ 31.13
Granted	716,904	20.29	647,359	30.54
Forfeited/Cancelled	(126,822)	27.87	(283,131)	31.06
Performance achievement ⁽¹⁾	—	—	13,808	24.69
Vested	(105,149)	27.31	(82,848)	24.69
Outstanding as of December 30, 2023	806,536	\$ 21.07	844,948	\$ 31.24

⁽¹⁾ Reflects the number of awards achieved above target levels for shares vested in the period.

Stock Options

The Company also established and granted stock options, which vest provided that the employee remains in continuous service on the vesting date. The stock options were granted at the stock price of the Company on the grant date and permit the holder to exercise them for 10 years from the grant date.

In October 2023, the Company converted 2,438,643 performance-based options to time-based awards that vest in full on April 30, 2025, subject to a continuous service requirement through the vesting date. The remaining stock options generally vest on the fourth anniversary of the grant date or ratably over a five years vesting period, but such vesting could accelerate for certain options based on certain conditions under the award.

The fair value of all time based units granted or modified was estimated using a Black-Scholes option pricing model using the following weighted-average assumptions for each of fiscal 2023 and 2021:

	For the Year Ended	
	December 30, 2023	December 25, 2021
Annual dividend yield	—%	—%
Weighted-average expected life (years)	6.5	7.0
Risk-free interest rate	4.82%	1.3%
Expected volatility	49.8%	40.1%

The expected term of the incentive units is based on evaluations of historical and expected future employee behavior. The risk-free interest rate is based on the U.S. Treasury rates at the date of grant with maturity dates approximately equal to the expected life at the grant date. Volatility is based on the historical volatility of guideline public entities that are similar to the Company, as the Company does not have sufficient historical transactions of its own shares to calculate expected volatility. As of December 30, 2023, the Company does not intend to pay dividends or distributions in the future.

The following are the stock options granted in conjunction with or after the IPO:

	Time Based Stock Options Outstanding	Weighted Average Exercise Price	Performance Based Stock Options Outstanding	Weighted Average Exercise Price
Outstanding as of January 14, 2021	\$ 198,984	\$ 22.00	—	\$ —
Granted post-IPO	3,587,575	26.75	3,621,719	22.00
Forfeited/Cancelled	(77,294)	22.00	(152,239)	22.00
Exercised	(23,705)	21.30	—	—
Outstanding as of December 25, 2021	3,685,560	\$ 26.63	3,469,480	\$ 22.00
Forfeited/Cancelled	(68,510)	19.50	(190,544)	22.00
Exercised	(23,721)	21.70	—	—
Outstanding as of December 31, 2022	3,593,329	\$ 26.79	3,278,936	\$ 22.00
Modified	2,438,643	4.15	(2,438,643)	7.32
Forfeited/Cancelled	(448,028)	16.01	(553,038)	7.14
Exercised	(270,376)	22.00	—	—
Outstanding as of December 30, 2023	5,313,568	\$ 17.64	287,255	\$ 7.53
Exercisable as of December 30, 2023	634,594	\$ 21.91	—	\$ —

There was approximately \$20 million of total unrecognized compensation cost related to the unvested stock options at December 30, 2023, which is expected to be recognized over a weighted-average vesting period of 2.0 years.

There was less than \$1 million of unrecognized compensation expense related to the performance-based stock options at December 30, 2023. For the years ended December 30, 2023, December 31, 2022 and December 25, 2021, no compensation cost was recognized for the performance-based stock options given the performance criteria was not met or probable. Certain former employees continued to hold performance-based options after the IPO.

Employee Stock Purchase Plan

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. On March 22, 2021, the Company's Board of Directors approved the International Employee Stock Purchase Plan (the "International ESPP"). The ESPP and International ESPP provide 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 ESPP and International ESPP. The ESPP and International ESPP plans authorized the issuance of 1,790,569 shares of the Company's common stock. For the year ended December 30, 2023, total contributions to the ESPP were \$1 million and 82,546 shares of common stock were purchased. For the year ended December 31, 2022, total contributions to the ESPP were \$1 million and 143,707 shares of common stock were purchased. On December 28, 2021, the Company purchased 111,924 shares of common stock relating to employee contributions during the year ended December 25, 2021.

The Company recognized equity-based compensation expense of \$15 million, \$21 million, and \$4 million in 2023, 2022, and 2021, respectively.

