

## Risk Factors Comparison 2024-02-28 to 2023-03-01 Form: 10-K

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

Investing in our common stock involves a high degree of risk. These risks include those described below and may include additional risks and uncertainties not currently known to us or that we currently deem immaterial. These risks could adversely affect our results of operations, financial condition, business reputation, or business prospects. You should carefully consider each of the following risk factors in conjunction with other information provided in this Annual Report on Form 10-K and in our other public disclosures before making an investment decision regarding our securities. If any of these risks occur, the trading price of our common stock could decline, and you could lose all or part of your investment. Summary of Risk Factors

Our business is subject to a number of risks and uncertainties, including those risks discussed at length below. These risks include, among others, the following:

- Competition may harm our business and results of operations.
- Changes in consumer preferences and perceptions, and in economic, market, and other conditions could adversely affect our business and results of operations.
- Our business is affected by the financial results of our franchisees.
- Increases in operating costs, including labor and commodity costs and interest rates have, and may again in the future, adversely affect our results of operations.
- Our business is affected by advances in automotive technology.
- We depend on key suppliers, including international suppliers, to deliver timely high-quality products at quantities and prices ~~similar to historical levels~~ **required for our businesses**.
- We may not be able to execute on our plans to open additional locations and enter new markets.
- Our business may be adversely impacted by our indebtedness, including additional leverage in connection with acquisitions and other capital expenditure initiatives.
- If franchisees and other licensees do not observe the required quality and trademark usage standards, our brands may suffer reputational damage, which could in turn adversely affect our business.
- We are heavily dependent on ~~computer information systems and information technology~~ **computer information systems and information technology**, and any ~~material~~ **significant** failure, interruption, ~~or security incident breach of our computer systems or technology or failure to effectively implement new systems as a part of our ongoing technology improvements~~ **incident** could impair our ability to efficiently operate our business or timely or accurately prepare financial reports.
- Our failure or our franchisees and independent operators' failure to comply with health, employment, and other federal, state, local, and provincial laws, rules, and regulations may lead to losses and harm our brands.
- The documents governing our indebtedness have restrictive terms and our failure to comply with any of these terms could put us in default, which would have an adverse effect on our business and prospects.
- The Securitization Senior Notes Indenture governing the securitized debt facility may restrict the cash flow from the entities subject to the securitization to us and our subsidiaries and, upon the occurrence of certain events, cash flow would be further restricted.
- We are a "controlled company" within the meaning of NASDAQ rules and, as a result, qualify for ~~and intend to rely on~~ **exemptions from certain corporate governance requirements that we have relied on in the past and may do so in the future**.
- Future sales of our common stock in the public market, or the perception in the public market that such sales may occur, could reduce our stock price.

**Risks Relating to Our Business**

The automotive aftermarket industry is highly competitive, and we are subject to a wide variety of competitors across the "do it for me" ("DIFM") and "do-it-yourself" ("DIY") automotive services industries. Competitors include international, national, regional and local repair and maintenance shops, paint and collision repair shops, glass repair and replacement shops, automobile dealerships, oil change shops, car wash businesses and suppliers of automotive parts, including online retailers, wholesale distributors, hardware stores, and discount and mass market merchandise stores. The large number and variety of market participants creates intense competition with respect to the scale, geographic reach, price, service, quality, brand awareness, customer satisfaction, and adherence to various insurance carrier performance indicators. Some of our competitors have consolidated smaller and independent automotive services brands and shops to achieve additional efficiencies and economies of scale. Certain of our competitors may have greater brand recognition, as well as greater financial, marketing, operating, and other resources, which may give them certain competitive advantages with respect to some or all of these areas of competition. Some of our competitors have **opened and may continue to open new locations near our current locations and have** engaged and may continue to engage in substantial price discounting in response to economic weakness and uncertainty, **each of** which may adversely impact our sales and operating results. We expect competition to continue to intensify as existing competitors continue to expand operations, product offering mixes, and promote aggressive marketing campaigns and new competitors emerge. These increased competitive pressures could have a material adverse effect on our business, financial condition, and operating results. Demand for our products and services have been affected in the past, and may be affected in the future, by a number of factors, including:

- The number and age of vehicles in operation, as vehicles of a certain age (typically older than three to five years) may no longer be under the original vehicle manufacturers' warranties and tend to need more maintenance and repair than newer vehicles. A smaller, younger population of vehicles in operation could lessen demand for our services.
- Rising energy prices, because increases in energy prices may cause customers to defer certain repairs or purchases because they use a higher percentage of their income to pay for gasoline and other energy costs and drive their vehicles less frequently, resulting in less wear and tear and lower demand for repairs and maintenance.
- Advances and changes in automotive technology and parts design, may result in cars needing repairs and maintenance, such as motor oil changes, less frequently and parts lasting longer, may make customers more likely to use dealership automotive repair services, or may increase the cost to our locations to obtain relevant parts or training for employees.
- Economic downturns, as declining economic conditions may cause customers to defer vehicle maintenance, repairs, oil changes, car washes, or other services, obtain credit, or repair and maintain their vehicles themselves. During periods of good economic conditions, consumers may decide to purchase new vehicles rather than having their older vehicles serviced. In addition, economic weaknesses and

uncertainty may cause changes in consumer preferences, and if such economic conditions persist for an extended period of time, this may result in consumers making long-lasting changes to their spending behaviors in the automotive aftermarket markets. • Weather, as mild weather conditions may lower the failure rates of automotive parts or result in fewer accidents or slower deterioration of paints and coatings, resulting in the need for fewer automotive repairs and less frequent automotive maintenance services. In addition, inclement weather may cause customers to defer or forego vehicle maintenance, such as oil changes and car washes. • Consumer resistance to changing service providers because they may be unfamiliar with their vehicle's mechanical operation and, as a result, may select a service provider they have patronized in the past, or may continue to return to the dealership where they bought their vehicle for repairs. Increasing complexity in the systems used in vehicles exacerbates this risk. • Restrictions on access to diagnostic tools and repair information imposed by the original vehicle manufacturers or by governmental regulation, which **may limit** our ability to perform maintenance and repairs. • Negative publicity associated with any of our services and products, or regarding the automotive aftermarket industries generally, whether or not factually accurate, could cause consumers to lose confidence in, or could harm the reputation of our brands. • Changes in travel patterns, which may cause consumers to rely more heavily on mass transportation or to travel less frequently. • Payments for automobile repairs, which may be dependent on insurance programs, and insurance companies may require repair technicians to hold certain certifications that the personnel at our locations do not hold. • Changes in governmental regulations in the automotive sector, including pollution prevention laws, which may affect demand for automotive repair and maintenance services and increase our costs in unknown ways. Other events and factors that could affect our results include: • changes in consumer preferences, perceptions, and spending patterns; • demographic trends; • employment levels and wage rates, and their effects on the disposable income and actual or perceived wealth of potential customers and their consumption habits, which may impact traffic and transaction size; • variations in the timing and volume of sales at our locations; • changes in frequency of customer visits; • changes in driving and traffic patterns; • type, number, and location of competitors; • variations in the cost of, availability of and shipping costs of motor oil and automobile supplies, parts, paints, refinish coatings, **glass, chemicals**, and car wash supplies; • unexpected slowdowns in business or operational support efforts; • changes in the availability or cost of labor, including health care-related or other costs; • the timing of expenditures in anticipation of future sales at our locations; • an inability to purchase sufficient levels of advertising or increases in the cost of advertising; • increases in national, federal, state, local, and provincial taxes in the countries in which we operate, including income taxes, indirect taxes, non-resident withholding taxes, and other similar taxes, as well as changes in tax guidance and regulations and the impact on our effective tax rate; • factors associated with operating in foreign locations, including repatriation risks, foreign currency risks, and changes in tax treatment; • **high levels of economic inflation**; • unreliable or inefficient technology, including point-of-sale and payment systems; • weather, natural disasters, pandemics, military conflicts and other catastrophic events and terrorist activities; • changes in the number of renewals of franchise agreements; and • our ability to maintain direct repair program **and other** relationships with insurance partners. Our business is impacted by the operational and financial success of our franchisees, including the franchisees' implementation of our strategic plans and their ability to secure adequate financing to execute those plans. When our franchisees are impacted by weak economic conditions and are unable to secure adequate sources of financing, their financial health worsens, our revenues may decline and we may need to offer extended payment terms or make other concessions. In limited circumstances, we also may be required to make lease payments without being able to collect sublease payments on domestic locations that we lease from landlords and then sublease to the franchisees in the event franchisees fail to pay rent under the subleases. Additionally, refusal on the part of franchisees or any franchisee association to renew or restructure their franchise agreements may result in decreased payments from franchisees. Entering into restructured franchise agreements may result in reduced franchisee payment royalty rates in the future. Furthermore, if our franchisees are not able to obtain the financing necessary to complete planned remodel and construction projects, they may be forced to postpone or cancel such projects. The employees of franchisees are not our employees. We provide training and support to franchisees, but the quality of franchised store operations may be diminished by factors beyond our control. Consequently, franchisees may not successfully operate stores in a manner consistent with our standards and requirements or may not hire and train qualified managers and other store personnel. If they do not, our image and reputation may suffer, and revenues could decline. The demand for our automotive repair and maintenance services and products may be adversely affected by continuing developments in automotive technology, including self-driving and electric vehicles and shared mobility. Some cars produced by certain automotive manufacturers last longer and require service and maintenance at less frequent intervals, or they may require more specialized service and maintenance than we offer at our locations. Quality improvement of manufacturers' original equipment parts has in the past reduced, and may in the future reduce, demand for our services and products, adversely affecting our sales. For example, manufacturers' use of stainless steel exhaust components has increased the life of those parts, thereby decreasing the demand for exhaust repairs and replacements. Longer and more comprehensive warranty or service programs offered by automobile manufacturers and other third parties also could adversely affect the demand for our products and services. New automobile owners may also choose to have their cars serviced by a dealer during the period that the car is under warranty. In addition, advances in automotive technology, such as accident-avoidance technology, continue to require us to incur additional costs to update diagnostic capabilities and technical training programs or may make providing such training programs more difficult. These advances could increase our costs and reduce our profits and may materially and adversely affect our business and results of operations. Certain restrictions may prevent us from providing our services and products to customers. We may not be able to provide our products and services to certain customers because they have contractual relationships with third parties to service their vehicle, we may not be able to acquire the necessary diagnostic tools and repair information because of restrictions imposed by the original vehicle manufacturers or by governmental regulation may cause vehicle owners to rely on dealers to perform maintenance and repairs, or insurance companies may require repair technicians to hold certain certifications that our locations' personnel do not hold. Such restrictions could adversely impact our revenues, results of operations, business,

