



Mister Car Wash Announces First Quarter 2024 Financial Results

May 1, 2024

Net revenues increased 6%

Comparable-store sales increased 0.9%

Unlimited Wash Club® (“UWC”) memberships increased 5% year-over-year

Opened six new greenfield locations

Reiterating previously provided Fiscal 2024 outlook figures

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 March 31, 2024.

“Our overall results in the first quarter were in line with expectations, and we are executing against our strategic initiatives to drive profitable growth. In the first quarter, our subscription business remained incredibly resilient, growth in our new Titanium membership package was very strong, and we opened a record number of new greenfields for any first quarter in our history,” said John Lai, Chairman and CEO of Mister Car Wash. “Finally, we are finding ways to do more with less and managing our expense structure to deliver strong cash flow and more than \$75 million of adjusted EBITDA for the first quarter.”

First Quarter 2024 Highlights:

- Net revenues increased 6% to \$239.2 million, up from \$226.0 million in the first quarter of 2023.
- Comparable-store sales increased 0.9% during the quarter.
- UWC sales represented 74% of total wash sales compared to 69% in the first quarter of 2023. The Company added 35 thousand net new UWC members in the first quarter and had approximately 2.1 million members as of March 31, 2024.
- The Company opened six new greenfield locations in the first quarter of 2024, bringing the total number of car wash locations operated to 482 as of March 31, 2024, compared to 439 car wash locations as of March 31, 2023, an increase of 10%.
- Net income and net income per diluted share were \$16.6 million and \$0.05, respectively.
- Adjusted net income⁽¹⁾ and diluted adjusted net income per share⁽¹⁾ were \$26.6 million and \$0.08, respectively.
- Adjusted EBITDA⁽¹⁾ increased 6% to \$75.2 million from \$71.0 million in the first quarter of 2023.

⁽¹⁾ Adjusted net income, Adjusted EBITDA and diluted adjusted net income per 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 March 31,	
	2024	2023
Beginning location count	476	436
Locations acquired	-	-
Greenfield locations opened	6	4
Closures	-	1
Ending location count	482	439

Balance Sheet and Cash Flow Highlights

- As of March 31, 2024, cash and cash equivalents totaled \$10.7 million, and there were no 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 \$58.0 million during the first quarter of 2024, compared to \$67.0 million in the first quarter of 2023.

Debt Refinancing Highlights

- On March 27, 2024, we upsized, amended & extended the \$901 million First Lien Term Loan to \$925 million now due in 2031 and removed a 0.10% credit spread adjustment to the SOFR benchmark for all available interest periods.

- On March 27, 2024, we also upsized, amended & extended the \$150 million Revolving Commitment to \$300 million now due in 2029, and removed a 0.10% credit spread adjustment to the SOFR benchmark for all available interest periods and reduced the cost of borrowings under the facility.
- Proceeds of the transaction were used to refinance our existing First Lien Term Loan due in 2026 and the existing Revolving Commitment due in 2026.
- The transactions extend our debt maturities and increase available liquidity in line with Company growth.

Sale-Leasebacks and Rent Expense

- In the first quarter of 2024, the Company completed one sale-leaseback transaction involving one car wash location for aggregate consideration of \$4.9 million.
- With 435 car wash leases at the end of the first quarter versus 388 leases at the end of the first quarter last year, rent expense, net increased 12% to \$26.5 million, compared to the first quarter of 2023.

