



Mister Car Wash Announces Third Quarter 2024 Financial Results

October 30, 2024

*Net revenues increased 7%
Comparable-store sales increased 2.9%
Unlimited Wash Club® (“UWC”) memberships increased 2% year-over-year
Opened 10 new greenfield locations surpassing 500 locations
Raising 2024 adjusted net income and adjusted EBITDA guidance*

TUCSON, Ariz.--(BUSINESS WIRE)-- Mister Car Wash, Inc. (the “Company”) (NYSE: MCW), the nation’s largest car wash brand, today announced its financial results for the quarter ended September 30, 2024.

“We are pleased with our strong third quarter performance and momentum in the business. Our subscription business remained incredibly resilient, our new premium Titanium offering ramped ahead of expectations, retail sales trends moved in the right direction, and we managed expenses. All of this drove strong sales and profit growth in the third quarter,” commented John Lai, Chairperson and CEO of Mister Car Wash. “In the third quarter, we also opened our 500th store – marking another incredible milestone in Mister Car Wash’s 28-year history. With so much growth still ahead of us, we remain committed to expanding our footprint and investing in our team members while providing top-notch car wash services to customers as we scale the nation’s premier car wash brand.”

Third Quarter 2024 Highlights:

- Net revenues increased 7% to \$249.3 million, up from \$234.1 million in the third quarter of 2023.
- Comparable-store sales increased 2.9% during the quarter.
- UWC sales represented 74% of total wash sales compared to 71% in the third quarter of 2023.
- The Company added approximately 39 thousand or 2% net new UWC members year-over-year, with approximately 2.1 million members as of September 30, 2024.
- The Company opened 10 new greenfield locations, bringing the total number of car wash locations operated to 501 as of September 30, 2024, compared to 462 car wash locations as of September 30, 2023, an increase of 8%.
- Net income and net income per diluted share were \$22.3 million and \$0.07, respectively.
- Adjusted net income⁽¹⁾ and adjusted net income per diluted share⁽¹⁾ were \$28.8 million and \$0.09, respectively.
- Adjusted EBITDA⁽¹⁾ increased 10% to \$78.8 million from \$71.6 million in the third quarter of 2023.

Nine Month 2024 Highlights:

- Net revenues increased 7% to \$743.6 million, up from \$696.9 million in 2023.
- Comparable-store sales increased 2.1%.
- The Company opened 25 new greenfield locations.
- Net income and net income per diluted share were \$61.1 million and \$0.19, respectively.
- Adjusted net income⁽¹⁾ and adjusted net income per diluted share⁽¹⁾ were \$92.2 million and \$0.28, respectively.
- Adjusted EBITDA⁽¹⁾ increased 12% to \$242.7 million from \$216.4 million in 2023.

⁽¹⁾ Adjusted net income, adjusted EBITDA and adjusted net income per diluted share are non-GAAP financial measures. See Use of Non-GAAP Financial Measures and GAAP to Non-GAAP Reconciliations disclosures included below in this press release.

Store Count

	Three Months Ended September 30,		Nine Months Ended September 30, 2024
	2024	2023	
Beginning location count	491	449	476
Locations acquired	-	5	-
Greenfield locations opened	10	8	25
Ending location count	501	462	501

Balance Sheet and Cash Flow Highlights

- As of September 30, 2024, cash and cash equivalents totaled \$16.5 million, and there were \$22.0 million of borrowings under the Company's Revolving Commitment, compared to cash and cash equivalents of \$19.0 million and no borrowings under the Company's Revolving Commitment as of December 31, 2023.
- Net cash provided by operating activities totaled \$198.8 million during the first nine months of 2024, compared to \$165.5 million in the first nine months of 2023.

Sale-Leasebacks and Rent Expense

- In the third quarter of 2024, the Company completed four sale-leaseback transactions involving four car wash locations for aggregate consideration of \$18.6 million.
- With 447 car wash leases at the end of the third quarter versus 422 leases at the end of the third quarter 2023, rent expense, net increased 7% to \$27.4 million, compared to the third quarter of 2023.

