

Risk Factors Comparison 2025-02-21 to 2024-02-23 Form: 10-K

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You should carefully consider the risks described below, together with all of the other information included in this Annual Report on Form 10-K, which could materially affect our business, financial condition and results of operations. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment. The risks described below are not the only risks we face. Additional risks not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and results of operations in future periods. Risks Related to Our Business **Global economic conditions, including inflation and..... negative impact on our financial performance.** We may be unable to sustain or increase demand for our UWC subscription program, which could adversely affect our business, financial condition and results of operations and rate of growth. Because our UWC subscription program accounted for ~~71~~ **74** % of our total wash sales in ~~2023~~ **2024**, and we estimate that the average UWC Member spends more than four times than the **average retail car wash consumer**, our continued business and revenue growth is largely dependent on our ability to continue to attract and retain UWC Members. ~~We may not be successful, however, in continuing to grow the number of UWC Members on a net basis from period to period and our membership levels may decline.~~ UWC Members can cancel their membership at any time and may decide to cancel or forego memberships due to any number of reasons, including increased prices for UWC membership or for our services, quality issues with our services, harm to our reputation or brand, seasonal usage, or individuals' personal economic pressures, **as well as potential increasing-increasing governmental regulation of automatically renewing subscription programs, and such cancellations may contribute to a net negatively impact our marketing of this program.** A decline, **plateau, or continued slower growth plateau** in the number of UWC Members could, **resulting in a potential materially-- material and adversely-- adverse affect effect on revenue** our business, results of operations and financial condition **our growth strategies**. If we fail to acquire, open and operate new locations in a timely and cost-effective manner or fail to successfully enter new markets, our financial performance could be materially and adversely affected. Our growth strategy depends on growing our location base, ~~both~~ **primarily** through greenfield expansion and acquisitions, in existing and new geographic regions and operating our new locations successfully. Our ability to execute our growth strategy on favorable terms and successfully operate new locations may be exposed to significant risks, including, but not limited to, the following: • we may be unable to acquire a desired location or property because of competition from other investors with significant capital; • even if we are able to acquire a desired location or property, competition from other potential acquirers may significantly increase the purchase price or result in other less favorable terms; • we may be unable to complete an acquisition because we cannot secure ~~sale leaseback~~ financing on favorable terms or at all; • we may spend more than budgeted amounts to make necessary improvements or renovations to acquired locations; • we may be unable to quickly and efficiently integrate acquired locations into our existing operations; • acquired properties may be subject to tax reassessment, which may result in higher-than-expected property tax payments; • loss of key staff at acquired locations or inability to attract, retain and motivate staff necessary for our expanded operations; • acquired locations or greenfield expansions in regions where we have not historically conducted business may subject us to new operational risks, laws, regulations, staff expectations, customs, and practices; and • we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities, such as liabilities for the remediation of undisclosed environmental contamination; and claims for indemnification by general partners, directors, officers, and others indemnified by the former owners of the properties. The realization of any of the above risks could significantly and adversely affect our ability to **execute our growth strategy**, meet our financial expectations, our financial condition, results of operations, and cash flows, the market price of our common stock, and our ability to satisfy our debt service obligations. We cannot assure you that our growth strategy will be successful, or that such expansion will be completed in the time frames or at the costs we estimate. In addition, there can be no assurance that newly opened or acquired locations will achieve sales or profitability levels comparable to those of our existing locations in the time periods estimated by us, or at all. In instances where new or acquired locations are geographically proximate to existing locations, such locations may also adversely impact the comparable store sales growth of our existing car wash locations. Changes in areas around our locations or to the adjacent streets that reduce car traffic or otherwise render the locations unsuitable, could cause our sales to decline or otherwise be less than expected. If our locations fail to achieve, or are unable to sustain, acceptable total sales and profitability levels, our business may be materially and adversely affected, and we may incur significant costs associated with the early closure of such locations. Our plans to accelerate the growth of our location base may increase this risk. **If we are unable to compete successfully..... of operations could be adversely affected.** We may not be able to **maintain and enhance our reputation and brand recognition, which are key contributors to successfully-- successful implement implementation of** our growth strategies ~~on a timely basis or at all~~. We believe that maintaining and enhancing our reputation and brand recognition are critical to our relationships with existing customers and our ability to attract new customers. The promotion of our brand may require us to make substantial investments and we anticipate that, as our market becomes increasingly competitive, these marketing initiatives may become increasingly difficult and expensive. Our marketing activities may not be successful or yield increased revenue, and to the extent that these activities yield increased revenue, the increased revenue may not offset the expenses we incur, and our results of operations could be materially and adversely affected. In addition, any factor that diminishes our reputation or that of our management, including failing to meet the expectations of our customers, could make it substantially more difficult for us to attract new customers. The marked increase in the use of social media platforms that provide individuals with access to a broad audience of consumers and other interested persons results in the opportunity for