and financial conditions. **Recent Ongoing** increases in employee wages, benefits, and insurance and other operating costs such as commodity costs, legal claims, insurance costs, and costs of borrowing have adversely affected our operations and administrative expenses at our locations and may do so again in the future. Factors beyond our control may cause our operating costs to increase, such as weather conditions, natural disasters, disease outbreaks, global demand, product recalls, inflation, civil unrest, tariffs, and government regulations. For example, franchisees and independent operators may, and in certain cases are required to, offer access to health care benefits to certain of their employees and we may offer access to health care benefits to certain of our employees at company- operated locations. Similarly, increases in gasoline prices could result in the imposition of fuel surcharges by distributors used by us and our franchisees, which would increase the cost of operations. Any increase in such costs for our locations could reduce our and our franchisees' sales and profit margins if we choose not, or are unable, to pass the increased costs to our customers. In addition, increases in interest rates may impact land acquisition and construction costs as well as the cost and availability of credit and locations available to lease, thereby adversely affecting our and our franchisees' ability to finance the development of additional locations and maintenance of existing locations. Inflation can also cause increased commodity, labor, and benefits costs which could reduce the profitability of our locations. Increases in labor costs could make it difficult to find new independent operators and may require us to pay higher commissions to existing independent operators. Any of the foregoing increases could adversely affect our and our franchisees' business and results of operations. High levels of economic inflation may increase our operating costs, influence demand for our products, and impact the profitability of our business. The U. S. **is has been** experiencing ~~historically~~ high levels of price inflation across a wide variety of economic sectors. There can be no assurances as to how high such inflation will go and / or how long such elevated levels of inflation may persist. High levels of inflation may influence employee and staffing costs and costs of goods and services required to be purchased by the Company and its Franchisees. Driven Brands and its Franchisees may not be able to offset the negative impact of inflation with increased prices. In addition, high levels of inflation may influence demand for products purchased by Driven Brands' customers. Any of the above could have a material adverse effect on our results of operations. Our locations may experience difficulty hiring and retaining qualified personnel, resulting in higher labor costs. The operation of our locations requires both entry- level and skilled employees, and trained and experienced automotive field personnel are in high demand and short supply at competitive compensation levels in some areas, which has resulted in increased labor costs. From time to time, we, our franchisees, and independent operators may experience difficulty hiring and **maintaining retaining** such qualified personnel. Competition for employees and wage inflation may also result in difficulties in hiring and retaining key qualified personnel. In addition, the formation of unions may increase the operating expenses of our locations. Any such future difficulties could result in a decline in the sales and operating results of our locations, which could in turn materially and adversely affect our revenues, results of operations, business, and financial condition. Insurance coverage may not be adequate, and increased self- insurance and other insurance costs could adversely affect our results of operations. We and our franchisees maintain insurance, and these insurance policies may not be adequate to protect us from liabilities that we incur in our business. Certain extraordinary hazards, for example, may not be covered, and insurance may not be available (or may be available only at prohibitively expensive rates) with respect to many other risks. Moreover, any loss incurred could exceed policy limits, and policy payments made to us and franchisees may not be made on a timely basis. Any such loss or delay in payment could lead to a decline in the sales and operating results of our locations, which could in turn have a material and adverse effect on our revenues, results of operations, business, and financial condition. In addition, in the future, insurance premiums may increase, and we and our franchisees may not be able to obtain similar levels of insurance on reasonable terms, or at all. Although we seek to manage our claims to prevent increases, such increases can occur unexpectedly and without regard to our efforts to limit them. If such increases occur, our locations may be unable to pass them along to the consumer through product or service price increases, resulting in decreased profitability, which could have a material adverse effect on our business and results of operations. In the event that liability to third parties arises, to the extent losses experienced by such third parties are either not covered by the franchisee' s or our insurance or exceed the policy limits of the franchisee' s or our insurance, such parties could seek to recover their losses from us, whether or not they are legally or contractually entitled to do so, which could increase litigation costs or result in liability for us. Additionally, a substantial unsatisfied judgment could result in the bankruptcy of one or more of our operating entities, which could have a material adverse effect on our results of operations, business, and financial condition. Increases in supply costs could adversely affect our results of operations. The operation of our locations requires large quantities of automotive ~~and car wash~~ supplies. Our success depends in part on our ability to anticipate and react to changes in supply costs and availability, and we are susceptible to increases in primary and secondary supply costs as a result of factors beyond our control. These factors include general economic conditions, significant variations in supply and demand, seasonal fluctuations, pandemics, weather conditions, fluctuations in the value of currencies in the markets in which we operate, commodity market speculation, and government regulations. Higher supply costs or limited supply availability could reduce our profits, which in turn may materially and adversely affect our business and results of operations. This volatility could also cause us and our franchisees or independent operators to consider changes to our product delivery strategy and result in adverse adjustments to pricing of our services. Tariffs imposed by the U. S. ~~government, a global trade war, and / or the other~~ **governments conflict between Russia and Ukraine geopolitical uncertainty** could increase our supply costs, which could materially and adversely affect our business and results of operations. ~~Effective September 1, 2019, the U. S. government imposed increased tariffs on certain imports from China. On January 15, 2020, the U. S. and China signed " Phase 1 " of a trade deal, thereby easing, but not eliminating, certain tariffs and trade limitations. However, it is unclear when the subsequent phases of the trade deal will be entered into.~~ Higher tariffs in the U. S. and elsewhere could increase our supply costs and adversely impact our profitability. Moreover, the new tariffs could also make our products more expensive for customers, potentially suppressing customer demand. We may not be able to offset the financial impact of tariffs through price increases to customers. There could be additional tariffs or other regulatory changes in the future. There is also a concern that the trade policies of the

U. S. and other nations could result in the adoption of additional tariffs and other trade restrictions by various nations, leading to a global trade war and making our products uncompetitive in certain markets. Any of the foregoing could materially and adversely affect our business and results of operations. Additionally, **economic and geopolitical events, such as** the conflict between Russia and Ukraine **could and in the Middle East has, and may continue to,** lead to further disruption, instability and volatility in global markets and industries that could negatively impact our operations including higher oil or other costs. **The** **For example, the** U. S. government and other governments in jurisdictions in which we operate have imposed severe sanctions and export controls against Russia and Russian interests and threatened additional sanctions and controls. The impact of **these current and potential** measures, as well as potential responses to them **by Russia, is currently unknown and they** could adversely affect our business, supply chain, partners, or customers. Decreases in our product sourcing revenue could adversely affect our results of operations. We provide our 1- 800 Radiator franchisees with the ability to purchase certain products required to operate applicable locations. We supply franchisees and our company- operated locations with certain products required to operate applicable locations. We may also supply third parties with certain products. Although 1- 800 Radiator franchisees may be required by their franchise agreements to purchase products from the 1- 800 Radiator electronic network, they may not be required to do so in the future. **In addition, our Driven Advantage platform allows our company- operated stores and certain partners to purchase many of the products and supplies necessary to operate** ~~Other-~~ **their locations. Our partners, including certain** franchisees may, but are not required to, purchase products from us, and may in the future decide not to do so. While it is our expectation that we will benefit from product sourcing income and pricing arrangements, there can be no assurance that such income and arrangements will continue to be renewed or replaced. Our failure to maintain our current product sourcing income could have a material adverse effect on our sales and profit margins, which in turn could materially and adversely affect our business and results of operations. We benefit from negotiated discounts with certain large oil and other suppliers based on our scale and ability to meet volume requirements. Our failure to negotiate beneficial terms in the future or failure to meet volume requirements could have a material adverse effect on our sales and profit margins. A portion of our distribution income is based on the growth and expansion of Take 5 Oil locations as well as beneficial pricing negotiated with suppliers and ability to manage unit labor and shipping costs. Decreases in the volume of our purchases by or increases in costs of products, labor, or shipping could have a material adverse effect on our sales and profit margins. We recommend key suppliers (including our subsidiaries) to our franchisees, and our success is dependent on, among other things, our continuing ability to offer our services and products at prices similar to historical levels. Our suppliers may be adversely impacted by economic weakness and uncertainty, such as increased commodity prices, increased fuel costs, tight credit markets, and various other factors, including **geopolitical uncertainty, transportation interruptions, import and export regulations, sanctions,** and labor shortages. In such an environment, our suppliers may seek to change the terms on which they do business with us in order to lessen the impact of any current and future economic **or regulatory** challenges on their businesses or may cease or suspend operations. If we are forced to renegotiate the terms upon which we conduct business with our suppliers or find alternative suppliers to provide key products or services, it could adversely impact the profit margins at our locations, which in turn could materially and adversely affect our business and results of operations. Economic weakness and uncertainty has previously forced some suppliers to seek financing in order to stabilize their businesses, and others have been forced to restructure or have ceased operations completely. In addition, some of our key suppliers have significant operations outside of the markets in which we operate, which could expose us to events in the countries of those suppliers' operations, including government intervention and foreign currency fluctuation. **Additionally, the ability of our suppliers to timely deliver products is subject to cyber- related risks.** If a key supplier or a large number of other suppliers suspend, **decrease,** or cease operations, we and our franchisees may have difficulty keeping our respective locations fully supplied. If we and our franchisees were forced to suspend one or more services offered to customers, that could have a significant adverse impact on our sales and profit margins, which in turn could materially and adversely affect our business and results of operations. Supply chain shortages and interruptions could adversely affect our business. We and our franchisees are dependent upon frequent deliveries of automobile parts, motor oil, and car wash and other supplies that meet our quality specifications. Shortages or interruptions in the supply of automobile products, motor oil, or car wash and other supplies caused by unanticipated demand, problems in production or distribution, acts of terrorism, financial or other difficulties of suppliers, labor actions, inclement weather, natural disasters, such as floods, drought, and hurricanes, outbreak of disease, including ~~coronavirus and~~ pandemics, or other conditions have adversely affected the availability, quality and cost of supplies for such products, and could do so again in the future, which could lower our revenues, increase operating costs, damage brand reputation, and otherwise harm our business and the businesses of our franchisees. ~~The COVID-19 pandemic has and could continue to have these effects on the economy and our business.~~ Such shortages or interruptions could reduce our sales and profit margins, which, in turn, may materially and adversely affect our business and results of operations. Our business depends on the willingness of suppliers, distributors, and service providers to supply our locations with goods and services pursuant to customary credit arrangements which may be available in the future on less favorable terms or not at all. As is common in the automotive services and parts distribution and car wash industries, our locations purchase goods from suppliers, distributors, and service providers pursuant to customary credit arrangements. Changes in our capital structure and our franchisees' capital structures, or other factors outside our control, may cause our suppliers, distributors and service providers to change their customary credit arrangements. Any event affecting trade credit from suppliers, distributors, and service providers (including any inability of such suppliers, distributors, and service providers to obtain trade credit or factor their receivables on favorable terms or at all) or our and our franchisees' available liquidity, could reduce the resources available to support our locations, which in turn could affect our and our franchisees' ability to execute business plans, develop or enhance products or services, take advantage of business opportunities, or respond to competitive pressures. ~~Our operations and financial performance has been affected by, and may continue to be affected by, the coronavirus outbreak, including any new strains or variants of the virus. The global crisis resulting from the spread of COVID-19, or~~



coronavirus, has disrupted, and continues to disrupt, local, regional, and global economies and businesses in the countries in which we operate, as well as adversely affected workforces, customers, consumer sentiment, economies and financial markets, and has impacted our financial results. Because automotive services were generally deemed “essential” by most federal, state, provincial and local governmental authorities in the United States and Canada, substantially all of our locations have remained open throughout the last three years. However, we have, from time to time, closed a limited number of locations and have modified work hours for employees and identified and implemented cost-savings measures throughout our operations. The COVID-19 outbreak has and may continue to cause disruptions in our supply chain and may adversely impact economic conditions in North America, Europe, Australia and elsewhere. These and other disruptions, as well as poor economic conditions generally, may lead to a decline in the sales and operating results of our locations. In addition, the continuation of the global outbreak of coronavirus including the emergence of its variants may adversely affect the economies and financial markets of many countries and could result in a sustained reduction in the demand for our services and products, longer payment cycles, slower adoption of new technologies and / or increased price competition, as well as a reduction of workforce at our locations. A decline in the sales and operating results of our locations could in turn materially and adversely affect our ability to pursue our growth strategy. Each of these results would reduce our future sales and profit margins, which in turn could materially and adversely affect our business and results of operations. The extent to which the coronavirus impacts us will depend on future developments, including the duration, spread and severity of the pandemic, the extent of additional outbreaks, the effectiveness or duration of measures intended to contain or mitigate the spread of COVID-19 or prevent future outbreaks, the availability and effectiveness of vaccinations and the effect of these developments on overall demand in the automotive repair and service industries in the geographic regions in which we operate, all of which are highly uncertain and difficult to accurately predict.

Our failure to build and maintain relationships with insurance partners could adversely affect our business. A significant portion of the profits generated by certain of our brands in the Paint, Collision & Glass segment, such as AGN, ABRA, CARSTAR, and Fix Auto are derived from insurance companies. Many insurance companies have systems, agreements, and minimum service levels that they use to allocate services and repairs. If we or enough of our franchisees fail to perform services for an insurance provider in accordance with the insurance providers’ systems or minimum service levels, we may not receive work from the insurance provider. Further, our ability to continue to grow our business, including opening additional locations to maintain existing business volume and pricing, is related to our ability to maintain and grow our relationships with insurance providers. The inability to establish or build relationships with insurance providers could have a material adverse effect on the operations and business prospects of one or more of our brands. Substantially all of the assets of the Company are pledged as security under the terms of our Indebtedness. Substantially all of our revenue-generating assets, including all franchise agreements, material company-operated locations, material product distribution contracts, and material intellectual property are pledged as security under the terms of our Indebtedness. Under certain circumstances, following an event of default, the pledged assets may be foreclosed upon pursuant to the terms of the Indebtedness. If we are unable to successfully enter new markets and, including select-selecting appropriate sites for our locations, and if we and our franchisees are unable to construct new locations, complete remodels of our existing locations, or convert non-Driven Brands locations into our- or locations if we are unable to maintain and / or deepen our penetration in existing markets, our growth strategy may not succeed. Our growth strategy includes entering into franchise agreements and development agreements with franchisees who will open additional locations in markets where there are either an insufficient number or relatively few or no existing locations. We rely heavily on these franchisees and developers to grow our franchise systems, and there can be no assurance that we will be able to successfully expand or acquire critical market presence for our brands in new geographical markets either in the U. S., Canada, Europe or other international markets. Consumer characteristics and competition in new markets may differ substantially from those in the markets where we currently operate. Additionally, we may be unable to identify qualified franchisees and independent operators or appropriate locations, develop brand recognition, successfully market our products, or attract new customers in such markets. Further, we may rebrand company-operated locations to franchisees in the future. The success of these transactions is dependent upon the availability of sellers and buyers, the availability of financing, and our ability to negotiate transactions on terms deemed acceptable. In addition, the operations of locations that we acquire may not be integrated successfully, and the intended benefits of such transactions may not be realized. We and our franchisees face many other challenges in opening additional locations, including:

- availability of financing on acceptable terms;
- negotiation of acceptable lease terms;
- securing required applicable governmental permits and approvals;
- impact of natural disasters and other acts of nature and terrorist acts or political instability;
- availability of franchise territories not prohibited by the territorial exclusivity provisions of existing franchisees;
- diversion of management’s attention to the integration of acquired location operations;
- exposure to liabilities arising out of sellers’ prior operations of acquired locations;
- incurrence or assumption of debt to finance acquisitions or improvements and / or the assumption of long-term, non-cancelable leases; and
- general economic and business conditions.

