

REFINITIV

# DELTA REPORT

## 10-Q

EW CZ - EUROPEAN WAX CENTER, INC.

10-Q - SEPTEMBER 30, 2023 COMPARED TO 10-Q - JULY 01, 2023

The following comparison report has been automatically generated

**TOTAL DELTAS** 711

 **CHANGES** 379

 **DELETIONS** 212

 **ADDITIONS** 120

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended **July 1, September 30, 2023**

OR

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

For the transition period from    to   

Commission File Number: 001-40714

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**EUROPEAN WAX CENTER, INC.**

(Exact Name of Registrant as Specified in its Charter)

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**Delaware**

**86-3150064**

(State or other jurisdiction of  
incorporation or organization)

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

**5830 Granite Parkway, 3rd Floor**

**Plano, Texas**

**75024**

(Address of principal executive offices)

(Zip Code)

**Registrant's telephone number, including area code: (469) 264-8123**

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Securities registered pursuant to Section 12(b) of the Act:

**Title of each class**

**Trading**

**Name of each exchange on which registered**

**Symbol(s)**

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Class A common stock, par value \$0.00001 per share

EWCZ

The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                          |                           |                          |
|-------------------------|--------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| Emerging growth company | <input type="checkbox"/> |                           |                          |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

As of August 4, 2023 November 3, 2023, the registrant had 50,332,978 50,135,317 and 12,364,046 12,306,072 shares of Class A and Class B common stock, respectively, \$0.00001 par value per share, outstanding.

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## PART I-FINANCIAL INFORMATION

### Item 1. Financial Statements

#### EUROPEAN WAX CENTER, INC. AND SUBSIDIARIES

#### CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share and per share amounts)

(Unaudited)

|  | Decemb<br>er 31,<br>2023 | Septemb<br>er 30,<br>2023 | Decemb<br>er 31,<br>2022 |
|--|--------------------------|---------------------------|--------------------------|
|  | July 1,<br>2023          | 2022                      |                          |

| <b>ASSETS</b>                               |  |             |               |              |              |
|---|--|-------------|---------------|--------------|--------------|
| Current assets:                             |  |             |               |              |              |
| Cash and cash equivalents                   |  | 54,3        | 44,2          | 63,95        | 44,21        |
|   |  | \$ 67       | \$ 19         | \$ 9         | \$ 9         |
| Restricted cash                             |  | 7,02        | 6,57          |              |              |
|   |  | 1           | 5             | 6,544        | 6,575        |
| Accounts receivable, net                    |  | 9,05        | 6,93          |              |              |
|   |  | 3           | 2             | 6,764        | 6,932        |
| Inventory                                   |  | 23,5        | 23,0          |              |              |
|   |  | 34          | 17            |              |              |
| Inventory, net                              |  |             |               | 21,70        | 23,01        |
|   |  |             |               | 2            | 7            |
| Prepaid expenses and other current assets   |  | 7,62        | 5,57          |              |              |
|   |  | 5           | 4             | 8,295        | 5,574        |
| Total current assets                        |  | 101,        | 86,3          | 107,2        | 86,31        |
|   |  | 600         | 17            | 64           | 7            |
| Property and equipment, net                 |  | 2,71        | 2,74          |              |              |
|   |  | 6           | 7             | 2,555        | 2,747        |
| Operating lease right-of-use assets         |  | 4,60        | 4,89          |              |              |
|   |  | 0           | 9             | 4,292        | 4,899        |
| Intangible assets, net                      |  | 173,        | 183,          | 168,8        | 183,0        |
|   |  | 551         | 030           | 12           | 30           |
| Goodwill                                    |  | 328,        | 328,          | 328,5        | 328,5        |
|   |  | 551         | 551           | 51           | 51           |
| Deferred income taxes                       |  | 140,        | 106,          | 139,3        | 106,1        |
|   |  | 341         | 187           | 47           | 87           |
| Other non-current assets                    |  | 3,81        | 4,30          |              |              |
|   |  | 8           | 1             | 3,561        | 4,301        |
| <b>Total assets</b>                         |  | <b>755</b>  | <b>716,</b>   | <b>754,3</b> | <b>716,0</b> |
|   |  | <b>\$ 7</b> | <b>\$ 032</b> | <b>\$ 82</b> | <b>\$ 32</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b> |  |             |               |              |              |
| Current liabilities:                        |  |             |               |              |              |
| Accounts payable and accrued liabilities    |  | 16,2        | 18,5          | 16,46        | 18,54        |
|   |  | \$ 98       | \$ 47         | \$ 2         | \$ 7         |