dissemination of information, including inaccurate information. Information posted may be **adverse** to our interests or inaccurate, each of which may harm our **performance-reputation and brand recognition**, prospects or business. The harm may be immediate without affording us an opportunity for redress or correction. If we do not successfully maintain and enhance our reputation and brand recognition with our customers, our business may not grow and we could lose our relationships with customers, which would materially and adversely affect our business, results of operations and financial condition. If we are unable to compete successfully against other companies and operators in our industry, we may lose customers and market share and our revenues may decline. The car wash industry is fragmented, and we compete with a variety of operators. We believe customers consider a number of competitive factors, including name and brand recognition, location, price, product availability and customer service. In addition, our reputation is critical to our continued success. If we fail to maintain high standards for, or receive negative publicity relating to, customer service or quality, as well as our integrity and reputation, we could lose customers to our competition. Competition may also require us to reduce our prices, alter current service offerings, or change some of our current operating strategies. If we do not have the resources, expertise and consistent execution, or otherwise fail to develop successful strategies, to address these potential competitive disadvantages, we may lose customers and market share, and our business and results of operations could be adversely affected. We are subject to a number of risks and regulations related to credit card and debit card payments we accept. Our customers pay for our services using a variety of different payment methods, including credit and debit cards, gift cards, and prepaid cards. We rely on internal systems and those of third parties to process payment. Acceptance and processing of these payment methods are subject to certain rules, regulations, and industry standards, including data storage requirements, additional authentication requirements for certain payment methods, and require payment of interchange and other fees. For credit card and debit card payments, we pay interchange and other fees, which may increase over time. An increase in those fees would **increase our operating expenses, and potentially** require **an offsetting** us to either increase **the in membership** prices we charge for our memberships, which could cause us to lose UWC Members or suffer an **increase in our operating expenses**, either of which could harm our operating results. If we or any of our processing vendors have problems with our billing software or the billing software malfunctions, it could have an adverse effect on our member satisfaction and could cause one or more of the major credit card companies to disallow our continued use of their payment products. In addition, if our billing software fails to work properly and, as a result, we do not automatically charge our UWC Members' credit cards or debit cards on a timely basis or at all, we could lose membership revenue, which **would could** materially and adversely affect our operating results. If we fail to adequately control fraudulent credit card and debit card transactions, we may face civil liability, diminished public perception of our security measures and significantly higher credit card and debit card related costs, each of which could adversely affect our business, financial condition and results of operations. We are subject to a number of federal regulations relating to the use of debit and credit cards, such as the Electronic Funds Act and the Truth in Lending Act of 1968, which provide guidelines and parameters for payment processing on debit cards and credit cards, respectively, and certain state regulations relating to automatic renewal, including, among others, the California Business **& and** Professional Code Section 17601- 17606, as amended, which provides requirements we must follow for the automatic renewal of subscription fees such as those charged to our UWC Members. We may also face legal liability or reputational harm for any failure, or any allegation that we have failed, to comply with such consumer protection laws relating to consumer debit or credit transactions. We also are subject to the Payment Card Industry Data Security Standard (**"PCI DSS "**), issued by the PCI Council and to the American National Standards Institute (**"ANSI "**) data encryption standards and payment network security operating guidelines, as well as the Fair and Accurate Credit Transactions Act (**"FACTA "**). Failure to comply with these guidelines or standards may result in the imposition of financial penalties or the allocation by debit and credit card companies of the costs of fraudulent charges to us. Any material interruptions or failures in our payment-related systems could have a material adverse effect on our business, results of operations and financial condition. If we are unable to comply with the security standards established by banks and the payment card industry, we may be subject to fines, restrictions and expulsion from card acceptance programs, which could materially and adversely affect our retail operations and the UWC program. We depend on a limited number of suppliers for most of our car wash equipment and certain supplies. We rely on a limited number of suppliers for most of the car wash equipment and certain other supplies we use in our operations. Our ability to secure such equipment and supplies from alternative sources as needed may be time-consuming or expensive or may cause a temporary disruption in our supply chain. **We** ~~In recent months, we have anticipated intermittent shortages of certain supplies from our standard vendors and, accordingly, we enhanced our sourcing procedures to identify alternative suppliers and avoid any actual shortages, albeit sometimes at additional cost. Additionally, we~~ do not have a supplier contract with our main supplier of car wash tunnel equipment, and our orders are based on purchase orders. As such, we are subject to the risk that a supplier will not continue to provide us with the required car wash tunnel equipment. We also do not carry a significant inventory of such equipment ~~. Increasingly during 2021, the delivery times were extended on certain equipment for our greenfield pipeline but, through alternative sourcing, we have thus far avoided any significant disruptions~~. Shortages or interruptions in the supply of car wash equipment and other supplies could occur for reasons within or beyond the control of us and the supplier. Decreased fuel supplies are anticipated to increase fuel prices, which may adversely impact our transportation costs. Any shortage or interruption to our supply chain could reduce our sales and profit margins, which in turn may materially and adversely affect our business and 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 team members, and trained personnel continue to be in high demand and short supply at competitive compensation levels in some areas, which is likely to result in increased labor costs. Accordingly, we may experience increased difficulty hiring and maintaining such qualified personnel. In addition, the formation of unions may increase the operating expenses of our locations. Our ability to meet our labor needs is subject to many factors such as prevailing wage rates, minimum wage legislation, unemployment levels, and actions by our competitors with respect to compensation levels and incentive plans. Any such future difficulties could result in a decline in