Should we and our franchisees not succeed in opening additional locations or improving existing locations, there may be adverse impacts to our growth strategy and to our ability to generate additional profits, which in turn could materially and adversely affect our business and results of operations. A component of our business strategy includes the construction of additional locations and the renovation and build-out of existing locations, and a significant portion of the growth in our sales and profit margins will depend on growth in comparable sales for our locations. We face competition from other operators, retail chains, companies, and developers for desirable site locations, which may adversely affect the cost, implementation, and timing of our expansion plans. If we experience delays in the construction or remodeling processes, we may be unable to complete such activities at the planned cost, which could adversely affect our business and results of operations. Additionally, we cannot guarantee that such remodeling will increase the revenues generated by these locations or that any such increases will be sustainable. Likewise, we cannot be sure that the sites we select for additional locations will result in locations which meet sales expectations. Our failure to add a significant number of additional locations or grow comparable sales for our locations

could materially and adversely affect our business and results of operations. In particular, because a significant portion of the development of additional locations is likely to be funded by franchisee investment, our growth strategy is dependent on our existing and prospective franchisees' ability to access funds to finance such development. We do not generally provide our franchisees with direct financing and therefore their ability to access borrowed funds generally depends on their independent relationships with various financial institutions. In addition, labor and material costs expended will vary by geographical location and are subject to general price increases. The timing of these improvements can affect the performance of a location, particularly if the improvements require the relevant location to be closed. If our existing and prospective franchisees are not able to obtain financing at commercially reasonable rates, or at all, they may be unwilling or unable to invest in the development of additional locations. In addition, our growth strategy may take longer to implement and may not be as successful as expected. Both of these factors could reduce our competitiveness and future sales and profit margins, which in turn could materially and adversely affect our business and results of operations. **Certain Our acquisitions could adversely affect our financial results, dispositions, and strategic investments involve risks.** We **have made and may continue to** pursue **acquisitions and strategic acquisitions investments** as part of our business strategy. **For example, There there** is no assurance that we will **continue to be able to** find suitable acquisition **or investment** candidates or be able to complete **acquisitions these transactions** on favorable terms, if at all. We may also discover liabilities or deficiencies associated with any companies acquired that were not identified in advance, which may result in unanticipated costs. The effectiveness of our due diligence review and ability to evaluate the results of such due diligence may depend upon the accuracy and completeness of statements and disclosures made or actions taken by the target companies or their representatives. As a result, we may not be able to accurately forecast the financial impact of an acquisition transaction, including tax and accounting charges. In addition, **acquisitions involve risks related to difficulties in the assimilation of operations, systems, controls, technologies, personnel, services, and products of the acquired company, the potential loss of key employees, customers, suppliers, and distributors of the acquired companies, the inability to realize the anticipated benefits and synergies within a reasonable time, and the diversion of our management's attention from other business concerns.** Further, we may not be able to successfully integrate acquired **businesses and** may incur significant costs to integrate and support acquired companies. Any of these factors could adversely affect our **business, financial results, and reputation. In addition, in managing our portfolio of companies, we have made and may in the future pursue dispositions, which involve additional risks and uncertainties. There can be no assurance that we will be able to make such dispositions at satisfactory prices and terms in a timely manner, or at all. In addition, we may not be able to accurately forecast the financial impact of a disposition, as each transaction may have an unexpected impact to other aspects of our Company, including but not limited to, the loss of network benefits, reduced rebate revenue, disruption to other parts of the businesses and distraction of management, loss of key employees, suppliers or customers, and exposure to unanticipated liabilities or ongoing obligations to support the business following such disposition. Any of these factors could adversely affect our business and** financial results. We may pursue strategic acquisitions as part of our business strategy. If we are able to identify acquisition candidates, such acquisitions may be financed with a substantial amount of additional indebtedness. Although the use of leverage presents opportunities to increase our profitability, it has the effect of potentially increasing losses as well. If income and appreciation from acquisitions acquired through debt are less than the cost of the debt, the total return will decrease. Accordingly, any event which adversely affects the value of an acquisition will be magnified to the extent we are leveraged and we could experience losses substantially greater than if we did not use leverage. Increased indebtedness could also make it more difficult for us to satisfy our obligations with respect to any other debt agreements, increase our vulnerability to general adverse economic and industry conditions, and require that a greater portion of our cash flow be used to pay indebtedness, which would reduce the availability of cash available for other purposes, and limit our flexibility in planning for, or reacting to, changes in our business and in the automotive services and parts distribution and car wash industries, which could place us at a disadvantage to competitors that have less debt. In addition, additional indebtedness may require us to agree to financial and other covenants that may limit our ability to make investments, pay dividends or engage in other transactions beneficial to our business, and the leverage may cause potential lenders to be less willing to lend funds or refinance existing indebtedness in the future. Additional leverage and the risks associated with additional leverage could also cause the trading price of our common stock to decrease. Our failure to comply with our covenants under such indebtedness could result in an event of default that, if not cured or waived, could result in an acceleration of repayment of other existing indebtedness. Leveraged losses could adversely affect our ability to manage and support our locations and our brands, which in turn could materially and adversely affect our business and results of operations. Our business is subject to seasonality. Seasonal changes may impact the demand for our automotive repair and maintenance services and products. Customers may purchase fewer under car services during the winter months, when miles driven tend to be lower. Conversely, demand for collision repair and services is lower outside of winter months, when collisions are typically less common due to improved driving conditions. Our 1- 800 Radiator brand experiences seasonal fluctuations related to the sale of air conditioning and heating parts. In addition, customers may defer or forego car washes or vehicle maintenance, such as oil changes, at any time during periods of inclement weather. In our locations that sell or rotate tires, sales decrease during the period from January through April and in September. Profitability of franchisees is also typically lower during months in which revenue composition is more heavily weighted toward tires, which is a lower margin category. In addition, profitability in certain areas of North America **and Europe** may be lower in the winter months when certain costs, such as utilities and snow plowing, are typically higher. Unusual fluctuations in demand for car wash or automotive repair and maintenance services and products could reduce our sales and profit margins, which in turn may materially and adversely affect our business and results of operations. Our business may be adversely impacted by the geographic concentration of our locations. Although the franchise agreements provide franchisees with varying degrees of exclusive areas and territory exclusivity, these territories may be relatively small, and overall there is a geographic concentration of our locations in certain countries, states, regions, and

provinces. As a result, economic conditions in particular areas may have a disproportionate impact on our business. As of December 31, 2022, there were locations in 49 states in the United States and 13 other countries. In the United States, our locations were most concentrated in California, Texas, Florida, Illinois, and Ohio, in Canada our locations were most concentrated in Ontario and Quebec and in Europe our locations were most concentrated in the United Kingdom (“U. K. ”) and Germany. Adverse economic conditions in countries, states, regions, or provinces that contain a high concentration of our locations could have a material adverse impact on our sales and profit margins in the future, which in turn could materially and adversely affect our business and results of operations. Our operations are subject to various risks and uncertainties, including adverse economic conditions or a debt crisis, which could adversely affect our business. We have international operations in Canada, Europe, and Australia. The financial conditions of our international franchisees and independent operators may be adversely impacted by political, economic, or other changes in these markets. In addition, payments we receive from our international franchisees may be affected by recessionary or expansive trends, increasing labor costs, changes in applicable tax laws, changes in inflation rates, changes in exchange rates and the imposition of restrictions on currency conversion or the transfer of funds, application of tariffs to supplies and goods, expropriation of private enterprises, political and economic instability, and other external factors in these markets. Our financial condition and results of operations are impacted by global markets and economic conditions over which neither we nor our franchisees have control. An economic downturn may result in a reduction in the demand for our services and products, longer payment cycles, slower adoption of new technologies, and / or increased price competition. In addition, certain European countries experienced deterioration of their sovereign debt during the recent global economic crisis and were impacted by slowing growth rates or recessionary conditions, market volatility, and / or political unrest. Although Europe has experienced market stabilization and improvements, there is no assurance that such stabilization or improvements will be sustainable. Any deterioration of economic conditions in Europe, the United States, or Canada could have a material adverse impact on financial markets and economic conditions in the United States and throughout the world. In addition, we and our current or future franchisees face many risks and uncertainties in opening additional international locations, including differing cultures and consumer preferences, diverse government regulations and tax systems, securing acceptable suppliers, difficulty in collecting payments and longer payment cycles, uncertainty with respect to intellectual property protections, contract enforcement and legal remedies, uncertain or differing interpretations of rights and obligations in connection with international franchise agreements, independent operator agreements, development agreements and agreements related thereto (collectively, the “ franchise documents ” with respect to franchisees and the “ independent operator documents ” with respect to independent operators), the selection and availability of suitable locations for our locations, currency regulation and other external factors. Further, changing labor conditions may result in difficulties in staffing and training at international locations, franchised, and independently- operated locations. Any of the foregoing may materially and adversely affect our business and results of operations. Our success depends on the effectiveness of our marketing and advertising programs. Brand marketing and advertising significantly affect sales at our locations. Our marketing and advertising programs may not be successful, which may prevent us from attracting new customers and retaining existing customers. Also, because many of the franchisees are contractually obligated to pay advertising fees based on a percentage of their gross revenues and because we will deduct a portion of the gross revenues of the company- operated locations to fund their marketing and advertising fees, our advertising budget depends on sales volumes at these locations. While we and certain of our franchisees have sometimes voluntarily provided additional funds for advertising in the past, we are not legally obligated to make such voluntary contributions or loan money to pay for advertising. If sales decline, we will have fewer funds available for marketing and advertising, which could materially and adversely affect our revenues, business and results of operations. As part of our marketing efforts, we rely on print, television and radio advertisements, as well as search engine marketing, web advertisements, CRM, social media platforms, and other digital marketing to attract and retain customers. These efforts may not be successful, resulting in expenses incurred without the benefit of higher revenues or increased employee or customer engagement. Customers are increasingly using internet sites and social media to inform their purchasing decisions and to compare prices, product assortment, and feedback from other customers about quality, responsiveness and customer service before purchasing our services and products. If we are unable to continue to develop successful marketing and advertising strategies, especially for online and social media platforms, or if our competitors develop more effective strategies, we could lose customers and sales could decline. In addition, a variety of risks are associated with the use of social media and digital marketing, including the improper disclosure of proprietary information, negative comments about or negative incidents regarding us, exposure of personally identifiable information, fraud, or out- of- date information. The inappropriate use of social media and digital marketing vehicles by us, our franchisees, customers, employees, or others could increase our costs, lead to litigation or result in negative publicity that could damage our reputation. Many social media platforms immediately publish the content, videos, and / or photographs created or uploaded by their subscribers and participants, often without filters or checks on accuracy of the content posted. Information posted on such platforms at any time may be adverse to our interests and / or may be inaccurate. The dissemination of negative information related to our brands could harm our business, prospects, financial condition, and results of operations, regardless of the information’ s accuracy. The harm may be immediate without affording us an opportunity for redress or correction. The occurrence of any such developments could have an adverse effect on our business results and on our profits. We and our franchisees and independent operators are subject to various federal, state, local, provincial, and foreign laws and are subject to a variety of litigation risks, including, but not limited to, customer claims, TCPA Claims, claims alleging violations of consumer protection laws, product liability claims, personal- injury claims, environmental claims, employee allegations of improper termination, harassment and discrimination, wage and hour claims and claims related to violations of the Americans with Disabilities Act of 1990 (“ ADA ”), the Family and Medical Leave Act (“ FMLA ”), and similar foreign, state, local, and provincial laws, the Foreign Corrupt Practices Act and similar anti- bribery and corruption laws and regulations, religious freedom, the Fair Labor Standards Act (“ FLSA ”), applicable Canadian employment