Fiscal 2024 Outlook

The Company revises the guidance previously provided for the full fiscal year ending December 31, 2024:

	Current	Previous
Net revenues	\$988 to \$995 million	\$988 to \$1,016 million
Comparable-store sales growth %	2.0% to 2.5%	0.5% to 2.5%
Adjusted net income	\$114 to \$117 million	\$99 to \$111 million
Adjusted EBITDA	\$313 to \$318 million	\$291.5 to \$308 million
Adjusted earnings per diluted share	\$0.35 to \$0.36	\$0.30 to \$0.34
Interest expense, net	Approx. \$81 million	\$81 million
Rent expense, net	Approx. \$110 million	Approx. \$111 million
Weighted average common shares outstanding, diluted, full year	Approx. 330 million	330 million
New greenfield locations	Approx. 40	Approx. 40
Capital expenditures ⁽¹⁾	\$330 to \$350 million	\$364 to \$405 million
Sale leasebacks	\$120 to \$135 million	\$135 to \$150 million

(1) Total capital expenditures for the fiscal year ending December 31, 2024 are expected to consist of approximately \$280 million to \$295 million of new store growth capital expenditures and \$50 million to \$55 million of other capital expenditures related to store-level maintenance, productivity improvements and the integration of acquired locations.

Conference Call Details

A conference call to discuss the Company's financial results for the third quarter of fiscal 2024 and to provide a business update is scheduled for today, October 30, 2024, at 4:30 p.m. Eastern Time. Investors and analysts interested in participating in the call are invited to dial 855-209-8213 (international callers please dial 1-412-542-4146) approximately 10 minutes prior to the start of the call. A live audio webcast of the conference call will be available online at <https://ir.mistercarwash.com/>.

A recorded replay of the conference call will be available within approximately three hours of the conclusion of the call and can be accessed online at <https://ir.mistercarwash.com/> for 90 days.

About Mister Car Wash® | Inspiring People to Shine®

Headquartered in Tucson, Arizona, Mister Car Wash, Inc. (NYSE: MCW) operates over 500 locations and has North America's largest car wash subscription program. With a passionate team of professionals, advanced technology, and a commitment to exceptional customer experiences, Mister Car Wash is dedicated to providing a clean, shiny, and dry vehicle every time. The Mister brand is deeply rooted in delivering quality service, fostering friendliness, and demonstrating a genuine commitment to the communities it serves while prioritizing responsible environmental practices and resource management. To learn more visit www.mistercarwash.com.

Use of Non-GAAP Financial Measures

This press release includes references to non-GAAP financial measures, including adjusted EBITDA, adjusted net income, and adjusted net income per diluted share (the "Company's Non-GAAP Financial Measures"). These non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles and should not be considered a substitute for, or superior to, financial measures calculated in accordance with GAAP, and may be different from similarly titled non-GAAP financial measures used by other companies. In addition, the Company's Non-GAAP Financial Measures should be read in conjunction with the Company's financial statements prepared in accordance with GAAP. The reconciliations of the Company's Non-GAAP Financial Measures to the corresponding GAAP measures should be carefully evaluated.

The Company's Non-GAAP Financial Measures are non-GAAP measures of the Company's operating performance and should not be considered as an alternative to net income as a measure of financial performance or any other performance measure derived in accordance with U.S. GAAP and should not be construed as an inference that the Company's future results will be unaffected by unusual or nonrecurring items. Adjusted EBITDA is defined as net income before interest expense, net, income tax provision,

depreciation and amortization expense, (gain) loss on sale of assets, net, stock-based compensation expense and related taxes, acquisition expenses, non-cash rent expense, loss on extinguishment of debt, and other nonrecurring charges. Adjusted net income is defined as net income before (gain) loss on sale of assets, net, stock-based compensation expense, acquisition expenses, non-cash rent expense, loss on extinguishment of debt, other nonrecurring charges, income tax impact of stock award exercises and the tax impact of adjustments to net income. Adjusted net income per share is defined as basic net income per share before (gain) loss on sale of assets, net, stock-based compensation expense and related taxes, acquisition expenses, non-cash rent expense, loss on extinguishment of debt, other nonrecurring charges, income tax impact of stock award exercises and the tax impact of adjustments to basic net income per share. Adjusted net income per diluted share is defined as diluted net income per share before (gain) loss on sale of assets, net, stock-based compensation expense, acquisition expenses, non-cash rent expense, loss on extinguishment of debt, other nonrecurring charges, income tax impact of stock award exercises and the tax impact of adjustments to basic net income per share.