Note 17—(Loss) Earnings Per Share

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

<i>(in thousands, except per share amounts)</i>	Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Basic (loss) earnings per share:			
Net (loss) income attributable to Driven Brands Holdings Inc.	\$ (744,962)	43,188	9,632
Less: Net (loss) income attributable to participating securities, basic	(15,673)	914	207
Net (loss) income after participating securities, basic	(729,289)	42,274	9,425
Weighted-average common shares outstanding	161,917	162,762	160,684
Basic (loss) earnings per share	\$ (4.50)	\$ 0.26	\$ 0.06

<i>(in thousands, except per share amounts)</i>	Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Diluted (loss) earnings per share:			
Net (loss) income attributable to Driven Brands Holdings Inc.	\$ (744,962)	\$ 43,188	\$ 9,632
Less: Net (loss) income attributable to participating securities, diluted	(12,176)	816	185
Net (loss) income after participating securities, diluted	\$ (732,786)	\$ 42,372	\$ 9,447
Weighted-average common shares outstanding	161,917	162,762	160,684
Dilutive effect of share-based awards	—	3,981	3,960
Weighted-average common shares outstanding, as adjusted	161,917	166,743	164,644
Diluted (loss) earnings per share	\$ (4.53)	\$ 0.25	\$ 0.06

Basic (loss) earnings per share is computed by dividing the net (loss) income attributable to Driven Brands Holdings Inc. by the weighted-average number of common shares outstanding for the period. 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 Company excluded 1,284,454, 4,661,504, and 4,007,164 shares for the years ended December 30, 2023, December 31, 2022, and December 25, 2021, respectively.

For the year ended December 30, 2023, we had net losses from operations. As a result, no potentially dilutive securities were included in the denominator for computing diluted loss per share as their inclusion would be antidilutive.

The following securities were not included in the computation of diluted shares outstanding because the effect would be antidilutive:

Number of securities <i>(in thousands)</i>	Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Restricted stock units	483	51	—
Stock Options	1,740	2,003	2,036
Total	2,223	2,054	2,036

Note 18—Income Taxes

The provision for income taxes was computed based on the following amounts of (loss) income before income taxes:

(in thousands)	Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Domestic	\$ (857,464)	\$ 63,297	\$ 86,257
Foreign	9,813	5,043	(51,365)
(Loss) income before income taxes	<u>\$ (847,651)</u>	<u>\$ 68,340</u>	<u>\$ 34,892</u>

The components of our income tax (benefit) expense were as follows:

(in thousands)	Year Ended		
	December 30, 2023	December 31, 2022	December 25, 2021
Current:			
Federal	\$ 1,479	\$ (4,964)	\$ 6,969
State	6,729	5,192	3,990
Foreign	14,578	1,548	3,414
Deferred:			
Federal	(107,107)	21,723	22,324
State	(10,121)	(6,169)	(787)
Foreign	(8,247)	7,837	(10,554)
Total income tax (benefit) expense	<u>\$ (102,689)</u>	<u>\$ 25,167</u>	<u>\$ 25,356</u>

A reconciliation between the U.S. federal statutory tax rate and the effective tax rate reflected in the accompanying financial statements is as follows:

(in thousands)	Year Ended					
	December 30, 2023		December 31, 2022		December 25, 2021	
Federal income tax at statutory rate	\$ (178,007)	21.0 %	\$ 14,351	21.0 %	\$ 7,327	21.0 %
State income taxes, net of federal tax benefits	(25,990)	3.1 %	(459)	(0.7)%	4,971	14.2 %
State deferred tax rate change	3,796	(0.5)%	(2,358)	(3.5)%	(2,118)	(6.1)%
Foreign deferred tax rate change	(26)	— %	1,190	1.7 %	2,375	6.8 %
Foreign tax rate differential	2,926	(0.3)%	(188)	(0.3)%	(2,135)	(6.1)%
Non-deductible advertising fund loss	(111)	— %	694	1.0 %	(32)	(0.1)%
Non-deductible transaction costs	—	— %	—	— %	10,525	30.2 %
Non-deductible stock compensation	1,959	(0.2)%	1,224	1.8 %	598	1.7 %
Taxable foreign source income	2,607	(0.3)%	3,719	5.4 %	—	— %
Goodwill impairment	66,229	(7.8)%	—	— %	—	— %
Other permanent differences	2,707	(0.3)%	939	1.4 %	809	2.3 %
Deferred tax adjustments	1,693	(0.2)%	1,617	2.5 %	(147)	(0.4)%
Current tax adjustments	2,955	(0.4)%	356	0.5 %	(956)	(2.7)%
Reserve for uncertain tax positions	(351)	— %	(76)	(0.1)%	(313)	(0.9)%
Valuation allowance on deferred tax asset	16,924	(2.0)%	4,158	6.1 %	4,452	12.8 %
Effective tax rate	<u>\$ (102,689)</u>	<u>12.1 %</u>	<u>\$ 25,167</u>	<u>36.8 %</u>	<u>\$ 25,356</u>	<u>72.7 %</u>