standards legislation, the Dodd- Frank Act, the Health Care Reform Act, the Electronic Funds Transfer Act, the Payment Card Industry Data Security Standards, franchise laws, ERISA and intellectual property claims. The successful development and operation of our locations depends to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations. Our locations' operations are also subject to licensing and regulation by state, local, and provincial departments relating to safety standards, regulations, and licensure requirements relating to motor vehicle repairs, federal, state, and provincial labor and immigration law (including applicable equal pay and minimum wage requirements, overtime pay practices, reimbursement for necessary business expense practices, classification of employees, working and safety conditions and work authorization requirements), federal, state, local, and provincial laws prohibiting discrimination and other laws regulating the design and operation of facilities, such as the ADA, the Health Care Reform Act and applicable human rights and accessibility legislation, and subsequent amendments. The operation of our franchise system is also subject to franchise laws and regulations enacted by a number of states and provinces along with rules promulgated by the U. S. Federal Trade Commission. Any future legislation regulating franchise relationships may negatively affect our operations, particularly our relationships with our franchisees. Similarly, in Europe, our independent operator model is subject to rules and regulations that vary by country, state, and region. Any future regulation affecting our independent operator relationships could materially and adversely affect our business and results of operations. For example, future regulation could require us to pay additional commissions to independent operators for our independent operators not to be deemed our employees. We may incur substantial additional costs in each jurisdiction in which our independent operators are deemed to be employees as a result of legislative or interpretive changes. Failure to comply with new or existing franchise or independent operator laws and regulations in any jurisdiction or to obtain required government approvals could result in a ban or temporary suspension on future sales, which could reduce profits, which in turn could materially and adversely affect our business and results of operations. In addition to the risk of adverse legislation or regulations being enacted in the future, we cannot predict how existing or future laws or regulations will be administered or interpreted. Further, we cannot predict the amount of future expenditures that may be required in order to comply with any such laws or regulations. We are subject to the FLSA, applicable foreign employment standards laws and similar state laws, which govern such matters as time keeping and payroll requirements, minimum wage, overtime, employee and worker classifications and other working conditions, along with the ADA, FMLA, and the Immigration Reform and Control Act of 1986, various family leave, sick leave, or other paid time off mandates and a variety of other laws enacted, or rules, regulations and decisions promulgated or rendered, by federal, state, local, and provincial governmental authorities that govern these and other employment matters, including labor scheduling, meal and rest periods, working conditions, and safety standards. We have experienced and expect further increases in payroll expenses as a result of federal, state, and provincial mandated increases in the minimum wage. In addition, our vendors may be affected by higher minimum wage standards, which may increase the price of goods and services they supply to our brands. Companies that operate franchise systems may also be subject to claims for allegedly being a joint employer with a franchisee. The standard for joint employment liability has been in a state of flux over the last several years, and there is currently a high degree of uncertainty on how the standard will be applied to the franchise relationship under federal and state laws, rules, and regulations. Additionally, depending upon the outcome and application of certain legal proceedings pending or concluded in federal and state courts in California involving the wage and hour laws of California in another franchise system, franchisors may be subject to claims that their franchisees should be treated as employees and not as independent contractors under the wage and hour laws of California and, potentially, certain other states with similar wage and hour laws. We expect increases in payroll expenses because of federal, state, and provincial mandated increases in the minimum wage, and although such increases are not expected to be material, there can be no assurance that there will not be material increases in the future. Enactment and enforcement of various federal, state, local, and provincial laws, rules, and regulations on immigration and labor organizations may adversely impact the availability and costs of labor in any of the countries in which we operate. Evolving labor and employment laws, rules, and regulations could also result in increased exposure on our part for labor and employment related liabilities that have historically been borne by franchisees and independent operators. Increased health care costs could have a material adverse effect on our business and results of operations. These various laws and regulations could lead and have led to enforcement actions, fines, civil or criminal penalties, or the assertion of litigation claims and damages. In addition, improper conduct by our franchisees, independent operators, employees, or agents could damage our reputation and lead to litigation claims, enforcement actions and regulatory actions, and investigations, including, but not limited to, those arising from personal injury, loss or damage to personal property, or business interruption losses, which could result in significant awards or settlements to plaintiffs and civil or criminal penalties, including substantial monetary fines. Such events could lead to an adverse impact on our financial condition, even if the monetary damage is mitigated by insurance coverage. Noncompliance by us or our franchisees or independent operators with any of the foregoing laws and regulations could lead to various claims and reduced profits as set forth in more detail below under " Risk Factors — Complaints or litigation may adversely affect our business and reputation. " Our locations are subject to certain environmental laws and regulations. Certain activities of our locations involve the handling, storage, transportation, import / export, recycling, or disposing of various new and used products and generate solid and hazardous wastes. These business activities are subject to stringent foreign, federal, regional, state, local, and provincial laws, by- laws and regulations governing the storage and disposal of these products and wastes, the release of materials into the environment, or otherwise relating to environmental protection. These laws and regulations may impose numerous obligations upon our locations' operations, including the acquisition of permits to conduct regulated activities, the imposition of restrictions on where or how to store and how to handle new products and to manage or dispose of used products and wastes, the incurrence of capital expenditures to limit or prevent releases of such material, the imposition of substantial liabilities for pollution resulting from our locations' operations, and costs associated with workers' compensation and similar health claims from employees. In addition, environmental laws and regulations have generally imposed further restrictions on



our operations over time, which may result in significant additional costs to our business. Failure to comply with these laws, regulations, and permits may result in the assessment of administrative, civil, and criminal penalties, the imposition of remedial and corrective action obligations, and the issuance of injunctions limiting or preventing operation of our locations. Any adverse environmental impact on our locations, including, without limitation, the imposition of a penalty or injunction, or increased claims from employees, could materially and adversely affect our business and results of operations. Environmental laws also impose liability for damages from and the costs of investigating and cleaning up sites of spills, disposals, or other releases of hazardous materials. Such liability may be imposed, jointly and severally, on the current or former owners or operators of properties or parties that sent wastes to third- party disposal facilities, in each case without regard to fault or whether such persons knew of or caused the release. Although we are not presently aware of any such material liability related to our current or former locations or business operations, such liability could arise in the future and could materially and adversely affect our business and results of operations. We, our franchisees, and our independent operators may be subject to claims, including class action lawsuits, filed by customers, franchisees, independent operators, employees, **stockholders**, suppliers, landlords, governmental authorities, and others ~~in the ordinary course of business~~, including as a result of violations of the laws set forth above under “ Risk Factors — Our failure or our franchisees’ and independent operators’ failure to comply with health, employment, and other federal, state, local, and provincial laws, rules, and regulations may lead to losses and harm our brands ” and “ Risk Factors — Our locations are subject to certain environmental laws and regulations. ” Significant claims may be expensive to defend and may divert time and resources away from our operations, causing adverse impacts to our operating results. In addition, adverse publicity related to litigation could negatively impact the reputation of our brands, even if such litigation is not valid, or a substantial judgment against us could negatively impact the reputation of our brands, resulting in further adverse impacts to results of operations. In the ordinary course of business, we will be, from time to time, the subject of complaints or litigation from franchisees and independent operators, which could relate to alleged breaches of contract or wrongful termination under the franchise documents and independent operator documents. These claims may also reduce the ability or willingness of franchisees to enter into new franchise agreements with us. In addition, litigation against a franchisee, independent operator, or their affiliates or against a company- operated location by third parties, whether in the ordinary course of business or otherwise, may include claims against us by virtue of our relationship with the franchisee, independent operator or company- operated location. Litigation may lead to a decline in the sales and operating results of our locations and divert our management resources regardless of whether the allegations in such litigation are valid or whether we are liable. **See Item 3 and Note 19 included elsewhere within this Form 10- K for additional information on matters in dispute.** Further, we may be subject to employee, franchisee, independent operator, and other claims in the future based on, among other things, discrimination, harassment, retaliation, wrongful termination, and wage, rest break, and meal break issues, including those relating to overtime compensation. We have been subject to these types of claims in the past, and if one or more of these claims were to be successful or if there is a significant increase in the number of these claims, our business, financial condition, and operating results could be harmed. Certain governmental authorities and private litigants have asserted claims against franchisors for provisions in their franchise agreements which restrict franchisees from soliciting and / or hiring the employees of other franchisees or the applicable franchisor. Claims against franchisors for such “ no- poaching ” clauses include allegations that these clauses violate state and federal antitrust and unfair practices laws by restricting the free movement of employees of franchisees or franchisors (including both corporate employees and the employees of company- operated locations), thereby depressing the wages of those employees. All of our brands operating in the ~~United States~~ **U. S.** have had no- poaching clauses in their franchise agreements. In 2018, the Attorney General of the State of Washington issued civil investigative demands to a number of franchisors seeking information concerning no- poaching clauses in their franchise agreements. Our brands operating in 2019 in the ~~United States~~ **U. S.** decided to delete the no- poaching clauses in their franchise agreements. All of our brands have notified franchisees that they do not intend to enforce the no- poaching clauses in their existing franchise agreements. Our brands operating outside of the ~~United States~~ **U. S.** also have decided to delete the no- poaching clauses, if any, contained in their franchise agreements, to the extent they are entering into new franchise agreements. Our brands may be subject to claims arising out of their prior inclusion of no- poaching clauses in their franchise agreements that may have restricted the employment opportunities of employees of our brands. Any adverse results in any cases or proceedings that may be brought against our brands by any governmental authorities or private litigants may materially and adversely affect our business and results of operations. We may have product liability exposure that adversely affects our results of operations. Our locations and franchisees may receive or produce defective products, which may adversely impact the relevant brand’ s equity, and financial results. There can be no assurance that the insurance held by us, our vendors, or franchisees will be adequate to cover the associated risks of the sale of defective products, or that, we or our ~~franchisee~~ **franchisees** will be able to continue to procure the same amount of insurance or to secure an increase in its insurance coverage. Accordingly, in cases in which a franchisee experiences increased insurance premiums or must pay claims out of pocket, the franchisee may not have the funds necessary to pay franchisee payments owed to us. In cases in which insurance premiums increase or claims are required to be paid by us, the profitability of our business may decrease. Each of these outcomes could, in turn, materially and adversely affect our business and results of operations. In the event that product liability arises, to the extent such liability is either not covered by our or the franchisees’ insurance or exceeds the policy limits of our or the franchisees’ insurance, the aggrieved parties could seek to recover their losses from us, whether or not we are legally or contractually entitled to do so, which could increase litigation costs or result in liability for us. We are subject to payment- related risks. For our sales to our customers, we accept a variety of payment methods, including credit cards, debit cards, electronic funds transfers, and electronic payment systems. Accordingly, we are, and will continue to be, subject to significant and evolving regulations and compliance requirements, including obligations to implement enhanced authentication processes that could result in increased costs and liability, and reduce the ease of use of certain payment methods. For certain payment methods, including credit and debit cards, as well as electronic payment