customer service negatively impacting sales at our locations, which could in turn materially and adversely affect our business, results of operations and financial condition. Many of our key personnel have worked for us for a significant amount of time or were recruited by us specifically due to their experience. Our success depends in part upon the reputation and influence within the industry of our senior managers. Each of our executive officers and other key employees may terminate his or her relationship with us at any time and the loss of the services of one or a combination of our senior executives or members of our senior management team may significantly delay or prevent the achievement of our business or development objectives and could materially harm our business. Further, contractual obligations related to confidentiality and noncompetition may be ineffective or unenforceable, and departing employees may share our proprietary information with competitors in ways that could adversely impact us. We rely on cash from our operating activities to make lease payments for the land and buildings where many of our locations are situated, which may strain our cash flow and expose us to potential liabilities and losses. We lease the land and buildings ~~where for~~ a significant number of our ~~store~~ 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, we may not be able to terminate a particular lease if or when we would like to do so, which could prevent us from closing or relocating certain underperforming locations. Our obligations to pay rent are generally non- cancelable, even if the location operated at the leased or subleased location is closed. Thus, if we decide to close locations, we generally are required to continue paying rent and operating expenses for the balance of the lease term. The performance of any of these obligations may be expensive. We may not assign or sublet the leased locations without consent of the landlord. When we assign or sublease vacated locations, we may remain liable on the lease obligations if the assignee or sub- lessee does not perform. Accordingly, we are subject to the risks associated with leasing locations which can have a material adverse effect on us. As leases expire, we may be unable to negotiate renewals on commercially acceptable terms or at all, which could cause us to close locations in desirable locations or otherwise negatively affect profits, which in turn could materially and adversely affect our business and results of operations. We depend on net cash provided by operating activities to pay our rent and other lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash provided by operating activities, and sufficient funds are not otherwise available to us from borrowings under our First Lien Term Loan and Revolving Commitment or from other sources, we may not be able to service our lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which would harm our business. Changes in applicable tax laws could have a material and adverse effect on our business, financial condition and results of operations. Our effective tax rate could also change materially as a result of various evolving factors, including changes in income tax law or changes in the scope of our operations. We are subject to income taxation at the federal and state level due to the scope of our operations. We have also recorded non- income tax- based liabilities such as those related to sales, property, payroll and withholding tax. We have structured our operations in a manner designed to comply with current prevailing laws but the Internal Revenue Service, state and / or local taxing authorities could seek to impose incremental or new taxes on our business operations. In addition, changes in federal and state tax rates, laws and regulations may result in additional income and non- income tax liabilities being imposed on us and have an adverse effect on our effective tax rate, results of operations and financial condition. Lastly, changes in the scope of our operations, including expanding into new geographies, could increase our income tax liabilities and have an adverse impact on our effective tax rate.