Deferred tax assets (liabilities) are comprised of the following:

<i>(in thousands)</i>	December 30, 2023	December 31, 2022
Deferred tax asset		
Accrued liabilities	\$ 3,092	\$ 7,592
Accounts receivable allowance	3,292	5,046
Net operating loss carryforwards	53,131	63,128
Lease liabilities	357,524	316,212
Interest expense limitation	58,867	35,154
Deferred revenue	7,283	6,693
Other deferred assets	12,638	8,952
Total deferred tax asset	495,827	442,777
Less valuation allowance	(45,150)	(27,422)
Net deferred tax asset	450,677	415,355
Deferred tax liabilities		
Goodwill and intangible assets	50,464	164,004
Right-of-use assets	348,246	320,006
Fixed asset basis differences	195,100	188,761
Unrealized foreign exchange differences	808	5,542
Other deferred liabilities	7,141	10,880
Total deferred liabilities	601,759	689,193
Net deferred liabilities	\$ 151,082	\$ 273,838

The following table presents the activity included in the deferred tax valuation allowance as follows:

<i>(in thousands)</i>	December 30, 2023	December 31, 2022
Balance at beginning of period	\$ 27,422	\$ 24,371
Additions	16,924	4,158
Translation	804	(1,107)
Balance at end of period	\$ 45,150	\$ 27,422

During the year ended December 30, 2023, the valuation allowance increased by \$18 million principally related to valuation allowances connected to U.S. state net operating losses and deferrals.

As of December 30, 2023, the Company had pre-tax federal operating loss carry forwards of \$152 million, of which \$34 million are subject to expiration by 2040 and the remainder is not subject to expiration. State tax effected net operating loss carryforwards were \$13 million for which portions begin to expire in fiscal year 2024. Some of the federal net operating losses are subject to certain limitations under IRC Sect. 382, however, the Company believes that these losses are more likely than not to be utilized. As of December 30, 2023, the Company had pre-tax foreign operating loss carryforwards of \$29 million for

which portions of the operating loss carryforwards begin to expire in fiscal year 2024, while others are indefinite lived and not subject to expiration. As of December 30, 2023, the Company had \$1.0 billion of goodwill that was deductible for tax purposes.

The Company has designated the undistributed earnings of its foreign operations as indefinitely reinvested and as a result the Company does not provide for deferred income taxes on the unremitted earnings of these subsidiaries. As of December 30, 2023, the determination of the amount of such unrecognized deferred tax liability is not practicable.

At December 30, 2023, the Company had less than \$1 million of unrecognized tax benefits. A reconciliation of the change in the accrual for unrecognized income tax benefits is as follows:

<i>(in thousands)</i>	December 30, 2023	December 31, 2022
Balance at beginning of period	\$ 1,728	\$ 1,909
Reduction for prior year tax positions	(351)	(76)
Reduction for settlements	(1,037)	—
Translation adjustments	33	(105)
Balance at end of period	<u>\$ 373</u>	<u>\$ 1,728</u>

The unrecognized income tax benefits could affect the Company's effective tax rate, if recognized. However, it is not expected that any material portion of the unrecognized tax benefit will reverse over the next twelve months. The Company had less than \$1 million of aggregate accrued interest and penalties at both December 30, 2023 and December 31, 2022.

The Company had a total of \$2 million in Work Opportunity Credits available for the 2023 fiscal year and is estimating to utilize the full amount during the current year.

The Company files income tax returns in the U.S., Canada, and various state and foreign jurisdictions. Examinations by various taxing authorities covering years 2018 to 2021 are ongoing. The Company is generally subject to income tax examinations for years 2017 through 2022 and believes appropriate provisions for all outstanding matters have been made for all jurisdictions and open years.

Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act ("TCJA") was enacted on December 22, 2017 and brought about additional tax provision to consider by multinational companies. The Company's policy is to account for global intangible low-taxed income ("GILTI") as a period cost in the year the tax is incurred and, therefore, does not record any taxes related to GILTI. For fiscal year 2023, the Company estimated net GILTI income of \$9 million and a IRC Sec. 163(j) interest limitation of \$98 million. Other provisions, such as Base Erosion and Anti-abuse Tax ("BEAT") and Foreign Derived Intangible Income ("FDII") are relevant to the Company but had insignificant income tax impact for 2023.

Base Erosion and Profits Shifting (2.0)

During 2021, the Organization for Economic Co-operation and Development ("OECD") published a Base Erosion and Profits Shifting ("BEPS") framework and agreed to a two-pillar ("Pillar Two") approach to implement global profit allocation and a 15% corporate global minimum tax of 15%. The inclusive framework calls for the tax law changes to take effect in 2024 and 2025. While it is uncertain whether the U.S. will enact legislation to adopt Pillar 2, certain countries in which the Company operates have adopted legislation, and other countries are in the process of introducing legislation to implement Pillar 2. We do not expect Pillar 2 to have a material impact on our tax provision and will continue to evaluate the impact of these tax law changes on future periods.

Note 19—Commitments and Contingencies

We are subject to various lawsuits, administrative proceedings, audits, and claims. 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. Management regularly assesses our insurance deductibles, analyzes litigation information with our attorneys, and evaluates our loss experience in connection with pending legal proceedings. We record our best estimate of a loss when the loss is considered probable and the amount of such loss can be reasonably estimated. When a loss is probable and there is a range of estimated loss with no best estimate within the range, we record the minimum estimated liability related to the lawsuit or claim. As additional information becomes available, we reassess the potential liability and revise our accruals, if necessary. Legal fees and expenses associated with the defense of all of our litigation are expensed as such fees and expenses are incurred. Because of uncertainties related to the resolution of lawsuits and claims, the ultimate outcome may differ materially from our estimates.

Genesee County Employees' Retirement System v. Driven Brands Holdings Inc., et al. – On December 22, 2023, Genesee County Employees' Retirement System ("Plaintiff") filed a putative class action lawsuit in the U.S. District Court for the Western District of North Carolina against the Company as well as a current and a former Company executive (the "Individual Defendants") alleging violations of Section 10(b) and Rule 10b-5 of the Exchange Act, as well as violations of Section 20(a) of the Exchange Act against the Individual Defendants. Plaintiff purports to represent a class of stockholders who purchased Company shares between October 27, 2021 and August 1, 2023. The class period ended on February 20, 2024. The Company disputes the allegations of wrongdoing and intends to vigorously defend against the action. No assessment as to the likelihood or range of any potential adverse outcome has been made as of the date of this filing.

Other than the matter described above, as of December 30, 2023, there are no current proceedings or litigation matters involving the Company or its property that we believe would have a material adverse effect on our consolidated financial position or cash flows, although they could have a material adverse effect on our operating results for a particular reporting period.

Item 15. Exhibits, Financial Statement Schedules

(a) List of Documents Filed as part of this Form 10-K:

1. Consolidated Financial Statements

See Index to Consolidated Financial Statements in Item 8 of this Annual Report on Form 10-K.

2. Financial Statement Schedules

All schedules have been omitted because they are not required or the required information is shown in the consolidated financial statements or notes thereto.

3. Exhibits

The following is a list of exhibits filed, furnished or incorporated by reference as a part of this Annual Report on Form 10-K.