systems, we pay interchange and other fees, which may increase over time. We rely on independent service providers for payment processing, including credit and debit cards. If these independent service providers become unwilling or unable to provide these services to us or if the cost of using these providers increases, our business could be harmed. We are also subject to payment card association operating rules and agreements, including data security rules and agreements, certification requirements, and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. If we fail to comply with these rules or requirements, or if our data security systems are breached or compromised, we may be liable for losses incurred by card issuing banks or customers, subject to fines and higher transaction fees, lose our ability to accept credit or debit card payments from our customers, or process electronic fund transfers or facilitate other types of payments. Any failure to comply with the foregoing rules or requirements could harm our brand, reputation, business, and results of operations. Catastrophic events may disrupt our business in a manner that adversely affects our business. Unforeseen events, including war, terrorism and other international, regional or local instability, or conflicts (including current or future civil unrest and labor issues), embargoes, public health issues (including widespread/pandemic illness or disease outbreaks such as coronavirus), and natural disasters such as hurricanes, earthquakes, or other adverse weather and climate conditions, whether occurring in the U. S. or abroad, could disrupt our operations, disrupt the operations of franchisees, distributors, suppliers, or customers, or result in political or economic instability. These events could reduce demand for our products or make it difficult or impossible to receive products from our distributors or suppliers, which could have a material adverse effect on our business and results of operations. Instability, disruption, or destruction caused by civil insurrection or social unrest may affect the markets in which we operate, our suppliers, customers, sales of products, and customer service. Our business, and the business of our suppliers, may be adversely affected by instability, disruption, or destruction caused by riots, civil insurrection, social unrest, man made disasters, or crimes. In 2020 recent years, there were significant demonstrations and protests in cities throughout the United States U. S. Though they were generally peaceful, in some locations they were accompanied by damage and loss of merchandise. These Such events could result result in closures of some of our locations, declines in customer traffic, and / or property damage and loss to some of our locations. Further, governmental authorities in affected cities and regions took may take actions action in an effort to protect people and property while permitting lawful and non- violent protest, including curfews and restrictions on business operations, neither of which was disruptive to our operations nor harmed consumer confidence and perceptions of personal well- being and security. In addition, consumer reaction to any statements we or our franchisees or independent operators made in response to the protests, or to matters directly or indirectly related to the protests, could have been perceived in a way that negatively impacts our reputation, value and image. All of the foregoing, in the event of recurrence, may negatively affect our sales, which could have a material adverse effect on our business and results of operations. We and our franchisees lease or sublease the land and buildings where a number of our locations are situated, which could expose us to possible liabilities and losses. We and our franchisees lease the land and buildings where a significant number of our locations are located. The terms of the leases and subleases vary in length, with primary terms (i. e., before consideration of option periods) expiring on various dates. In addition, franchisees' obligations or the company- operated location' s obligations to pay rent are generally non- cancelable, even if the location operated at the leased or subleased location is closed. In the case of subleased locations, in the event the applicable franchisee fails to make required payments, we may not be able to recover those amounts. As leases expire, the franchisees or the company- operated locations may be unable to negotiate renewals on commercially acceptable terms or at all, which could cause the franchisees or the company- operated locations to close locations in desirable locations or otherwise negatively affect profits, which in turn could negatively affect our business and results of operations. Our current locations may become unattractive, and attractive new locations may not be available for a reasonable price, if at all, which could adversely affect our business. The success of any of our locations depends in substantial part on its location. There can be no assurance that our current locations will continue to be attractive as demographic patterns and trade areas change. For example, neighborhood or economic conditions where our locations are located could decline in the future, thus resulting in potentially reduced sales. In addition, rising real estate prices in some areas may restrict our ability or our franchisees' ability to purchase or lease new desirable locations. If desirable locations cannot be obtained at reasonable prices, our ability to execute our growth strategies could be adversely affected, and we may be affected by declines in sales as a result of the deterioration of certain locations, each of which could materially and adversely affect our business and results of operations. Our financial performance could be materially adversely affected if we fail to retain, or effectively respond to a loss of, key executives. The success of our business depends on the contributions of key executives and senior management, including our chief executive officer and chief financial officer. The departure of key executives or senior management could have a material adverse effect on our business and long- term strategic plan. We have a succession plan that includes short- term and long- term planning elements intended to allow us to successfully continue operations should any of our key executives or senior management become unavailable to serve in their respective roles. However, there is a risk that we may not be able to implement the succession plan successfully or in a timely manner or that the succession plan will not result in the same financial performance we currently achieve under the guidance of our existing executive team. Any lack of management continuity could adversely affect our ability to successfully manage our business and execute our growth strategy, as well as result in operational and administrative inefficiencies and added costs, and may make recruiting for future management positions more difficult. Risks Related to Intellectual Property and Technology We depend on our intellectual property to protect our brands, we may fail to establish trademark rights in the countries we operate, and litigation to enforce or defend our intellectual property rights may be costly. Our intellectual property is material to the conduct of our business. Our success depends on our and our franchisees' continued ability to use our intellectual property and on the adequate protection and enforcement of such intellectual property. We rely on a combination of trademarks, service marks, copyrights trade secrets, and similar intellectual property rights to protect our brands. The success of our business strategy depends, in part, on our continued ability to use our existing trademarks and service marks to increase brand awareness

and further develop our branded services and products in both existing and new markets. We have registered certain trademarks and have other trademark applications pending in the U. S. and certain foreign jurisdictions. Registrations for “ Fix Auto USA ” are owned and maintained by a third- party licensor. We have not registered all of the trademarks that we use in all of the countries in which we do business or may do business in the future, and some trademarks may never be registered in all of these countries. Some countries’ laws do not protect unregistered trademarks at all, or make them more difficult to enforce, and third parties (other than Mondofix in the case of “ Fix Auto USA ”) may have filed for “ ~~1-800 Radiator,~~ ” “ ~~ABRA,~~ ” “ ~~CARSTAR,~~ ” “ ~~Econo Lube N’ Tune,~~ ” “ ~~Maaco,~~ ” “ ~~Meincke,~~ ” “ ~~Merlin~~ ”, “ ~~Pro Oil Change,~~ ” “ ~~Take 5 Oil Change,~~ ” “ ~~IMO~~ ” or similar marks in countries where we have not registered the brands as trademarks. Rights in trademarks are generally national in character and are obtained on a country- by- country basis by the first person to obtain protection through use or registration in that country in connection with specified products and services. Some countries’ laws do not protect unregistered trademarks at all, or make them more difficult to enforce, and third parties may have filed for trademarks that are the same or similar to our brands in countries where we have not registered our brands as trademarks. Accordingly, we may not be able to adequately protect our brands everywhere in the world and use of our brands may result in liability for trademark infringement, trademark dilution, or unfair competition. In addition, the laws of some countries do not protect intellectual property to the same extent as the laws of the **United States U. S.** and Canada. All of the steps we have taken to protect our intellectual property in the U. S., Canada and in the foreign countries in which we operate may not be adequate. There can be no assurance that the steps we have taken and may take in the future to protect and maintain our rights in our intellectual property will be adequate, or that third parties will not infringe, misappropriate, or violate our intellectual property. If any of our efforts to protect our intellectual property is not adequate, or if any third party infringes, misappropriates or violates our intellectual property, the value of our brands may be harmed. As a result, if we are unable to successfully protect, maintain, or enforce our rights in our intellectual property, there could be a material adverse effect on our business and results of operations. Such a material adverse effect could result from, among other things, consumer confusion, dilution of the distinctiveness of our brands, or increased competition from unauthorized users of our brands, each of which may result in decreased revenues and a corresponding decline in profits. In addition, to the extent that we do, from time to time, institute litigation to enforce our intellectual property rights, such litigation could result in substantial costs and diversion of resources and could negatively affect profits, regardless of whether we are able to successfully enforce such rights. We license certain intellectual property to franchisees, advertisers, and other third parties. The franchise agreements and other license agreements require that each franchisee or other licensee use our trademarks in accordance with established or approved quality control guidelines and, in addition to supply agreements, subject the franchisees, other licensees, and suppliers that provide products to our brands, as applicable, to specified product quality standards and other requirements in order to protect the reputation of our brands and to optimize the performance of our locations. We contractually require that our franchisees and licensees maintain the quality of our brand, however, there can be no assurance that the permitted licensees, including franchisees, advertisers, and other third parties, will follow such standards and guidelines, and accordingly their acts or omissions may negatively impact the value of our intellectual property or the reputation of our brands. Noncompliance by these entities with the terms and conditions of the applicable governing franchise or other agreement that pertains to servicing and repairs, health and safety standards, quality control, product consistency, timeliness or proper marketing, or other business practices, may adversely impact the goodwill of our brands. Although we monitor and restrict franchisee activities through our franchise agreements, franchisees, or third parties may refer to or make statements about our brands that do not make proper use of trademarks or required designations, that improperly alter trademarks or branding, or that are critical of our brands or place our brands in a context that may tarnish their reputation. There can be no assurance that the franchisees or other licensees will not take actions that could have a material adverse effect on our intellectual property. We may become subject to third- party infringement claims or challenges to **IP-intellectual property** validity. We may in the future become the subject of claims asserted by third parties for infringement, misappropriation, or other violation of their intellectual property rights in areas where we or our franchisees operate or where we intend to conduct operations, including in foreign jurisdictions. Such claims, whether or not they have merit, could be time- consuming, cause delays in introducing new products or services, harm our image, our brands, our competitive position, or our ability to expand our operations into other jurisdictions and lead to significant costs related to defense or settlement. As a result, any such claim could harm our business and cause a decline in our results of operations and financial condition, which in turn may materially and adversely affect our business and results of operations. If such claims were decided against us, then we could be required to pay damages, cease offering infringing products or services on short notice, develop or adopt non- infringing products or services, rebrand our products, services or even our businesses, and we could be required to make costly modifications to advertising and promotional materials or acquire a license to the intellectual property that is the subject of the asserted claim, which license may not be available on acceptable terms or at all. The attendant expenses that we bear could require the expenditure of additional capital, and there would be expenses associated with the defense of any infringement, misappropriation, or other third- party claims, and there could be attendant negative publicity, even if ultimately decided in our favor. In addition, third parties may assert that our intellectual property is invalid or unenforceable. If our rights in any of our intellectual property were invalidated or deemed unenforceable, then third parties could be permitted to engage in competing uses of such intellectual property which, in turn, could lead to a decline in location revenues and sales, and thereby negatively affect our business and results of operations. We do not own certain software that is used in operating our business, and our proprietary platforms and tools incorporate open- source software. We utilize both commercially available third- party software and proprietary software to run point- of- sale, diagnostics, pricing, inventory, and various other key functions. While such software can be replaced, the delay, additional costs, and possible business interruptions associated with obtaining, renewing or extending software licenses or integrating a large number of substitute software programs contemporaneously could adversely impact the operation of our locations, thereby reducing profits and materially and adversely impacting our business and results of operations. In addition, we

use open- source software in connection with our proprietary software and expect to continue to use open- source software in the future. Some open- source licenses require licensors to provide source code to licensees upon request, or prohibit licensors from charging a fee to licensees. While we try to insulate our proprietary code from the effects of such open- source license provisions, we cannot guarantee we will be successful. Accordingly, we may face claims from others claiming ownership of, or seeking to enforce the license terms applicable to such open- source software, including by demanding release of the open source software, derivative works, or our proprietary source code that was developed or distributed with such software. These claims could also result in litigation, require us to purchase a costly license or require us to devote additional research and development resources to change our software, any of which would have a negative effect on our business and results of operations. In addition, if the license terms for the open source code change, we may be forced to re- engineer our software or incur additional costs. We cannot assure you that we have not incorporated open source software into our proprietary software in a manner that may subject our proprietary software to an open source license that requires disclosure, to customers or the public, of the source code to such proprietary software. Any such disclosure would have a negative effect on our business and the value of our proprietary software. We are dependent upon our **computer information systems, including software and platforms provided by third parties,** certain of our own proprietary software, and other information technology to properly conduct our business, including, but not limited to, point- of- sale processing in our locations, management of our supply chain, collection of cash, payment of obligations, and various other processes and procedures. See “ Risk Factors — We do not own certain software that is used in operating our business — and our proprietary platforms and tools incorporate open- source software ” herein. Our ability to efficiently manage our business depends significantly on the reliability and capacity of these information technology systems. The failure of these systems to operate effectively, an interruption, problems with maintenance, upgrading or transitioning to replacement systems, fraudulent manipulation of sales reporting from our locations, or a breach in security of any of these systems could result in loss of sales and franchise royalty payments, cause delays in customer service, result in the loss of data, create exposure to litigation, reduce efficiency, cause delays in operations, or otherwise harm our business. Significant capital investments might be required to remediate any problems. Any security breach involving any of our point- of- sale or other systems could result in a loss of consumer confidence and potential costs associated with fraud or breaches of data security laws. Also, despite our considerable efforts to secure our computer systems and information technology, security breaches, such as unauthorized access and computer viruses, may occur, resulting in system disruptions, shutdowns or unauthorized disclosure of confidential information. A security breach of our computer systems or information technology could require us to notify customers, employees, or other groups, result in adverse publicity, loss of sales and profits, and could result in penalties or other costs that could adversely affect the operation of our business and results of operations. We implement new systems, including our continued implementation of a new enterprise resource planning (“ ERP ”) system, as a part of our ongoing technology and process improvements. The ERP system is designed to provide a standardized method of accounting for the enterprise and enhance our ability to implement strategic initiatives. Any delay in its implementation could adversely affect our ability to timely and accurately report financial information, including the filing of our quarterly or annual reports with the SEC. During implementation, we may experience disruption of our financial functions, potential loss or corruption of data, and technical challenges with migration from legacy systems; and if we experience unforeseen problems with the ERP system, we may need to implement additional systems or transition to other systems that would require further expenditures to function effectively as a public company, such implementation problems could adversely affect business operations and result in financial loss and reputational harm. The occurrence of cyber incidents, or a deficiency in cybersecurity, could negatively impact our business by causing a disruption to our operations, a compromise or corruption, or loss of **data confidential information,** and / or damage to our employee and business relationships, all of which could lead to loss and harm our business. As our reliance on technology has increased, so have the cybersecurity risks posed to the confidentiality, integrity, and availability of our information technology networks and systems, both internal and those managed by third- party service providers. We rely on these networks and systems to process, transmit, and store electronic information that is important to the operation of our business and the services we offer, as well as to manage and support our core business operations. Despite our security measures, the company has **experienced cybersecurity incidents** ~~been subject to attempted cyber-attacks~~ in the past and may continue to be subject to such ~~attacks~~ **threats** in the future. Although we and our service providers continually implement processes, procedures, and controls designed to reduce and mitigate the risk of a cyber incident, such preventative measures may not be sufficient in all circumstances ~~or to prevent,~~ **mitigate, or timely detect** all potential risks. A successful cyber ~~threat~~ **attack** or other cyber incident experienced by us ~~or,~~ our service providers, **or a company we have acquired** could cause an interruption of our operations, damage our relationship with franchisees and independent operators, result in the exposure of private or confidential data, potentially resulting in litigation, and adversely impact our reputation and financial results. ~~Although~~ **Additionally, if a company that we maintain insurance coverage have recently acquired for- or various a third- party service provider on which we rely experiences a cybersecurity incident, we may not learn of such incident in a timely manner, or at all, which may inhibit our ability to mitigate its impacts,** and ~~business continuity can exacerbate the risks~~ **described in this risk factor,** there can be no guarantee that all costs or losses incurred will be fully insured. Because our locations accept electronic forms of payment from our customers, our business requires the collection and retention of customer data, including credit and debit card numbers and other personally- identifiable information (“ PII ”) in various information systems that we and our franchisees maintain in conjunction with third parties with whom we contract to provide credit card processing services. We also maintain important internal company data, such as ~~PII personally- identifiable information~~ about our employees, franchisees, and independent operators and information relating to our operations. **Due to the evolving sophistication of technology and techniques employed by third parties and threat actors, a compromise of our customer transaction, PII or other sensitive data may occur. A cybersecurity incident resulting in the unauthorized use, disclosure or loss of customer and other sensitive data could put individuals at risk of identity theft and financial or other harm and**