Management believes the Company's Non-GAAP Financial Measures assist investors and analysts in comparing the Company's operating performance across reporting periods on a consistent basis by excluding items that management does not believe are indicative of the Company's ongoing operating performance. Investors are encouraged to evaluate these adjustments and the reasons the Company considers them appropriate for supplemental analysis. In evaluating the Company's Non-GAAP Financial Measures, investors should be aware that in the future the Company may incur expenses that are the same as or similar to some of the adjustments in the Company's presentation of the Company's Non-GAAP Financial Measures. There can be no assurance that the Company will not modify the presentation of the Company's Non-GAAP Financial Measures in future periods, and any such modification may be material.

Management believes that the Company's Non-GAAP Financial Measures are helpful in highlighting trends in the Company's core operating performance compared to other measures, which can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which the Company operates, and capital investments. Management also uses adjusted EBITDA in connection with establishing discretionary annual incentive compensation; to supplement U.S. GAAP measures of performance in the evaluation of the effectiveness of the Company's business strategies; to make budgeting decisions, and because the Company's credit facilities use measures similar to adjusted EBITDA to measure the Company's compliance with certain covenants.

The Company's Non-GAAP Financial Measures have limitations as analytical tools, and investors should not consider these measures in isolation or as substitutes for analysis of the Company's results as reported under U.S. GAAP. Some of these limitations include, for example, adjusted EBITDA does not reflect: the Company's cash expenditure or future requirements for capital expenditures or contractual commitments; the Company's cash requirements for the Company's working capital needs; the interest expense and the cash requirements necessary to service interest or principal payments on the Company's debt, cash requirements for replacement of assets that are being depreciated and amortized, and the impact of certain cash charges or cash receipts resulting from matters management does not find indicative of the Company's ongoing operations.

The Company is not providing a reconciliation of the fiscal 2024 outlook for adjusted EBITDA, adjusted net income, and adjusted net income per diluted share because we are unable to predict with reasonable certainty the reconciling items that may affect the most directly comparable GAAP financial measures without unreasonable efforts. The amounts that are necessary for such reconciliations, including acquisition expenses, other expenses, and the other adjustments reflected, are uncertain, depend on various factors, and could significantly impact, either individually or in the aggregate, the GAAP measures.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. All statements contained in this press release other than statements of historical fact, including, without limitation, statements regarding Mister Car Wash's expansion efforts and expected growth and financial and operational results for fiscal 2024 are forward-looking statements. Words including "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "seek," or "should," or the negative thereof or other variations thereon or comparable terminology are intended to identify forward-looking statements, though not all forward-looking statements use these words or expressions. In addition, any statements or information that refer to expectations, beliefs, plans, projections, objectives, performance or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking.

These forward-looking statements are based on management's current expectations and beliefs. These statements are neither promises nor guarantees, but involve known and unknown risks, uncertainties and other important factors that may cause the Company's actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements, including, but not limited to: our inability to attract new customers, retain existing customers and maintain or grow the number of UWC members, which could adversely affect our business, financial condition and results of operations and rate of growth; our failure to acquire, or open and operate new locations in a timely and cost-effective manner, and enter into new markets or leverage new technologies, may materially and adversely affect our competitive advantage or financial performance; our inability to successfully implement our growth strategies on a timely basis or at all; we are subject to a number of risks and regulations related to credit card and debit card payments we accept; an overall decline in the health of the economy and other factors impacting consumer spending, such as natural disasters and fluctuations in inflation, may affect consumer purchases,

reduce demand for our services and materially and adversely affect our business, results of operations and financial condition; inflation, supply chain disruption and other increased operating costs could materially and adversely affect our results of operations; our locations may experience difficulty hiring and retaining qualified personnel, resulting in higher labor costs; we lease or sublease the land and buildings where a number of our locations are situated, which could expose us to possible liabilities and losses; our indebtedness could adversely affect our financial health and competitive position; our business is subject to various laws and regulations and changes in such laws and regulations, or failure to comply with existing or future laws and regulations, may result in litigation, investigation or claims by third parties or employees that could adversely affect our business; our locations are subject to certain environmental laws and regulations; we are subject to data security and privacy risks that could negatively impact our results of operations or reputation; we may be unable to adequately protect, and we may incur significant costs in enforcing or defending, our intellectual property and other proprietary rights; stockholders' ability to influence corporate matters may be limited because a small number of stockholders beneficially own a substantial amount of our common stock and continue to have substantial control over us; our stock price may be volatile or may decline regardless of our operating performance, resulting in substantial losses for investors purchasing shares of our common stock; and the other important factors discussed under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023, as such factors may be updated from time to time in its other filings with the SEC accessible on the SEC's website at www.sec.gov and the Investors Relations section of the Company's website at www.mistercarwash.com.