Risks Related to Our Indebtedness and Capital Requirements Our indebtedness could adversely affect our financial health and competitive position. As of December 31, ~~2023~~ **2024**, we had \$ ~~897,920~~ **24** million of indebtedness, ~~net of unamortized debt issuance costs,~~ outstanding pursuant to an amended and restated first lien credit agreement entered into on May 14, 2019, ~~as amended,~~ (“**First Lien Term Loan**”). To service this debt and any additional debt we may incur in the future, we need to generate cash. Our ability to generate cash is subject, to a certain extent, to our ability to successfully execute our business strategy, including acquisition activity, as well as general economic, financial, competitive, regulatory and other factors beyond our control. There can be no assurance that our business will be able to generate sufficient cash flow from operations or that future borrowings or other financing will be available to us in an amount sufficient to enable us to service our debt and fund our other capital needs. To the extent we are required to use our cash flow from operations or the proceeds of any future financing to service our debt instead of funding working capital, capital expenditures, or acquisitions, we will be less able to plan for, or react to, changes in our business, industry and in the economy generally. This places us at a competitive disadvantage compared to our competitors that have less debt. There can be no assurance that we will be able to refinance any of our debt on commercially reasonable terms or at all, or that the terms of that debt will allow any of the above alternative measures or that these measures would satisfy our scheduled debt service obligations. If we are unable to generate sufficient cash flow to repay or refinance our debt on favorable terms, it could significantly adversely affect our financial condition and the value of our outstanding debt. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations, make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. The terms of our Credit Facilities impose certain operating and financial restrictions on us that may impair our ability to adapt to changing competitive or economic conditions. The credit agreements governing our Credit Facilities contain, and any agreements evidencing or governing other future debt may contain, certain restrictive covenants that limit our ability, among other things, to engage in certain activities that are in our long- term best interests, including our ability to:

- incur liens;
- incur or assume additional debt or amend our debt and other material agreements;
- issue certain disqualified stock;
- declare or make dividends or distributions and redeem, repurchase or retire equity interests;
- prepay, redeem or repurchase debt;
- make investments, loans, advances, guarantees and acquisitions;
- enter into agreements restricting the ability to pay dividends or grant liens securing the obligations under the credit agreements;
- amend or modify governing documents;
- enter into transactions with affiliates;
- engage in certain business activities or alter the business conducted by us and our restricted subsidiaries; and
- engage in certain mergers, consolidations and asset sales. In