**result in additional costs to us to investigate an incident, implement measures to remediate the impacts of such incident, and in liability to parties who are financially harmed. While we have implemented cybersecurity measures aimed at protecting such data, our information technology systems or those used by our third-party service providers may still be vulnerable to such a breach, and our security measures may not prevent or timely detect physical security or cybersecurity breaches. Such an occurrence may cause financial loss to our business or harm to our reputation.** Our use of **PII personally identifiable information** is regulated by foreign, federal, state, and provincial laws, as well as by certain third-party agreements. As privacy and information security laws and regulations change, we may incur additional costs to ensure that we remain in compliance with those laws and regulations. If our security and information systems are compromised or if our employees or franchisees fail to comply with these laws, regulations, or contract terms, and this information is obtained by unauthorized persons or used inappropriately, it could adversely affect our reputation and could disrupt our operations and result in costly litigation, judgments, or penalties resulting from violation of federal, state, and provincial laws and payment card industry regulations. A cyber incident could also require us to notify law enforcement agencies, customers, employees, or other groups, result in fines or require us to incur expenditures in connection with remediation, require us to pay increased fees to third parties, result in adverse publicity, loss of sales and profits, or require us to incur other costs, any of which could adversely affect the operation of our business and results of our operations. **Although we maintain insurance coverage for various cybersecurity and business continuity risks, there can be no guarantee that all costs or losses incurred will be fully insured.** Changing regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information, and harm our brands in a manner that adversely affects our business. The U. S., Canada, and other jurisdictions in which we operate ~~are increasingly adopting or revising~~ **have adopted, and continue to revise,** privacy, information security and data protection laws and regulations (“ Privacy and Data Protection Laws ”) that could have a significant impact on our current and planned privacy, data protection and information security related practices, including our collection, use, sharing, retention, and safeguarding of consumer and / or employee information, and some of our current or planned business activities. In the U. S., **for example,** this includes increased privacy related enforcement activity at both the federal level and the state level, including the implementation of the **amended version of the** California Consumer Protection Act (the “ CCPA ”) **and its implementing regulations,** which ~~came into effect~~ **are currently in effect** ~~in January 2020,~~ **the Other states have followed California ’ s lead, passing their own comprehensive** Privacy Rights Act (“ CPRA ”), which ~~modified the CCPA and Data Protection~~ **came into effect in January 2023, and other state laws** **Laws , although California remains the strictest of these in most respects** . As each state develops their own privacy law, it becomes increasingly challenging to conform to ~~this patchwork of the states privacy laws as each have different standards and requirements~~ **and restrictions** . ~~As By end of February 2023-2024 , five fourteen~~ **U. S. states will have enacted passed** separate privacy laws ~~that , the majority of which will be in effect effective in the next year~~ . With no Federal standard likely to be voted **on** in the coming legislative year, we are required to observe and satisfy each of the differing ~~state~~ requirements. In Canada, ~~this includes~~ the federal Personal Information Protection and Electronic Documents Act and similar laws in several Canadian provinces. In the European Union ~~and the U. K. ,~~ this includes the implementation of the General Data Protection Regulation (the “ GDPR ”), which came into effect in May 2018, and in the U. K. they include the U. K.- GDPR, and the U. K. Data Protection Act of 2018 (the “ UK Laws ”). We, our affiliated entities, and our service providers may need to take measures to ensure compliance with new, evolving and existing requirements contained in the GDPR, the CCPA, ~~CPRA,~~ the U. K. Laws and other Privacy and Data Protection Laws and to address customer concerns related to their rights under any such Privacy and Data Protection Laws. We also may need to continue to make adjustments to our compliance efforts as more clarification and guidance on the requirements of the GDPR, the CCPA, ~~CPRA,~~ the U. K. Laws and other Privacy and Data Protection Laws becomes available. Our ongoing efforts to ensure our and our affiliated entities’ compliance with the **CCPA, GDPR, the CCPA, CPRA and U. K Laws** and other existing or future Privacy and Data Protection Laws affecting customer or employee data to which we are subject could result in additional costs and operational disruptions. Our and our affiliated entities and’ or services providers’ failure to comply with such laws could result in potentially significant regulatory investigations or government actions, litigation, operational disruptions, penalties or remediation, and other costs, as well as adverse publicity, loss of sales and profits, and an increase in fees payable to third parties. These implications could adversely affect our revenues, results of operations ~~or,~~ business and financial condition. Risks Relating to the Franchisees A majority of our locations are owned and operated by franchisees and, as a result, we are highly dependent upon our franchisees. While the franchise agreements are designed to maintain brand consistency, the high percentage of our locations owned by franchisees may expose us to risks not otherwise encountered if we had owned and controlled the locations. In particular, we are exposed to the risk of defaults or late payments by franchisees of franchisee payments. Other risks include limitations on enforcement of franchise obligations due to bankruptcy or insolvency proceedings; unwillingness of franchisees to support marketing programs and strategic initiatives; inability to participate in business strategy changes due to financial constraints; inability to meet rent obligations on subleases; failure to operate the locations in accordance with required standards; failure to report sales information accurately; efforts by one or more large franchisees or an organized franchise association to cause poor franchise relations; and failure to comply with quality and safety requirements that result in potential losses even when we are not legally liable for a franchisee’ s actions or failure to act. Although we believe that our current relationships with franchisees are generally good, there can be no assurance that we will maintain strong franchise relationships. Our dependence on franchisees could adversely affect our business and financial condition, our reputation, and our brands. Franchisee changes in control may adversely impact franchisee operations. The franchise documents prohibit “ changes in control ” of a franchisee without the consent of its “ franchisor. ” In the event we provide such consent, there is no assurance that a successor franchisee would be able to perform the former franchisee’ s obligations under such franchise documents or successfully operate its franchise. In the event of the death or disability of a franchisee or the principal of a franchisee entity, the personal representative of the franchisee or principal of a franchisee entity

may not find an acceptable transferee. In the event that an acceptable successor franchisee is not located, the franchisee would be in default under its franchise documents or otherwise not be able to comply with its obligations under the franchise documents and, among other things, the franchisee's right to operate its franchise could be terminated. If a successor franchisee is not found, or a successor franchisee that is approved is not as successful in operating the location as the former franchisee or franchisee principal, the sales of the location would be impacted and could adversely impact our business and results of operations. Franchise documents are subject to termination and non-renewal. The franchise documents are subject to termination by the franchisor under the franchise documents in the event of a default generally after expiration of applicable cure periods. Under certain circumstances, including unauthorized transfer or assignment of the franchise, breach of the confidentiality provisions, or health and safety violations, a franchise document may be terminated by the franchisor under the franchise document upon notice without an opportunity to cure. Generally, the default provisions under the franchise documents are drafted broadly and include, among other things, any failure to meet operating standards and actions that may threaten our intellectual property. In addition, certain of the franchise documents have terms that will expire over the next 12 months. In such cases, the franchisees may renew the franchise document and receive a "successor" franchise document for an additional term. Such option, however, is contingent on the franchisee's execution of the then-current form of franchise document (which may include increased franchise royalty rates, advertising fees, and other costs or requirements), the satisfaction of certain conditions (including modernization of the location and related operations) and the payment of a renewal fee. If a franchisee is unable or unwilling to satisfy any of the foregoing conditions, such franchisee's expiring franchise document and the related franchisee payments will terminate upon expiration of the term of the franchise document unless we decide to restructure the franchise documents in order to induce such franchisee to renew the franchise document. Certain of the franchise documents also have month-to-month terms (or are subject to termination by the franchisee upon notice) and are therefore subject to termination at the end of any given month (or the period following notice of termination). Terminations or restructurings of franchise documents could reduce franchise payments or require us to incur expenses to solicit and qualify new franchisees, which in turn may materially and adversely affect our business and results of operations. We may not be able to retain franchisees or maintain the quality of existing franchisees. Each franchised location is heavily reliant on its franchisee. However, we cannot guarantee the retention of any, including the top-performing, franchisees in the future, or that we will maintain the ability to attract, retain, and motivate sufficient numbers of franchisees of the same caliber, and the failure to do so could materially and adversely affect our business and results of operations. In the event a franchisee leaves our franchise and a successor franchisee is not found, or a successor franchisee that is approved is not as successful in operating the location as the former franchisee or franchisee principal, the sales of the location may be impacted. The quality of existing franchisee operations may be diminished by factors beyond our control, including franchisees' failure or inability to hire or retain qualified managers, mechanics, and other personnel or franchisees experiencing financial difficulty, including those franchisees that become over leveraged. Training of managers, mechanics, and other personnel may be inadequate, especially due to advances and changes in automotive technology. These and other such negative factors could reduce the franchisees' revenues, could impact payments under the franchise documents, and could have a material adverse effect on our business and results of operations. Our location development plans under development agreements may not be implemented effectively by franchisees. We rely heavily on franchisees to develop our locations. Development involves substantial risks, including the following: • the availability of suitable locations and terms for potential development sites; • the ability of franchisees to fulfill their commitments to build new locations in the numbers and the time frames specified in their development agreements; • the availability of financing, at acceptable rates and terms, to both franchisees and third-party landlords, for locations development; • delays in obtaining construction permits and in completion of construction; • developed properties not achieving desired revenue or cash flow levels once opened; • competition for suitable development sites; • changes in governmental rules, regulations, and interpretations (including interpretations of the requirements of the ADA); and There is no assurance that franchisees' development and construction of locations will be completed, or that any such development will be completed in a timely manner. There is no assurance that present or future development plans will perform in accordance with expectations. The opening and success of our locations depend on various factors, including the demand for our locations and the selection of appropriate franchisee candidates, the availability of suitable sites, the negotiation of acceptable lease or purchase terms for new locations, costs of construction, permit issuance and regulatory compliance, the ability to meet construction schedules, the availability of financing, and other capabilities of franchisees. There is no assurance that franchisees planning the opening of locations will have the ability or sufficient access to financial resources necessary to open and operate the locations required by their agreements. It cannot be assured that franchisees will successfully participate in our strategic initiatives or operate locations in a manner consistent with our concepts and standards. If our franchisees do not comply with their franchise agreements and policies or participate in the implementation of our business model, our business could be harmed. Our franchisees are an integral part of our business. Franchisees will be subject to specified product quality standards and other requirements pursuant to the related franchise agreements in order to protect our brands and to optimize their performance. However, franchisees may provide substandard services or receive through the supply chain or produce defective products, which may adversely impact the goodwill of our brands. Franchisees may also breach the standards set forth in their respective franchise documents. We may be unable to successfully implement our business model, company policies, or brand development strategies if our franchisees do not actively participate in such implementation. The failure of our franchisees to focus on the fundamentals of each business' operations, such as quality and service (even if such failures do not rise to the level of breaching the franchise documents), could materially and adversely affect our business and results of operations. It may be more difficult to monitor our international franchisees' implementation of our brand strategies due to our lack of personnel in the markets served by such franchisees. Risks Related to our Indebtedness Our substantial indebtedness could adversely affect our financial condition. We have a significant amount of indebtedness. We have seven series of securitization term notes, approximately \$ 2.2 billion of which were