Exhibit Number	Exhibit Description	Form	Exhibit	Filing Date
3.1	Amended and Restated Certificate of Incorporation of Driven Brands Holdings Inc.	10-K	3.1	March 18, 2022
3.2	Amended and Restated Bylaws of Driven Brands Holdings Inc.	10-K	3.2	March 18, 2022
4.1	Amendment No. 9 to the Amended and Restated Base Indenture, dated as of October 5, 2022, among Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as Canadian co-issuer, and Citibank, N.A., as trustee	8-K	4.2	October 5, 2022
4.2	First Supplement to Series 2018-1 Supplement, dated as of July 6, 2020, by and between Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as co-issuer and Citibank, N.A., as trustee and Series 2018-1 securities intermediary	S-1	4.8	December 22, 2020
4.3	First Supplement to Series 2019-1 Supplement, dated as of July 6, 2020, by and between Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as co-issuer and Citibank, N.A., as trustee and Series 2019-1 securities intermediary	S-1	4.10	December 22, 2020
4.4	First Supplement to Series 2019-2 Supplement, dated as of July 6, 2020, by and between Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as co-issuer and Citibank, N.A., as trustee and Series 2019-2 securities intermediary	S-1	4.12	December 22, 2020
4.5	Second Supplement to Series 2019-3 Supplement, dated as of April 30, 2021, by and between Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as co-issuer and Citibank, N.A., as trustee and Series 2019-3 securities intermediary	8-K	4.1	April 30, 2021
4.6	Series 2020-1 Supplement, dated as of July 6, 2020, by and among Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as Canadian co-issuer, and Citibank, N.A., as trustee and Series 2020-1 securities intermediary	S-1	4.15	December 22, 2020
4.7	Series 2020-2 Supplement, dated as of December 14, 2020, by and among Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as Canadian co-issuer, and Citibank, N.A., as trustee and Series 2020-2 securities intermediary	S-1	4.16	December 22, 2020
4.8	Series 2021-1 Supplement, dated as of September 29, 2021, by and among Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as Canadian co-issuer, and Citibank, N.A., as trustee and Series 2020-2 securities intermediary	8-K	4.1	September 29, 2021

4.9	Series 2022-1 Supplement, dated as of October 5, 2022, by and among Driven Brands Funding, LLC, as issuer, Driven Brands Canada Funding Corporation, as Canadian co-issuer, and Citibank, N.A., as trustee and Series 2022-1 securities intermediary	8-K	4.1	October 5, 2022
4.10	Description of Securities	10-K	4.17	March 23, 2021
10.1	Class A-1 Note Purchase Agreement (Series 2019-3 Class A-1 Notes), dated as of December 11, 2019, by and among Driven Brands Funding, LLC, Driven Funding Holdco, LLC, certain subsidiaries of Driven Brands Funding, LLC party thereto, Driven Brands, Inc., the conduit investors party thereto, the financial institutions party thereto, the funding agents party thereto, Barclays Bank PLC, New York Branch, as L/C provider, and Barclays Bank PLC, as swingline lender and administrative agent	S-1	10.1	December 22, 2020
10.2	Joinder and Amendment No. 1 to Class A-1 Note Purchase Agreement and Joinder to Class A-1 Notes Fee Letter, dated as of July 6, 2020, by and among Driven Brands Funding, LLC, Driven Brands, Inc., Driven Funding Holdco, LLC, certain subsidiaries of Driven Brands Funding, LLC party thereto, Driven Canada Funding HoldCo Corporation, Driven Brands Canada Funding Corporation, Driven Brands Canada Shared Services Inc., certain subsidiaries of Driven Brands Canada Funding Corporation party thereto, the conduit investors party thereto, the financial institutions party thereto, the funding agents party thereto, Barclays Bank PLC, New York Branch, as L/C provider, and Barclays Bank PLC, as swingline lender and administrative agent	S-1	10.2	December 22, 2020
10.3	Amended and Restated Guarantee and Collateral Agreement, dated as of April 24, 2018, by and among Driven Funding Holdco, LLC and certain subsidiaries of Driven Funding Holdco, LLC party thereto in favor of Citibank, N.A., as trustee	S-1	10.3	December 22, 2020
10.4	Assumption Agreement to Amended and Restated Guarantee and Collateral Agreement, dated as of October 4, 2019, by and among ABRA Franchisor SPV LLC and Citibank, N.A., as trustee	S-1	10.4	December 22, 2020
10.5	Assumption and Amendment Agreement to Amended and Restated Guarantee and Collateral Agreement dated as of July 6, 2020, by and among Driven Funding Holdco, LLC, certain subsidiaries of Driven Funding Holdco, LLC party thereto, Driven Canada Funding HoldCo Corporation and certain subsidiaries of Driven Canada Funding HoldCo Corporation party thereto, in favor of Citibank, N.A., as trustee	S-1	10.5	December 22, 2020
10.6	Deed of Movable Hypothec, dated as of July 6, 2020, by and among Driven Brands Canada Funding Corporation, Driven Canada Funding HoldCo Corporation and certain subsidiaries of Driven Brands Canada Funding Corporation party thereto, in favor of Citibank, N.A., as trustee	S-1	10.6	December 22, 2020
10.7†	Amendment No. 5 to the Amended and Restated Management Agreement and dated as of October 5, 2022 by and 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	8-K	10.1	October 5, 2022
10.8†	Amendment No. 3 to Canadian Management Agreement, dated as of October 5, 2022, 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	8-K	10.2	October 5, 2022
10.9	Stockholders Agreement, dated as of January 15, 2021, by and among Driven Brands Holdings Inc. and the stockholders party thereto	10-K	10.11	March 23, 2021
10.10	Registration Rights Agreement, dated as of January 20, 2021, by and among Driven Brands Holdings Inc. and the stockholders party thereto	10-K	10.12	March 23, 2021
10.11	Joinder to Registration Rights Agreement, dated as of December 29, 2021, by and among Driven Brands Holdings Inc., Driven Equity Sub LLC and the stockholders party thereto	10-K	10.17	March 18, 2022