addition, the First Lien Term Loan contains a springing maximum first lien net leverage ratio financial covenant. Our ability to meet this requirement can be affected by events beyond our control, and we may not be able to satisfy such financial covenants. Our ability to comply with these covenants and restrictions may be affected by events and factors beyond our control. Our failure to comply with any of these covenants or restrictions could result in an event of default under our Credit Facilities. An event of default would permit the lending banks under the facility to take certain actions, including terminating all outstanding commitments and declaring all amounts outstanding under our credit facility to be immediately due and payable, including all outstanding borrowings, accrued and unpaid interest thereon, and all other amounts owing or payable with respect to such borrowings and any terminated commitments. In addition, the lenders would have the right to proceed against the collateral we granted to them, which includes substantially **all of** our assets. In order to support the growth of our business, we may need to incur additional indebtedness or seek capital through new equity or debt financings, which sources of additional capital may not be available to us on acceptable terms or at all. We intend to continue to make significant investments to support our business growth, respond to business challenges or opportunities, develop new services, enhance our existing services and operating infrastructure and potentially acquire complementary businesses and assets. For the year ended December 31, **2023-2024**, our net cash provided by operating activities was \$ **204,248,766** million. As of December 31, **2023-2024**, we had \$ **19,670,505** million of cash and cash equivalents, which were held for working capital purposes. Our future capital requirements may be significantly different from our current estimates and will depend on many factors, including the need to: • finance unanticipated working capital requirements; • **open new greenfield locations**; • develop or enhance our infrastructure and our existing services; • acquire complementary businesses, assets or services; • ensure the availability of sale- leaseback arrangements when we engage in an acquisition; • fund strategic relationships, including joint ventures and co- investments; • fund additional implementation engagements; and • respond to competitive pressures. Accordingly, we may need to engage in equity or debt financings or other arrangements to secure additional funds. Additional financing may not be available on terms favorable to us, or at all. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences and privileges superior to those of holders of our ordinary shares. In addition, during times of economic instability, it has been difficult for many companies to obtain financing in the public markets or to obtain debt financing, and we may not be able to obtain additional financing on commercially reasonable terms, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, it could have a material and adverse effect on our business, results of operations and financial condition. We are a holding company and depend on our subsidiaries for cash to fund operations and expenses. We are a holding company that does not conduct any business operations of our own. As a result, we are largely dependent upon cash distributions and other transfers from our subsidiaries to meet our obligations and to make future dividend payments, if any. The deterioration of the earnings from, or other available assets of, our subsidiaries for any reason could impair their ability to make distributions to us. Risks Related to Government Regulation Our business is subject to various laws and regulations and changes in such laws and regulations, or failure to comply with existing or future laws and regulations, could adversely affect our business. Our business is subject to numerous and frequently changing federal, state and local laws and regulations. We routinely incur significant costs in complying with these regulations. New or existing laws, regulations and policies, liabilities arising thereunder and the related interpretations and enforcement practices, particularly those dealing with minimum wages, paid sick time, workplace safety, employee and public health emergencies, advertising and marketing, consumer protection, recurring debit and credit card charges, information security, data privacy, environmental protection including recycling, waste, water usage, zoning and land use, taxation and public company compliance, may result in significant added expenses or may require extensive system and operating changes that may be difficult to implement and / or could materially increase our cost of doing business. In addition, we are subject to environmental laws pursuant to which we could be strictly liable for any contamination at our current or former locations, or at third- party waste disposal sites, regardless of our knowledge of or responsibility for such contamination. Our locations are subject to certain environmental laws and regulations. Our current and former car wash operations and quick lube businesses, as well as our former motor fuel dispensing, are governed by stringent federal, state and local laws and regulations, including environmental regulations of the handling, storage, transportation, import / export, recycling, or disposing of various new and used products the generation, storage and disposal of solid and hazardous wastes, and the release of materials into the environment. Additionally, in the course of our operations, we may generate some amounts of material that may be regulated as hazardous substances. Pursuant to these laws and regulations, or future changes thereto, we may be required to obtain and maintain approvals or permits for the discharge of wastewater or storm water and are required to develop and implement spill prevention, control and countermeasure plans in connection with on- site storage of significant quantities of motor fuel. We believe that we maintain all required discharge permits necessary to conduct our operations, and further believe we are in substantial compliance with the terms thereof. The federal Clean Air Act, as amended, (“ CAA ”) and similar state laws impose requirements on emissions to the air from motor fueling activities in certain areas of the country, including those that do not meet state or national ambient air quality standards. These laws may require the installation of vapor recovery systems to control emissions of volatile organic compounds to the air during the motor fueling process. Under the CAA and comparable state and local laws, permits are typically required to emit regulated air pollutants into the atmosphere. In addition, the federal Clean Water Act (“ CWA ”) and analogous state laws may require us to obtain and maintain individual permits or coverage under general permits for discharges of wastewater or storm water runoff. While we expect to obtain necessary approvals for our operations, as with all governmental permitting processes, there is a degree of uncertainty as to whether a particular permit will be granted, the time it will take for such permit to be issued, and the conditions that may be imposed in connection with the granting of such permit. We are unaware of pending changes to environmental laws and regulations that will have a material adverse effect on our financial condition, results of operations or cash available for distribution to our stockholders; nonetheless, there exists the possibility that new laws or regulations may be imposed in the future that could result