outstanding as of December 31, 2022, and one series of variable funding notes, which had no outstanding balance as of December 31, 2022, pursuant to the Securitization Senior Notes Indenture. We also have a \$ 500.491 million term loan facility outstanding and a \$ 300 million revolving credit facility, which had no outstanding balance of \$ 248 million as of December 31, 2022. Our obligations under the Securitized Term Notes are secured by substantially all of our and our subsidiaries' North American revenue-generating assets other than the assets in our Car Wash segment and recent U. S. glass acquisitions business. All obligations under the Term Loan Facility and Revolving Credit Facility are unconditionally guaranteed by Driven Brands Parent LLC, a wholly-owned subsidiary of the Company, which wholly-owns Driven Holdings, LLC (the "Borrower") and each of the Borrower's existing and future direct and indirect, wholly-owned material domestic subsidiaries, subject to certain customary exclusions and exceptions. The obligations are secured by a perfected first priority security interest in, and mortgages on, substantially all of the Borrower's assets and those of Driven Brands Parent LLC and each guarantor, including a pledge of the capital stock of all entities directly held by the Borrower or the guarantors (which pledge will be limited to 65 % of the voting capital stock of first tier foreign subsidiaries in certain circumstances), in each case subject to customary exclusions and exceptions. Subject to the limits contained in the documents governing our indebtedness, we may be able to incur substantial additional debt from time to time to finance capital expenditures, investments, acquisitions, or for other purposes. If we do incur substantial additional debt, the risks related to our high level of debt could intensify. Specifically, our high level of indebtedness could have important consequences, including:

- limiting our ability to obtain additional financing to fund capital expenditures, investments, acquisitions, or other general corporate requirements;
- requiring a substantial portion of our cash flow to be dedicated to payments to service our indebtedness instead of other purposes, thereby reducing the amount of cash flow available for capital expenditures, investments, acquisitions, and other general corporate purposes;
- increasing our vulnerability to and the potential impact of adverse changes in general economic, industry, and competitive conditions;
- limiting our flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors or competitors with comparable debt at more favorable interest rates; and
- increasing our costs of borrowing.

In addition, the financial and other covenants we agreed to in our debt agreements may limit our ability to incur additional indebtedness, make investments, and engage in other transactions, and the leverage may cause potential lenders to be less willing to loan funds to us in the future. If our business does not generate sufficient cash flow from operations, in the amounts projected or at all, or if future borrowings are not available to us under our securitized notes, term loan facility, or revolving credit facility or otherwise in amounts sufficient to fund our other liquidity needs, our financial condition and results of operations may be adversely affected. If we cannot generate sufficient cash flow from operations to make scheduled principal amortization and interest payments on our debt obligations in the future, we may need to refinance all or a portion of our indebtedness on or before maturity, sell assets, delay capital expenditures, or seek additional equity investments. If we are unable to refinance any of our indebtedness on commercially reasonable terms or at all or to affect any other action relating to our indebtedness on satisfactory terms or at all, our business may be harmed. Unless and until we repay all outstanding borrowings under our securitized debt facility and credit agreement, we will remain subject to the restrictive terms of these borrowings. The documents governing our indebtedness contain a number of covenants, with the most significant financial covenant being a debt service coverage calculation and a springing financial maintenance covenant. These covenants limit the ability of certain of our subsidiaries to, among other things:

- 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 certain circumstances, the documents governing our indebtedness also require us to maintain specified financial ratios. Our ability to meet these financial ratios can be affected by events beyond our control, and we may not satisfy such a test. A breach of these covenants could result in a rapid amortization event, as described in the next paragraph, or default under the applicable debt facility. If amounts owed are accelerated because of a default and we are unable to pay such amounts, the investors may have the right to assume control of substantially all of the assets securing the applicable debt facility. If we are unable to refinance or repay amounts under our debt agreements prior to the expiration of the applicable term or upon rapid amortization occurring as a result of a default, our cash flow would be directed to the repayment of our debt and, other than management fees sufficient to cover minimal selling, general and administrative expenses, would not be available for operating our business. No assurance can be given that any refinancing or additional financing will be possible when needed or that we will be able to negotiate acceptable terms. In addition, our access to capital is affected by prevailing conditions in the financial and capital markets and other factors beyond our control. There can be no assurance that market conditions will be favorable at the times that we require new or additional financing. The Securitization Senior Notes Indenture governing the securitized debt facility requires that cash from the entities subject to the securitization be allocated in accordance with a specified priority of payments. In the ordinary course, this means that funds available to us are paid at the end of the priority of payments, after expenses and debt service for the securitized debt. In addition, in the event that a rapid amortization event occurs under the indenture governing the securitized debt (including, without limitation, upon an event of default under the indenture, failure to maintain specified financial ratios or the failure to repay the securitized debt at the end of the applicable term), the funds available to us would be reduced or eliminated, which would in turn reduce our ability to operate or grow our business.

Developments with respect to the London Interbank Offered Rate ("LIBOR") may affect our borrowings under our debt facilities. On March 5, 2021, the U. K.'s Financial Conduct Authority, which regulates LIBOR, announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative: (a) immediately after December 31, 2021, in the case of the one week and two month USD settings; and (b) immediately after June 30, 2023, in the case of the remaining USD settings. The U. S. Federal Reserve (the "Federal Reserve") has also advised banks to cease entering into new contracts that use USD LIBOR as a reference rate. Although our debt facilities indexed to LIBOR include procedures for determining an alternate rate to LIBOR in the event LIBOR is phased-out or discontinued, uncertainty remains as to any such replacement rate and whether any such

replacement rate may be higher or lower than LIBOR may have been. The Federal Reserve, in conjunction with the Alternative Reference Rate Committee, a committee convened by the Federal Reserve that includes major market participants, has identified the Secured Overnight Financing Rate (“SOFR”), a new index calculated by short-term repurchase agreements, backed by U.S. Treasury securities, as its preferred alternative rate for LIBOR. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates as the transition away from the LIBOR benchmarks is anticipated in coming years. When LIBOR is discontinued, the interest rates of our LIBOR-indexed debt following such event will be based on either alternate base rates, such as SOFR, or agreed upon replacement rates. While such an event would not affect our ability to borrow or maintain already outstanding borrowings, it could lead to an increase in our borrowing costs.

**Risks Related to Ownership of Our Common Stock** Our stock price may fluctuate significantly. The market price of our common stock could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our common stock, you could lose a substantial part or all of your investment in our common stock. The following factors could affect our stock price: • our operating and financial performance and prospects; • quarterly variations in the rate of growth (if any) of our financial indicators, such as net income per share, net income, and revenues; • the public reaction to our press releases, our other public announcements, and our filings with the SEC; • strategic actions by our competitors; • changes in operating performance and the stock market valuations of other companies; • overall conditions in our industry and the markets in which we operate; • announcements related to litigation; • our failure to meet revenue or earnings estimates made by research analysts or other investors; • changes in revenue or earnings estimates, or changes in recommendations or withdrawal of research coverage, by equity research analysts; • speculation in the press or investment community; • issuance of new or updated research or reports by securities analysts; • sales of our common stock by us or our stockholders, or the perception that such sales may occur; • changes in accounting principles, policies, guidance, interpretations, or standards; • additions or departures of key management personnel; • actions by our stockholders, including our Principal Stockholders; • general market conditions; • domestic and international economic, legal, and regulatory factors unrelated to our performance; • announcement by us or our competitors of significant acquisitions, strategic partnerships, joint ventures, or capital commitments; • security breaches impacting us or other similar companies; • material weakness in our internal control over financial reporting; and • the realization of any risks described under this “Risk Factors” section, or other risks that may materialize in the future. The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company’s securities. Such litigation, if instituted against us, could result in very substantial costs, divert our management’s attention and resources, and harm our business, financial condition, and results of operations. Our ability to raise capital in the future may be limited. Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt, or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to holders of our common stock to make claims on our assets and the terms of any debt could restrict our operations, including our ability to pay dividends on our common stock. If we issue additional equity securities or securities convertible into equity securities, existing stockholders will experience dilution and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future offerings and their impact on the market price of our common stock. We are a holding company and rely on dividends, distributions, and other payments, advances, and transfers of funds from our subsidiaries to meet our obligations. We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash dividends and distributions and other transfers, including for payments in respect of our indebtedness, from our subsidiaries to meet our obligations. The ability of our subsidiaries to pay cash dividends and / or make loans or advances to us will be dependent upon their respective abilities to achieve sufficient cash flows after satisfying their respective cash requirements, including the securitized financing facility and other debt agreements, to enable the payment of such dividends or the making of such loans or advances. The agreements governing the indebtedness of our subsidiaries impose restrictions on our subsidiaries’ ability to pay dividends or other distributions to us. See the “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Financial Condition, Liquidity and Capital Resources” section in this Annual Report. Each of our subsidiaries is a distinct legal entity, and under certain circumstances legal and contractual restrictions may limit our ability to obtain cash from them and we may be limited in our ability to cause any future joint ventures to distribute their earnings to us. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could also limit or impair their ability to pay dividends or other distributions to us. We are required to make payments under a Tax Receivable Agreement for certain tax benefits, which amounts are expected to be material. On January 16, 2021, we entered into a tax receivable agreement (the “Tax Receivable Agreement”), pursuant to which certain current or prior stockholders, including our Principal Stockholders, and our senior management team, have the right to receive payment by us of 85 % of the amount of cash savings, if any, in U.S. and Canadian federal, state, local, and provincial income tax that we and our subsidiaries actually realize as a result of the realization of certain tax benefits associated with tax attributes existing as of the effective date of the Company’s initial public offering. These tax benefits, which we refer to as the Pre-IPO and IPO-Related Tax Benefits, include: (i) all depreciation and amortization deductions, and any offset to taxable income and gain or increase to taxable loss, resulting from the tax basis that we have in our and our subsidiaries’ intangible assets, (ii) the utilization of certain of our and our subsidiaries’ U.S. federal and Canadian federal and provincial net operating losses, capital losses, non-capital losses, disallowed interest expense carryforwards and tax credits, if any, attributable to periods prior to the effective date of the Company’s initial public offering, (iii) deductions in respect of debt