10.12	Joinder to Registration Rights Agreement, dated as of December 29, 2021, by and among Driven Brands Holdings Inc., RC IV Cayman ICW Holdings Sub LLC and the stockholders party thereto	10-K	10.18	March 18, 2022
10.13†	Form of Indemnification Agreement by and among Driven Brands Holdings Inc. and each of its directors and executive officers	S-1	10.13	December 22, 2020
10.14	Tax Receivable Agreement, dated January 16, 2021, by and among Driven Brands Holdings Inc. and the stockholders party thereto	8-K	10.1	January 21, 2021
10.15†	Amended and Restated Employment Agreement by and between Jonathan Fitzpatrick and Driven Brands, Inc., dated as of April 17, 2015	S-1	10.15	December 22, 2020
10.16†	Amendment to the Amended and Restated Employment Agreement, dated as of December 31, 2020, by and between Jonathan Fitzpatrick and Driven Brands Shared Services LLC	S-1/A	10.16	January 7, 2021
10.17†	Employment Agreement by and between Tiffany Mason and Driven Brands Shared Services LLC, dated as of February 17, 2020	S-1/A	10.17	January 7, 2021
10.18†	Amendment to Employment Agreement between Tiffany Mason and Driven Brands Shared Services LLC dated as of November 3, 2022	10-K	10.18	March 1, 2023
10.19†	Separation Agreement and General Release by and between Driven Brands Shared Services LLC and Tiffany Mason, dated as of June 5, 2023	8-K/A	99.1	June 8, 2023
10.20†	Employment Agreement by and between Gary W. Ferrera and Driven Brands Shared Services LLC, dated as of May 4, 2023	10-Q	10.3	August 9, 2023
10.21†	Letter of Employment by and between Daniel R. Rivera and Driven Brands, Inc., dated as of November 7, 2012	S-1/A	10.18	January 7, 2021
10.22†	Employment Agreement by and between Scott O'Melia and Driven Brands Shared Services LLC, dated as of April 23, 2020	10-K	10.19	March 23, 2021
10.23†	Amendment to the Employment Agreement, dated as of November 1, 2020, by and between Scott O'Melia and Driven Brands Shared Services LLC	10-K	10.20	March 23, 2021
10.24†	Second Amendment to Employment Agreement between Scott O'Melia and Driven Brands Shared Services LLC dated as of March 22, 2023	10-Q	10.2	May 9, 2023
10.25†	Employment Agreement by and between Michael Macaluso and Carstar Canada Partnership, LP, dated as of December 1, 2015	10-K	10.21	March 23, 2021
10.26†	Amended and Restated Driven Brands, Inc. Non-Qualified Deferred Compensation Plan, effective as of January 1, 2020	S-1/A	10.19	January 7, 2021
10.27†	First Amendment to the Driven Brands, Inc. Amended and Restated Non-Qualified Deferred Compensation Plan	S-1/A	10.20	January 7, 2021
10.28†	Driven Brands Holdings Inc. 2021 Omnibus Incentive Plan	8-K	10.2	January 21, 2021
10.29†	Form of Nonqualified Option Award Agreement under the 2021 Omnibus Incentive Plan (Top-Up Options)	S-1/A	10.25	January 7, 2021
10.30†	Form of Nonqualified Option Award Agreement under the 2021 Omnibus Incentive Plan (Non-Employee Director Time-Vesting Options)	S-1/A	10.26	January 7, 2021
10.31†	Form of Restricted Stock Unit Award under the 2021 Omnibus Incentive Plan (Non-Employee Director Time-Vesting Options)	10-K	10.31	February 28, 2024
10.32†	Form of Restricted Stock Unit Award Agreement under the 2021 Omnibus Incentive Plan	8-K	10.1	March 22, 2022
10.33†	Form of Performance Stock Unit Award Agreement under the 2021 Omnibus Incentive Plan	8-K	10.2	March 22, 2022
10.34†	Form of Restricted Stock Unit Award Agreement under the 2021 Omnibus Incentive Plan for awards granted after January 1, 2024	10-K	10.34	February 28, 2024
10.35†	Form of Performance Stock Unit Award Agreement under the 2021 Omnibus Incentive Plan granted after January 1, 2024	10-K	10.35	February 28, 2024