in more stringent and costly compliance requirements that potentially could materially and adversely affect our business. We are not presently aware of any material liability related to the costs of investigations and cleaning up sites of spills, disposals or other releases of hazardous materials at our current or former locations or business operations. The historical transportation, distribution and storage of motor fuels (diesel fuel and gasoline) and other chemicals are subject to environmental protection and operational safety laws and regulations. As of December 31, ~~2023~~ 2024, we ~~have ceased~~ **do not dispense/dispense** gasoline ~~and/or~~ diesel fuels at ~~all~~ **any** locations. However, our historical operations, at limited locations ~~inherited~~ **obtained** through acquisitions, involved using underground storage tanks (USTs) for fuel and chemicals. Some of these tanks remain on leased properties, with future obligations for removal and potential environmental remediation. Instances of contamination have been identified in the past, leading to remediation costs. This historical legacy presents ongoing environmental risks and potential liabilities under our lease agreements and environmental laws. We continue to evaluate and address these risks, recognizing their potential impact on our financial condition and operations. Evolving global climate change regulations and effects of greenhouse gas emissions may adversely affect our operations and financial performance. There is continuing concern from members of the scientific community and the general public that emissions of greenhouse gases (**"GHG"**) and other human activities have or will cause significant changes in weather patterns and increase the frequency or severity of extreme weather events, including droughts, wildfires and flooding. These types of extreme weather events have and may continue to adversely impact us, our suppliers, our customers and their ability to purchase our products and our ability to timely receive appropriate raw materials to manufacture and transport our products on a timely basis. Any adverse environmental impact on our locations due to climate change could materially and adversely affect our business and the results of our operations. New federal or state legislation or regulations on greenhouse gas (**"GHG"**) emissions that may be imposed in areas of the United States in which we conduct business and that apply to our operations could adversely affect our business. If such legislation or regulations are enacted, we could incur increased energy, environmental and other costs and capital expenditures to comply with the limitations. We, along with other companies in many business sectors, are considering and implementing sustainability strategies, specifically ways to reduce GHG emissions. As a result, our customers may request that changes be made to our products or facilities, as well as other aspects of our business, that increase costs and may require the investment of capital. Failure to provide climate- friendly products or demonstrate GHG reductions could potentially result in loss of market share. Government regulations, weather conditions including drought and natural hazards may affect the availability of water supplies for use at our car wash locations. Our ability to meet the existing and future water demands at our car wash locations depends on adequate supplies of water. Generally, the water used in our car wash locations is sourced from rivers, lakes, streams and groundwater aquifers and, in some limited instances, through onsite groundwater wells. As such, we typically do not own the water that we use in our operations but instead are dependent on local public and / or private water agencies for most of the water used. Accordingly, governmental restrictions on water use may result in decreased access to water supplies or to temporary suspension of water usage from time to time. Climate change, drought, overuse of sources of water, the protection of threatened species or habitats or other factors may limit the availability of ground and surface water and our access to water supplies. Ongoing drought conditions currently exist in several areas of the United States, particularly in the western states, where we operate. Governmental restrictions on water use may also result in decreased access to water supplies, which may adversely affect our financial condition and results of operations. Water service interruptions are also possible due to severe weather events, including winter storms and freezing conditions in colder climate locations, high wind conditions in areas known to experience tornados, earthquakes in areas known to experience seismic activity, high water conditions in areas located in or near designated flood plains, hurricanes, and severe electrical storms. Any interruption in our ability to access water could materially and adversely affect the results of our operations and financial condition. Furthermore, losses from business interruptions or damage to our facilities might not be covered by our insurance policies and such losses may make it difficult for us to secure insurance coverage in the future at acceptable rates. Risks Related to Intellectual Property, Information Technology and Data Privacy We are subject to data security and privacy risks that could negatively impact our results of operations or reputation. We collect, process, transmit and store personal, sensitive and confidential information, including our proprietary business information and that of consumers (including UWC Members), employees and suppliers. The secure processing, maintenance and transmission of this information is critical to our operations. Increased global IT security threats and more sophisticated and targeted computer crime and increased ransomware attacks pose a risk to the security of our computer systems and networks and the confidentiality, availability and integrity of our data. Despite our security measures, we have been subject to cyber- attacks and attempts in the past and our IT systems and infrastructure may continue to be vulnerable to computer viruses, cyber- attacks, security breaches caused by employee error or malfeasance or other disruptions in the future. Though no such incident to date has had a material impact on our business, we cannot ensure that our security efforts will prevent unauthorized access or loss of functionality to our or our third- party providers' systems. Any such incident could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. A security breach of our computer systems or those of our third- party service providers and business partners could interrupt or damage our operations or harm our reputation, or both. In addition, any such breach, attack, virus or other event could result in costly investigations and litigation, government enforcement actions, civil or criminal penalties, fines, operational changes or other response measures, loss of consumer confidence in our security measures, and negative publicity that could materially and adversely affect our brand, business, results of operations and financial condition. These costs and losses may not be adequately covered by applicable insurance coverage or other contractual rights available to us. We must comply with increasingly and complex privacy and security laws and regulations in the United States, including the California Consumer Privacy Act (**the "CCPA"**), as amended, and state data privacy laws that have been enacted to date. Although there are limited exemptions for health- related information, including Protected Health Information and clinical trial data, the CCPA and other state privacy laws may increase our compliance costs and potential liability. Similar laws have been proposed or enacted in other states and at the federal level,