issuance costs associated with certain of our and our subsidiaries' financing arrangements, and (iv) deductions with respect to our and our subsidiaries' initial public offering-related expenses. These payment obligations are our obligations and not obligations of any of our subsidiaries. The actual utilization of the Pre- IPO and IPO- Related Tax Benefits as well as the timing of any payments under the Tax Receivable Agreement will vary depending upon a number of factors, including the amount, character and timing of our and our subsidiaries' taxable income in the future. For purposes of the Tax Receivable Agreement, cash savings in income tax will be computed by reference to the reduction in the liability for income taxes resulting from the Pre- IPO and IPO- Related Tax Benefits. The term of the Tax Receivable Agreement commenced upon consummation of our initial public offering and will continue until all relevant Pre- IPO and IPO- Related Tax Benefits have been utilized, accelerated, or expired. Our counterparties under the Tax Receivable Agreement will not reimburse us for any payments previously made if such Pre- IPO and IPO- Related Tax Benefits are subsequently disallowed (although future payments would be adjusted to the extent possible to reflect the result of such disallowance). As a result, in such circumstances we could make payments under the Tax Receivable Agreement that are greater than our and our subsidiaries' actual cash tax savings. The payments we make under the Tax Receivable Agreement could be material. **We made an initial payment of \$ 24. 7 million under the Tax Receivable Agreement in January 2024.** Assuming no material changes in the relevant tax law, and that we and our subsidiaries earn sufficient income to realize the full Pre- IPO and IPO- Related Tax Benefits, we expect that future payments under the Tax Receivable Agreement will aggregate to between \$ 160 million and \$ 180 million. Any future changes in the realizability of the Pre- IPO and IPO- Related Tax Benefits will impact the amount of the liability under the Tax Receivable Agreement. Based on our current taxable income estimates, we expect to repay the majority of this obligation by the end of our 2025 fiscal year. If we undergo a change of control payments under the Tax Receivable Agreement for each taxable year after such event would be based on certain valuation assumptions, including the assumption that we and our subsidiaries have sufficient taxable income to fully utilize the Pre- IPO and IPO- Related Tax Benefits. Additionally, if we sell or otherwise dispose of any of our subsidiaries in a transaction that is not a change of control, we will be required to make a payment equal to the present value of future payments under the Tax Receivable Agreement attributable to the Pre- IPO and IPO- Related Tax Benefits of such subsidiary that is sold or disposed of, applying assumptions similar to those described above. The Tax Receivable Agreement provides that in the event that we breach any of our material obligations, whether as a result of our failure to make any payment when due (subject to a specified cure period), failure to honor any other material obligation under it or by operation of law as a result of the rejection of it in a case commenced under the U. S. Bankruptcy Code or otherwise, then all of our payment and other obligations under the Tax Receivable Agreement will be accelerated and will become due and payable, and we will be required to make a payment equal to the present value of future payments under the Tax Receivable Agreement, applying assumptions similar to those described above. Such payments could be substantial and could exceed our and our subsidiaries actual cash tax savings from the Pre- IPO and IPO- Related Tax Benefits. Because we are a holding company with no operations of our own, our ability to make payments under the Tax Receivable Agreement is dependent on the ability of our subsidiaries to make distributions to us. ~~Our The securitized debt facility and our Credit Agreement~~ may restrict the ability of our subsidiaries to make distributions to us, which could affect our ability to make payments under the Tax Receivable Agreement. To the extent that we are unable to make payments under the Tax Receivable Agreement because of restrictions under our outstanding indebtedness, such payments will be deferred and will generally accrue interest. **As of July 1, 2023, interest accrues at a the Base rate Rate of the London Interbank Offering plus an applicable margin or Secured Overnight Financing Rate (" LIBOR-SOFR ") plus an applicable term adjustment plus 1 .00% per annum until paid.** To the extent that we are unable to make payments under the Tax Receivable Agreement for any other reason, such payments will generally accrue interest at a rate of ~~LIBOR-SOFR plus an applicable term adjustment~~ plus 5 .00% per annum until paid. For additional information related to the Tax Receivable Agreement, see " Management' s Discussion and Analysis of Financial Condition and Results of Operations. " If we fail to maintain an effective system of internal control over financial reporting, we may not be able to accurately report our financial results or prevent fraud. As a result, stockholders could lose confidence in our financial and other public reporting, and we could be subject to potential delisting, regulatory investigations, civil or criminal sanctions and litigation. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with management' s assessment of our internal control over financial reporting pursuant to Section 404 of the Sarbanes- Oxley Act, or any subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retroactive changes to our financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our stock. Additionally, ineffective internal control over financial reporting could subject us to potential delisting from NASDAQ, regulatory investigations, civil or criminal sanctions and litigation, any of which would have a material adverse effect on our business, results of operations, and financial condition. Our Principal Stockholders collectively have significant influence over us, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of matters submitted to stockholders for a vote. As of February 27-26, 2023-2024, our Principal Stockholders hold approximately 61-62% of the outstanding shares of our common stock. As long as affiliates of our Principal Stockholders own or control a majority of our outstanding voting power, our Principal Stockholders and their affiliates will have the ability to exercise substantial control over all corporate actions requiring stockholder approval, irrespective of how our other stockholders may vote, including: • the election and removal of directors and the size of our ~~board Board~~ of directors **Directors**; • any amendment of our articles of incorporation or bylaws; or • the approval of mergers and other significant corporate transactions, including a sale of

substantially all of our assets. Moreover, ownership of our shares by affiliates of our Principal Stockholders may also adversely affect the trading price for our common stock to the extent investors perceive disadvantages in owning shares of a company with a controlling shareholder. For example, the concentration of ownership held by our Principal Stockholders could delay, defer, or prevent a change in control of our company or impede a merger, takeover, or other business combination which may otherwise be favorable for us. In addition, our Principal Stockholders are in the business of making investments in companies and may, from time to time, acquire interests in businesses that directly or indirectly compete with our business, as well as businesses that are significant existing or potential customers. Many of the companies in which our Principal Stockholders invest are franchisors and may compete with us for access to suitable locations, experienced management and qualified and well-capitalized franchisees. Our Principal Stockholders may acquire or seek to acquire assets complementary to our business that we seek to acquire and, as a result, those acquisition opportunities may not be available to us or may be more expensive for us to pursue, and as a result, the interests of our Principal Stockholders may not coincide with the interests of our other stockholders. So long as our Principal Stockholders continue to directly or indirectly own a significant amount of our equity, even if such amount is less than 50 %, our Principal Stockholders will continue to be able to substantially influence or effectively control our ability to enter into corporate transactions, and as long as our Principal Stockholders maintain ownership of at least 25 % of our outstanding common stock, they will have special governance rights under the Stockholders Agreement. Our Principal Stockholders control a majority of the voting power of our outstanding voting stock, and as a result we ~~are~~ will be a controlled company within the meaning of NASDAQ corporate governance standards. Under NASDAQ rules, a company of which more than 50 % of the voting power is held by another person or group of persons acting together is a controlled company and may elect not to comply with certain corporate governance requirements, including the requirements that: • a majority of the ~~board~~ **Board** of ~~directors~~ **Directors** consist of independent directors; • the nominating and corporate governance committee be composed entirely of independent directors with written charter addressing the committee's purpose and responsibilities; • the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and • there be an annual performance evaluation of the nominating and corporate governance and compensation committees. We may utilize these exemptions as long as we remain a controlled company. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of NASDAQ. After we cease to be a "controlled company," we will be required to comply with the above referenced requirements within one year. Our organizational documents and Delaware law may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium on their shares. Provisions of our certificate of incorporation and bylaws may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our ~~board~~ **Board** of ~~directors~~ **Directors**. These provisions include: • providing that our ~~board~~ **Board** of ~~directors~~ **Directors** will be divided into three classes, with each class of directors serving staggered three-year terms; • providing for the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66 2/3 % in voting power of all the then-outstanding shares of stock of the Company entitled to vote thereon, voting together as a single class, if less than 40 % of the voting power of our outstanding common stock is beneficially owned by our Principal Stockholders; • empowering only the board to fill any vacancy on our ~~board~~ **Board** of ~~directors~~ **Directors** (other than in respect of our Principal Stockholders' directors (as defined below)), whether such vacancy occurs as a result of an increase in the number of directors or otherwise, if less than 40 % of the voting power of our outstanding common stock is beneficially owned by our Principal Stockholders; • authorizing the issuance of "blank check" preferred stock without any need for action by stockholders; • prohibiting stockholders from acting by written consent if less than 40 % of the voting power of our outstanding common stock is beneficially owned by our Principal Stockholders; • to the extent permitted by law, prohibiting stockholders from calling a special meeting of stockholders if less than 40 % of the voting power of our outstanding common stock is beneficially owned by our Principal Stockholders; and • establishing advance notice requirements for nominations for election to our ~~board~~ **Board** of ~~directors~~ **Directors** or for proposing matters that can be acted on by stockholders at stockholder meetings. Additionally, our certificate of incorporation provides that we are not governed by Section 203 of the Delaware General Corporation Law (the "DGCL"), which, in the absence of such provisions, would have imposed additional requirements regarding mergers and other business combinations. However, our certificate of incorporation includes a provision that restricts us from engaging in any business combination with an interested stockholder for three years following the date that person becomes an interested stockholder, but such restrictions do not apply to any business combination between our Principal Stockholders and any affiliate thereof or their direct and indirect transferees, on the one hand, and us, on the other. Any issuance by us of preferred stock could delay or prevent a change in control of us. Our ~~board~~ **Board** of ~~directors~~ **Directors** has the authority to cause us to issue, without any further vote or action by the stockholders, shares of preferred stock, par value \$ 0.01 per share, in one or more series, to designate the number of shares constituting any series, and to fix the rights, preferences, privileges, and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices, and liquidation preferences of such series. The issuance of shares of our preferred stock may have the effect of delaying, deferring, or preventing a change in control without further action by the stockholders, even where stockholders are offered a premium for their shares. In addition, as long as our Principal Stockholders beneficially own at least 40 % of the voting power of our outstanding common stock, our Principal Stockholders will be able to control all matters requiring stockholder approval, including the election of directors, amendment of our certificate of incorporation, and certain corporate transactions. Together, these certificate of incorporation, bylaw and statutory provisions could make the removal of management more difficult and may discourage transactions that otherwise could involve payment of a premium over prevailing market prices for our common stock. Furthermore, the existence of the foregoing provisions, as well as the significant common stock beneficially owned by our Principal Stockholders and their right to nominate a specified number of directors in certain circumstances, could limit the price that investors might be willing to pay in the future for shares of our common stock. They could also deter potential acquirers of us, thereby reducing the

likelihood that you could receive a premium for your common stock in an acquisition. Our certificate of incorporation provides that certain courts in the State of Delaware or the federal district courts of the U. S. for certain types of lawsuits is the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees. Our certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors or officers to us or our stockholders, creditors, or other constituents (iii) any action asserting a claim arising pursuant to any provision of the DGCL or of our certificate of incorporation or our bylaws, or (iv) any action asserting a claim related to or involving the Company that is governed by the internal affairs doctrine. The exclusive forum provision provides that it does not apply to claims arising under the Securities Act of 1933, as amended, (the "Securities Act"), the Exchange Act or other federal securities laws for which there is exclusive federal or concurrent federal and state jurisdiction. Unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock will be deemed to have notice of and, to the fullest extent permitted by law, to have consented to the provisions of our certificate of incorporation described above. Although we believe this exclusive forum provision benefits us by providing increased consistency in the application of Delaware law and federal securities laws in the types of lawsuits to which each applies, the choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, other employees or stockholders, which may discourage such lawsuits against us and our directors, officers, other employees, or stockholders. However, the enforceability of similar forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings. If a court were to find the exclusive choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition, and results of operations. Our certificate of incorporation contains a provision renouncing our interest and expectancy in certain corporate opportunities. Under our certificate of incorporation, none of our Principal Stockholders, any affiliates of our Principal Stockholders, or any of their respective officers, directors, agents, stockholders, members, or partners, have any duty to refrain from engaging, directly or indirectly, in the same business activities, similar business activities, or lines of business in which we operate. In addition, our certificate of incorporation provides that, to the fullest extent permitted by law, no officer or director of ours who is also an officer, director, employee, managing director, or other affiliate of our Principal Stockholders will be liable to us or our stockholders for breach of any fiduciary duty by reason of the fact that any such individual directs a corporate opportunity to any Principal Stockholder, instead of us, or does not communicate information regarding a corporate opportunity to us that the officer, director, employee, managing director, or other affiliate has directed to a Principal Stockholder. For instance, a director of our company who also serves as a director, officer, or employee of one of our Principal Stockholders or any of their portfolio companies, funds, or other affiliates may pursue certain acquisitions or other opportunities that may be complementary to our business and, as a result, such acquisition or other opportunities may not be available to us. Our ~~board~~ **Board** of ~~directors~~ **Directors** consists of ~~eight~~ **ten** members, three of whom are our Principal Stockholders' directors. These potential conflicts of interest could have a material adverse effect on our business, financial condition, results of operations, or prospects if attractive corporate opportunities are allocated by one of our Principal Stockholders to itself or its affiliated funds, the portfolio companies owned by such funds, or any affiliates of a Principal Stockholder instead of to us. Our common stock began trading on The Nasdaq Global Select Market on January 15, 2021. The number of outstanding shares of common stock includes shares beneficially owned by our Principal Stockholders and certain of our employees, that are "restricted securities," as defined under Rule 144 under the Securities Act, and eligible for sale in the public market subject to the requirements of Rule 144. In addition, our Principal Stockholders have certain rights to require us to register the sale of common stock held by our Principal Stockholders, including in connection with underwritten offerings. Pursuant to these rights, we filed a Registration Statement on Form S-3 for our Principal Stockholders' shares of common stock. Sales of significant amounts of stock in the public market or the perception that such sales may occur could adversely affect prevailing market prices of our common stock or make it more difficult for you to sell your shares of common stock at a time and price that you deem appropriate.