Any forward-looking statement that the Company makes in this press release speaks only as of the date hereof. Except as required by law, the Company does not undertake any obligation to update or revise, or to publicly announce any update or revision to, any of the forward-looking statements, whether as a result of new information, future events or otherwise.

Consolidated Statements of Operations
(Amounts in thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues	\$ 249,329	\$ 234,076	\$ 743,555	\$ 696,930
Cost of labor and chemicals	73,617	72,760	217,966	210,376
Other store operating expenses	102,607	90,514	298,953	270,317
General and administrative	25,436	26,426	80,058	78,438
(Gain) loss on sale of assets, net	(1,916)	1,321	(552)	(3,470)
Total costs and expenses	199,744	191,021	596,425	555,661
Operating income	49,585	43,055	147,130	141,269
Other (income) expense:				
Interest expense, net	20,653	19,100	60,931	55,143
Loss on extinguishment of debt	-	-	1,882	-
Other income	-	-	(5,189)	-
Total other expense, net	20,653	19,100	57,624	55,143
Income before taxes	28,932	23,955	89,506	86,126
Income tax provision	6,590	4,470	28,436	18,373
Net income	<u>\$ 22,342</u>	<u>\$ 19,485</u>	<u>\$ 61,070</u>	<u>\$ 67,753</u>
Earnings per share:				
Basic	<u>\$ 0.07</u>	<u>\$ 0.06</u>	<u>\$ 0.19</u>	<u>\$ 0.22</u>
Diluted	<u>\$ 0.07</u>	<u>\$ 0.06</u>	<u>\$ 0.19</u>	<u>\$ 0.21</u>
Weighted-average common shares outstanding:				
Basic	321,917,525	312,883,586	319,067,596	309,850,600
Diluted	329,299,326	328,844,569	329,222,641	328,265,878

Consolidated Balance Sheets
(Amounts in thousands, except share and per share data)
(Unaudited)

	As of	
	September 30, 2024	December 31, 2023
(Amounts in thousands, except share and per share data)		

Assets

Current assets:

Cash and cash equivalents	\$ 16,478	\$ 19,047
Accounts receivable, net	2,835	6,304
Other receivables	15,422	14,714
Inventory, net	5,491	8,952
Prepaid expenses and other current assets	12,559	11,877
Total current assets	<u>52,785</u>	<u>60,894</u>

Property and equipment, net	870,903	725,121
Operating lease right of use assets, net	857,861	833,547
Other intangible assets, net	113,139	117,667
Goodwill	1,134,734	1,134,734
Other assets	16,450	9,573
Total assets	<u>\$ 3,045,872</u>	<u>\$ 2,881,536</u>

Liabilities and stockholders' equity

Current liabilities:

Accounts payable	\$ 44,715	\$ 33,641
Accrued payroll and related expenses	30,265	19,771
Other accrued expenses	26,793	38,738
Current maturities of long-term debt	9,250	—
Current maturities of operating lease liability	47,195	43,979
Current maturities of finance lease liability	811	746
Deferred revenue	34,639	32,686
Total current liabilities	<u>193,668</u>	<u>169,561</u>

Long-term portion of debt, net	931,046	897,424
Operating lease liability	826,213	809,409
Financing lease liability	13,473	14,033
Deferred tax liability	97,499	71,657
Other long-term liabilities	4,570	4,417
Total liabilities	<u>2,066,469</u>	<u>1,966,501</u>

Stockholders' equity:

Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 322,239,140 and 315,192,401 shares outstanding as of September 30, 2024 and December 31, 2023, respectively	3,228	3,157
Additional paid-in capital	820,498	817,271
Retained earnings	155,677	94,607
Total stockholders' equity	<u>979,403</u>	<u>915,035</u>
Total liabilities and stockholders' equity	<u>\$ 3,045,872</u>	<u>\$ 2,881,536</u>

Consolidated Statements of Cash Flows
(Amounts in thousands)
(Unaudited)

	<u>Nine Months Ended September 30,</u>	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net income	\$ 61,070	\$ 67,753
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	61,038	51,418
Stock-based compensation expense	18,843	17,643
Gain on sale of assets, net	(552)	(3,470)
Loss on extinguishment of debt	1,882	-