and when passed, such laws may have potentially conflicting requirements that would make compliance challenging. Our operations are subject to the Telephone Consumer Protection Act and similar state laws. As a general matter, compliance with laws, regulations and any applicable rules or guidance from self-regulatory organizations relating to privacy, data protection, information security and consumer protection may result in substantial costs and may necessitate changes to our business practices, which may compromise our growth strategy, materially and adversely affect our ability to acquire customers and otherwise materially and adversely affect our business, results of operations and financial condition. We may be unable to adequately protect, and we may incur significant costs in enforcing or defending, our intellectual property and other proprietary rights. Our success depends in part on our brand image and our ability to enforce and defend our intellectual property and other proprietary rights and differentiate ourselves from our competitors. We rely upon a combination of trademark, patent, trade secret, copyright, and unfair competition laws, and other contractual provisions, to protect our intellectual property and other proprietary rights. We cannot assure you that the steps we take to protect our intellectual property and other proprietary rights will be adequate to prevent the infringement or other violation of such rights by others, including the imitation and misappropriation of our brand, which could damage our brand identity and the goodwill we have created. To the extent that our intellectual property and other proprietary rights are not adequately protected, third parties may challenge, invalidate, circumvent, infringe or misappropriate our intellectual property or the intellectual property of our third-party licensors, or such intellectual property may not be sufficient to permit us to take advantage of current market trends or otherwise to provide competitive advantages, which could result in costly redesign efforts, discontinuance of certain service offerings or other competitive harm. We may have to litigate to enforce or determine the scope and enforceability of our intellectual property rights, which is expensive and could exceed applicable insurance coverage, could cause a diversion of resources and may not prove successful. The loss of intellectual property protection or the inability to obtain sufficient rights to use third-party intellectual property could harm our business and ability to compete. We may be subject to infringement claims. Although we believe that our services and operations do not infringe upon or otherwise violate the proprietary rights of third parties, we cannot guarantee that we do not, and will not in the future, infringe or otherwise violate the proprietary rights of third parties. Third parties have in the past, and may in the future, assert infringement or other intellectual property violation claims against us with respect to future products, services or operations. Any claim from a third party may result in a limitation on our ability to use our intellectual property. Even if we believe that intellectual property related claims are without merit, defending against such claims is time-consuming, expensive and could result in the diversion of the time and attention of our management and employees. Claims of intellectual property infringement are inherently uncertain, and might require us to redesign affected services, enter into costly settlement or license agreements, pay costly damage awards for which we may not have insurance coverage, or face a temporary or permanent injunction prohibiting us from marketing or selling certain of our services. Even if we have an agreement for indemnification against such costs, the indemnifying party, if any in such circumstances, may be unable to uphold its contractual obligations. If we cannot or do not license the infringed technology on reasonable terms or substitute similar technology from another source, our business, results of operations, and financial condition could be materially and adversely affected.

Risks Related to Ownership of Our Common Stock We are a “controlled company” within the meaning of the NYSE-NASDAQ rules and, as a result, will qualify for, and may rely on, exemptions from certain corporate governance requirements. Leonard Green & Partners, L.P. (“LGP”) has more than 50% of the voting power for the election of directors, and, as a result, we are considered a “controlled company” for the purposes of the Nasdaq New York Stock Exchange Market (“NASDAQ the NYSE”). Although we currently comply with the NYSE-NASDAQ rules applicable to companies that do not qualify as a “controlled company,” as a “controlled company,” in the future we may elect not to comply with certain corporate governance standards, including the requirements:

- that a majority of our board of directors consist of independent directors;
- that our board of directors have a compensation nominating and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- that the nominating function of our board of directors be exercised by have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- for or by an independent annual performance evaluation of the nominating and corporate governance committee and compensation committee.

For as long as LGP owns more than 50% of our common stock it will be able to exert a controlling influence over all matters requiring stockholder approval, including the nomination and election of directors and approval of significant corporate transactions, such as a merger or other sale of our Company or its assets. Even if LGP were to own or control less than a majority of our total outstanding shares of common stock, it will be able to influence the outcome of corporate actions so long as it owns a significant portion of our total outstanding shares of common stock. LGP may have interests that are different from our other stockholders and may vote in a way with which our other stockholders disagree and that may be averse to their respective interests. In addition, LGP’s concentration of ownership could have the effect of delaying or preventing a change in control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which could cause the market price of our common stock to decline or prevent our stockholders from realizing a premium over the market price for their common stock. Our amended and restated certificate of incorporation could prevent us from benefiting from corporate opportunities that might otherwise have been available to us. Our amended and restated certificate of incorporation will, to the maximum extent permitted from time to time by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to our officers, directors or stockholders or their respective affiliates, other than those officers, directors, stockholders or affiliates who are our or our subsidiaries’ employees. Our amended and restated certificate of incorporation will provide that, to the fullest extent permitted by law, none of LGP or any of their affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his director and officer capacities) or his or her affiliates will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which we or