10.36	Restricted Stock Unit Award Agreement by and between Gary Ferrera and Driven Brands Holdings Inc., dated as of May 10, 2023	10-Q	10.4	August 9, 2023
10.37	Performance-Based Restricted Stock Unit Award Agreement by and between Gary Ferrera and Driven Brands Holdings, Inc., dated as of May 10, 2023	10-Q	10.5	August 9, 2023
10.38†	Driven Investor LLC Equity Incentive Plan	S-1/A	10.27	January 7, 2021
10.39†	Form of Restricted Stock Award Agreement for use under the Driven Investor LLC Equity Incentive Plan (Relating to Reorganization Exchange)	S-1/A	10.28	January 7, 2021
10.40†	Form of Award Modification and Release Letter for Performance-Based Restricted Stock Awards under the Driven Investor LLC Equity Incentive Plan	10-K	10.40	February 28, 2024
10.41	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	10-K	10.37	March 18, 2022
10.42	Incremental Assumption and Amendment Agreement, dated December 17, 2021 by and among Driven Holdings, LLC, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent	10-K	10.38	March 18, 2022
21.1	Subsidiaries of the Registrant	10-K	21.1	February 28, 2024
23.1*	Consent of Grant Thornton LLP			
23.2	Consent of PricewaterhouseCoopers LLP	10-K	23.2	February 28, 2024
24.1	Powers of Attorney (included in signature page)	10-K	24.1	February 28, 2024
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			
32.2**	Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes Oxley Act of 2002			
97.1†	Clawback Policy	10-K	97.1	February 28, 2024

* Filed herewith
 ** Furnished herewith
 † Indicates management contract or compensatory plan.

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: February 28, 2024

DRIVEN BRANDS HOLDINGS INC.

By:	<u>/s/ Michael Beland</u>
Name:	Michael Beland
Title:	Senior Vice President and Chief Accounting Officer

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report dated March 18, 2022 with respect to the consolidated financial statements included in the Annual Report of Driven Brands Holdings Inc. on Form 10-K for the fiscal year ended December 30, 2023. We consent to the incorporation by reference of said report in the Registration Statement of Driven Brands Holdings Inc. on Form S-8 (File No. 333-252122) and on Form S-3 (File No. 333-267385).

/s/ GRANT THORNTON LLP

Charlotte, North Carolina
February 28, 2024

Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002

I, Jonathan Fitzpatrick, certify that:

- (1) I have reviewed this Annual Report on Form 10-K/A for the fiscal year ended December 30, 2023 of Driven Brands Holdings Inc. (the “Registrant”);
- (2) Based on my knowledge, this 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 report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, 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 effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the 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 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: February 28, 2024

/s/ Jonathan Fitzpatrick

Jonathan Fitzpatrick
President and Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes Oxley Act of 2002

I, Gary W. Ferrera, certify that:

- (1) I have reviewed this Annual Report on Form 10-K/A for the fiscal year ended December 30, 2023 of Driven Brands Holdings Inc. (the “Registrant”);
- (2) Based on my knowledge, this 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 report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, 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 effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the 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 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: February 28, 2024

/s/ Gary W. Ferrera

Gary W. Ferrera

Executive Vice President and Chief Financial Officer

**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 Annual Report of Driven Brands Holdings Inc. (the “Company”) on Form 10-K/A for the year ended December 30, 2023, 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:

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: February 28, 2024

/s/ Jonathan Fitzpatrick

Jonathan Fitzpatrick
President and Chief Executive Officer

**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 Annual Report of Driven Brands Holdings Inc. (the “Company”) on Form 10-K/A for the year ended December 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Gary W. Ferrera, 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:

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: February 28, 2024

/s/ Gary W. Ferrera

Gary W. Ferrera

Executive Vice President and Chief Financial Officer