Fiscal 2024 Outlook

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

	2024 Outlook
Net revenues	\$988 to \$1,016 million
Comparable-store sales growth %	0.5% to 2.5%
Adjusted net income	\$99 to \$111 million
Adjusted EBITDA	\$291.5 to \$308 million
Diluted adjusted net income per share	\$0.30 to \$0.34
Interest expense, net	\$81 million
Rent expense, net	Approx. \$111 million
Weighted average common shares outstanding, diluted, full year	330 million
New greenfield locations	Approx. 40
Capital expenditures ⁽¹⁾	\$364 to \$405 million
Sale leasebacks	\$135 to \$150 million

(1) Total capital expenditures for the fiscal year ending December 31, 2024 are expected to consist of approximately \$314 million to \$350 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 first quarter of fiscal 2024 and to provide a business update is scheduled for today, May 1, 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 475 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 Diluted adjusted net income per 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. Diluted adjusted net income per 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 Diluted adjusted net income per 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.

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

	Three Months Ended March 31,	
	2024	2023
Net revenues	\$ 239,183	\$ 225,960
Cost of labor and chemicals	71,658	66,792
Other store operating expenses	96,803	89,466
General and administrative	29,710	24,183
Gain on sale of assets	(1,533)	(63)
Total costs and expenses	196,638	180,378
Operating income	42,545	45,582
Other (income) expense:		
Interest expense, net	20,024	17,748
Loss on extinguishment of debt	1,882	-
Other income	(5,189)	-
Total other expense, net	16,717	17,748
Income before taxes	25,828	27,834
Income tax provision	9,191	6,698
Net income	\$ 16,637	\$ 21,136
Net income per share:		
Basic	\$ 0.05	\$ 0.07
Diluted	\$ 0.05	\$ 0.06
Weighted-average common shares outstanding:		
Basic	315,838,788	307,291,909
Diluted	330,012,144	327,608,266

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

	As of	
	March 31, 2024	December 31, 2023
<i>(Amounts in thousands, except share and per share data)</i>		
Assets		
Current assets:		

Cash and cash equivalents	\$	10,701	\$	19,047
Accounts receivable, net		6,475		6,304
Other receivables		17,693		14,714
Inventory, net		7,647		8,952
Prepaid expenses and other current assets		10,220		11,877
Total current assets		<u>52,736</u>		<u>60,894</u>
Property and equipment, net		773,230		725,121
Operating lease right of use assets, net		836,528		833,547
Other intangible assets, net		116,023		117,667
Goodwill		1,134,734		1,134,734
Other assets		12,010		9,573
Total assets	\$	<u>2,925,261</u>	\$	<u>2,881,536</u>
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable	\$	33,676	\$	33,641
Accrued payroll and related expenses		23,512		19,771
Other accrued expenses		31,046		38,738
Current maturities of long-term debt		6,920		–
Current maturities of operating lease liability		44,850		43,979
Current maturities of finance lease liability		766		746
Deferred revenue		33,899		32,686
Total current liabilities		<u>174,669</u>		<u>169,561</u>
Long-term portion of debt, net		913,350		897,424
Operating lease liability		810,783		809,409
Financing lease liability		13,833		14,033
Deferred tax liability		79,506		71,657
Other long-term liabilities		4,396		4,417
Total liabilities		<u>1,996,537</u>		<u>1,966,501</u>
Stockholders' equity:				
Common stock, \$0.01 par value, 1,000,000,000 shares authorized, 317,835,082 and 315,192,401 shares outstanding as of March 31, 2024 and December 31, 2023, respectively		3,184		3,157
Additional paid-in capital		814,296		817,271
Retained earnings		111,244		94,607
Total stockholders' equity		<u>928,724</u>		<u>915,035</u>
Total liabilities and stockholders' equity	\$	<u>2,925,261</u>	\$	<u>2,881,536</u>

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

	<u>Three Months Ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Net income	\$	16,637
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense		19,595
Stock-based compensation expense		6,246
Gain on sale of assets, net		(1,533)
Loss on extinguishment of debt		1,882
Amortization of debt issuance costs		410
Non-cash lease expense		11,917
Deferred income tax		7,849
	\$	21,136