our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that LGP or any non-employee director acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. Our amended and restated certificate of incorporation will not renounce our interest in any business opportunity that is expressly offered to a non-employee director solely in his or her capacity as a director or officer of the Company. To the fullest extent permitted by law, no business opportunity will be deemed to be a potential corporate opportunity for us unless we would be permitted to undertake the opportunity under our amended and restated certificate of incorporation, we have sufficient financial resources to undertake the opportunity and the opportunity would be in line with our business. As a result of these provisions in our amended and restated certificate of incorporation, we may not receive the benefit from certain corporate opportunities, such as an acquisition target or other extraordinary transaction, that might have otherwise been available to us and potentially beneficial to our business. Sales of a substantial number of shares of our common stock in the public market by our existing stockholders could cause our stock price to fall. Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. Moreover, holders of approximately ~~71~~70% of our outstanding common stock as of the date of this Annual Report on Form 10-K have rights, pursuant to the Stockholders Agreement, to require us to file registration statements for the public sale of their shares or to include their shares in registration statements that we may file for ourselves or other stockholders. A registration statement covering such shares has been filed and has been declared effective. Any sales of securities by these stockholders could have a material and adverse effect on the trading price of our common stock. Some provisions of our charter documents and Delaware law may have anti-takeover effects that could discourage an acquisition of us by others, even if an acquisition would be beneficial to our stockholders, and may prevent attempts by our stockholders to replace or remove our current management. Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws, as well as provisions of the Delaware General Corporation Law (“DGCL”), could make it more difficult for a third party to acquire us or increase the cost of acquiring us, even if doing so would benefit our stockholders, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions include:

- establishing a classified Board such that not all members of the Board are elected at one time;
- allowing the total number of directors to be determined exclusively (subject to the rights of holders of any series of preferred stock to elect additional directors) by resolution of our Board and granting to our Board the sole power (subject to the rights of holders of any series of preferred stock or rights granted pursuant to the Stockholders’ Agreement) to fill any vacancy on the Board;
- providing that our stockholders may remove members of our Board only for cause and only by the affirmative vote of the holders of at least two-thirds of the voting power of our then-outstanding stock, following such time as LGP ceases to beneficially own, in the aggregate, at least 50% of the voting power of our common stock;
- authorizing the issuance of “blank check” preferred stock by our Board, without further stockholder approval, to thwart a takeover attempt;
- prohibiting stockholder action by written consent (and, thus, requiring that all stockholder actions be taken at a meeting of our stockholders), if LGP ceases to beneficially own, in the aggregate, at least 50% of the voting power of our common stock;
- eliminating the ability of stockholders to call a special meeting of stockholders, except for LGP for so long as LGP beneficially owns, in the aggregate, at least 50% of the voting power of our common stock;
- establishing advance notice requirements for nominations for election to the Board or for proposing matters that can be acted upon at annual stockholder meetings; and
- requiring the approval of the holders of at least two-thirds of the voting power of all outstanding stock entitled to vote thereon, voting together as a single class, to amend or repeal our certificate of incorporation or bylaws if LGP ceases to beneficially own, in the aggregate, at least 50% of the voting power of our common stock. These provisions could discourage, delay or prevent a transaction involving a change in control. They could also discourage proxy contests and make it more difficult for stockholders to elect directors of their choosing and cause us to take corporate actions other than those that stockholders desire. Our amended and restated certificate of incorporation provides that the Court of Chancery of the State of Delaware or federal district courts of the United States will be the sole and exclusive forum for certain types of lawsuits, which could limit our stockholders’ abilities to obtain a favorable judicial forum for disputes with us or our directors, officers or employees. Our amended and restated certificate of incorporation and amended and restated bylaws require, to the fullest extent permitted by law, that (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, officers, or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or the amended and restated certificate of incorporation or the proposed bylaws, or (iv) any action asserting a claim against us governed by the internal affairs doctrine will have to be brought only in the Court of Chancery in the State of Delaware (or the federal district court for the District of Delaware or other state courts of the State of Delaware if the Court of Chancery in the State of Delaware does not have jurisdiction). The amended and restated certificate of incorporation and amended and restated bylaws also require that the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act; however, there is uncertainty as to whether a court would enforce such provision, and investors cannot waive compliance with federal securities laws and the rules and regulations thereunder. Although we believe these provisions benefit us by providing increased consistency in the application of applicable law in the types of lawsuits to which they apply, the provisions may have the effect of discouraging lawsuits against our directors and officers. These provisions would not apply to any suits brought to enforce any liability or duty created by the Exchange Act or any other claim for which the federal courts of the United States have exclusive jurisdiction. We do not intend to pay dividends for the foreseeable future. We currently intend to retain any future earnings to finance the operation and expansion of our business and we do not expect to declare or pay any dividends in the foreseeable

future. Moreover, the terms of our existing First Lien Term Loan and Revolving Commitment restrict our ability to pay dividends, and any additional debt we may incur in the future may include similar restrictions. In addition, Delaware law may impose requirements that may restrict our ability to pay dividends to holders of our common stock. As a result, stockholders must rely on sales of their common stock after price appreciation as the only way to realize any future gains on their investment.