Amortization of debt issuance costs	961	1,270
Non-cash lease expense	36,557	33,337
Deferred income tax	25,842	14,748
Changes in assets and liabilities:		
Accounts receivable, net	3,469	(1,874)
Other receivables	(7,012)	212
Inventory, net	3,461	88
Prepaid expenses and other current assets	(605)	(408)
Accounts payable	11,629	3,777
Accrued expenses	11,850	8,170
Deferred revenue	1,954	3,288
Operating lease liability	(31,811)	(29,689)
Other noncurrent assets and liabilities	264	(777)
Net cash provided by operating activities	<u>198,840</u>	<u>165,486</u>
Cash flows from investing activities:		
Purchases of property and equipment	(259,896)	(218,692)
Acquisition of car wash operations, net of cash acquired	-	(51,890)
Proceeds from sale of property and equipment	36,431	96,930
Net cash used in investing activities	<u>(223,465)</u>	<u>(173,652)</u>
Cash flows from financing activities:		
Proceeds from issuance of common stock under employee plans	3,742	6,176
Payments of tax withholding on option exercises	(19,290)	-
Proceeds from debt borrowings	925,000	-
Proceeds from revolving line of credit	186,000	-
Payments on debt borrowings	(903,513)	-
Payments on revolving line of credit	(164,000)	-
Payments of deferred financing costs	(5,257)	-
Principal payments on finance lease obligations	(552)	(492)
Other financing activities	-	(500)
Net cash provided by financing activities	<u>22,130</u>	<u>5,184</u>
Net change in cash and cash equivalents and restricted cash during period	(2,495)	(2,982)
Cash and cash equivalents and restricted cash at beginning of period	<u>19,119</u>	<u>65,222</u>
Cash and cash equivalents and restricted cash at end of period	<u>\$ 16,624</u>	<u>\$ 62,240</u>
Reconciliation of cash, cash equivalents, and restricted cash to the consolidated balance sheets		
Cash and cash equivalents	16,478	62,133
Restricted cash, included in prepaid expenses and other current assets	146	107
Total cash, cash equivalents, and restricted cash	<u>\$ 16,624</u>	<u>\$ 62,240</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 60,436	\$ 56,164
Cash paid for income taxes	\$ 2,267	\$ 2,409
Supplemental disclosure of non-cash investing and financing activities:		
Property and equipment in accounts payable	\$ 17,352	\$ 15,167
Property and equipment in other accrued expenses	\$ -	\$ 16,439
Stock option exercise proceeds in other receivables	\$ 1	\$ 17

GAAP to Non-GAAP Reconciliations
(Amounts in thousands, except share and per share data)
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Reconciliation of net income to adjusted EBITDA:				
Net income	\$ 22,342	\$ 19,485	\$ 61,070	\$ 67,753
Interest expense, net	20,653	19,100	60,931	55,143
Income tax provision	6,590	4,470	28,436	18,373
Depreciation and amortization expense	21,182	17,599	61,038	51,418
(Gain) loss on sale of assets, net	(1,916)	1,321	(552)	(3,470)
Stock-based compensation expense	6,774	6,522	20,367	17,876
Acquisition expenses	863	912	1,976	2,651
Non-cash rent expense	1,560	1,409	4,542	3,623
Loss on extinguishment of debt	-	-	1,882	-
Employee retention credit	-	-	(5,189)	-
Other	756	780	8,167	3,067
Adjusted EBITDA	<u>\$ 78,804</u>	<u>\$ 71,598</u>	<u>\$ 242,668</u>	<u>\$ 216,434</u>

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Reconciliation of net income to adjusted net income:				
Net income	\$ 22,342	\$ 19,485	\$ 61,070	\$ 67,753
(Gain) loss on sale of assets, net	(1,916)	1,321	(552)	(3,470)
Stock-based compensation expense	6,774	6,522	20,367	17,876
Acquisition expenses	863	912	1,976	2,651
Non-cash rent expense	1,560	1,409	4,542	3,623
Loss on extinguishment of debt	-	-	1,882	-
Employee retention credit	-	-	(5,189)	-
Other	756	780	8,167	3,067
Income tax impact of stock award exercises	4	(2,159)	6,006	(4,332)
Tax impact of adjustments to net income	(1,567)	(2,736)	(6,083)	(5,937)
Adjusted net income	<u>\$ 28,816</u>	<u>\$ 25,534</u>	<u>\$ 92,186</u>	<u>\$ 81,231</u>
Adjusted earnings per diluted share	\$ 0.09	\$ 0.08	\$ 0.28	\$ 0.25
Adjusted weighted-average common shares outstanding - diluted	329,299,326	328,844,569	329,222,641	328,265,878

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