Changes in assets and liabilities:		
Accounts receivable, net	(172)	3,009
Other receivables	(4,096)	1,128
Inventory, net	1,305	946
Prepaid expenses and other current assets	1,703	1,850
Accounts payable	2,344	2,553
Accrued expenses	3,615	5,155
Deferred revenue	1,214	1,114
Operating lease liability	(10,499)	(9,696)
Other noncurrent assets and liabilities	(427)	631
Net cash provided by operating activities	<u>\$ 57,990</u>	<u>\$ 67,017</u>

Cash flows from investing activities:

Purchases of property and equipment	(81,844)	(72,059)
Proceeds from sale of property and equipment	4,900	8,899
Net cash used in investing activities	<u>\$ (76,944)</u>	<u>\$ (63,160)</u>

Cash flows from financing activities:

Proceeds from issuance of common stock under employee plans	729	1,055
Payments for repurchases of common stock	(9,924)	-
Proceeds from debt borrowings	925,000	-
Proceeds from revolving line of credit	23,000	-
Payments on debt borrowings	(901,201)	-
Payments on revolving line of credit	(23,000)	-
Payments of deferred financing costs	(3,772)	-
Principal payments on finance lease obligations	(180)	(161)
Net cash provided by financing activities	<u>\$ 10,652</u>	<u>\$ 894</u>

Net change in cash and cash equivalents and restricted cash during period	(8,302)	4,751
Cash and cash equivalents and restricted cash at beginning of period	19,119	65,222
Cash and cash equivalents and restricted cash at end of period	<u>\$ 10,817</u>	<u>\$ 69,973</u>

Reconciliation of cash, cash equivalents, and restricted cash to the condensed consolidated balance sheets

Cash and cash equivalents	\$ 10,701	\$ 69,903
Restricted cash, included in prepaid expenses and other current assets	116	70
Total cash, cash equivalents, and restricted cash	<u>\$ 10,817</u>	<u>\$ 69,973</u>

Supplemental disclosure of cash flow information:

Cash paid for interest	\$ 19,233	\$ 11,697
Cash paid for income taxes	\$ 264	\$ 151

Supplemental disclosure of non-cash investing and financing activities:

Property and equipment in accounts payable	\$ 15,596	\$ 11,993
Property and equipment in other accrued expenses	\$ 4,234	\$ 5,969
Payment of debt financing costs in other accrued expenses	\$ 1,503	\$ -
Stock option exercise proceeds in other receivables	\$ -	\$ 61

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

	<u>Three Months Ended March 31,</u>	
	<u>2024</u>	<u>2023</u>
Reconciliation of net income to Adjusted EBITDA:		
Net income	\$ 16,637	\$ 21,136
Interest expense, net	20,024	17,748

Income tax provision	9,191	6,698
Depreciation and amortization expense	19,595	17,307
Gain on sale of assets	(1,533)	(63)
Stock-based compensation expense	6,802	5,361
Acquisition expenses	565	459
Non-cash rent expense	1,487	1,030
Loss on extinguishment of debt	1,882	-
Employee retention credit	(5,189)	-
Other	5,711	1,300
Adjusted EBITDA	<u>\$ 75,172</u>	<u>\$ 70,976</u>

	Three Months Ended March 31,	
	2024	2023
Reconciliation of net income to Adjusted Net Income:		
Net income	\$ 16,637	\$ 21,136
Gain on sale of assets	(1,533)	(63)
Stock-based compensation expense	6,802	5,361
Acquisition expenses	565	459
Non-cash rent expense	1,487	1,030
Loss on extinguishment of debt	1,882	-
Employee retention credit	(5,189)	-
Other	5,711	1,300
Income tax impact of stock award exercises	2,260	(516)
Tax impact of adjustments to net income	(2,035)	(2,022)
Adjusted Net Income	<u>\$ 26,587</u>	<u>\$ 26,685</u>
Diluted Adjusted Net Income per Share	\$ 0.08	\$ 0.08
Adjusted weighted-average common shares outstanding - diluted	330,012,144	327,608,266

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