|  |             |             |              |              |
|--|-------------|-------------|--------------|--------------|
| Long-term debt, current portion  | 4,00        | 4,00        |              |              |
|  | 0           | 0           | 4,000        | 4,000        |
| Tax receivable agreement liability, current portion  | 1,40        | 4,86        |              |              |
|  | 6           | 7           | 2,467        | 4,867        |
| Deferred revenue, current portion  | 4,71        | 4,08        |              |              |
|  | 9           | 4           | 4,313        | 4,084        |
| Operating lease liabilities, current portion   | 1,28        | 1,31        |              |              |
|  | 7           | 2           | 1,263        | 1,312        |
| <b>Total current liabilities</b>   | <b>27,7</b> | <b>32,8</b> | <b>28,50</b> | <b>32,81</b> |
|  | 10          | 10          | 5            | 0            |
| Long-term debt, net  | 371,        | 370,        | 371,6        | 370,9        |
|  | 400         | 935         | 39           | 35           |
| Tax receivable agreement liability, net of current portion   | 206,        | 167,        | 206,2        | 167,2        |
|  | 760         | 293         | 33           | 93           |
| Deferred revenue, net of current portion   | 6,79        | 6,90        |              |              |
|  | 5           | 1           | 6,850        | 6,901        |
| Operating lease liabilities, net of current portion  | 3,93        | 4,22        |              |              |
|  | 6           | 7           | 3,621        | 4,227        |
| Other long-term liabilities  | 1,99        | 3,56        |              |              |
|  | 5           | 2           | 2,063        | 3,562        |
| <b>Total liabilities</b>   | <b>618,</b> | <b>585,</b> | <b>618,9</b> | <b>585,7</b> |
|  | 596         | 728         | 11           | 28           |
| Commitments and contingencies (Note 7)   |             |             |              |              |
| <b>Stockholders' equity:</b>   |             |             |              |              |
| Preferred stock (\$0.00001 par value, 100,000,000 shares authorized, none issued and outstanding as of July 1, 2023 and December 31, 2022.)  |             |             | —            | —            |
| Class A common stock (\$0.00001 par value, 600,000,000 shares authorized, 51,097,146 and 45,277,325 shares issued and 50,329,914 and 44,561,685 shares outstanding as of July 1, 2023 and December 31, 2022, respectively) |             |             | —            | —            |
| Class B common stock (\$0.00001 par value, 60,000,000 shares authorized, 12,364,046 and 18,175,652 shares issued and outstanding as of July 1, 2023 and December 31, 2022, respectively)                                   |             |             | —            | —            |

|  |                    |                     |                        |                        |
|--|--------------------|---------------------|------------------------|------------------------|
| Treasury stock, at cost 767,232 and 715,640 shares of Class A common stock as of July 1, 2023 and December 31, 2022, respectively  | (10,899)           | (10,080)            |                        |                        |
| Preferred stock (\$0.00001 par value, 100,000,000 shares authorized, none issued and outstanding as of September 30, 2023 and December 31, 2022.)  |                    |                     | —                      | —                      |
| Class A common stock (\$0.00001 par value, 600,000,000 shares authorized, 51,225,048 and 45,277,325 shares issued and 50,131,924 and 44,561,685 shares outstanding as of September 30, 2023 and December 31, 2022, respectively) |                    |                     | —                      | —                      |
| Class B common stock (\$0.00001 par value, 60,000,000 shares authorized, 12,306,072 and 18,175,652 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively)                                   |                    |                     | —                      | —                      |
| Treasury stock, at cost 1,093,124 and 715,640 shares of Class A common stock as of September 30, 2023 and December 31, 2022, respectively  |                    |                     | (16,449)               | (10,080)               |
| Additional paid-in capital   | 225,<br>527        | 207,<br>517         | 227,8<br>45            | 207,5<br>17            |
| Accumulated deficit  | (11<br>4,93<br>3)  | (118<br>,437)       | (111,<br>992)          | (118,<br>437)          |
| Total stockholders' equity attributable to European Wax Center, Inc.   | 99,6<br>95         | 79,0<br>00          | 99,40<br>4             | 79,00<br>0             |
| Noncontrolling interests   | 36,8<br>86         | 51,3<br>04          | 36,06<br>7             | 51,30<br>4             |
| Total stockholders' equity   | 136,<br>581        | 130,<br>304         | 135,4<br>71            | 130,3<br>04            |
| <b>Total liabilities and stockholders' equity</b>  | <b>755<br/>,17</b> | <b>716,<br/>032</b> | <b>754,3<br/>\$ 82</b> | <b>716,0<br/>\$ 32</b> |

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

**EUROPEAN WAX CENTER, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Amounts in thousands, except share and per share amounts)

(Unaudited)

|                                     | For the Thirteen Weeks Ended |                  | For the Twenty-Six Weeks Ended |                  | For the Thirteen Weeks Ended |                           | For the Thirty-Nine Weeks Ended |                           |
|-------------------------------------|------------------------------|------------------|--------------------------------|------------------|------------------------------|---------------------------|---------------------------------|---------------------------|
|                                     |                              |                  |                                |                  |                              |                           |                                 |                           |
|                                     | July 1,<br>2023              | June 25,<br>2022 | July 1,<br>2023                | June 25,<br>2022 | Septemb<br>er 30,<br>2023    | Septem<br>ber 24,<br>2022 | Septem<br>ber 30,<br>2023       | Septem<br>ber 24,<br>2022 |
|                                     | _____                        | _____            | _____                          | _____            | _____                        | _____                     | _____                           | _____                     |
| <b>REVENUE</b>                      |                              |                  |                                |                  |                              |                           |                                 |                           |
| Product sales                       | 33,7                         | 30,5             | 61,5                           | 55,2             | 31,89                        | 31,56                     | 93,45                           | 86,84                     |
|                                     | \$ 25                        | \$ 02            | \$ 67                          | \$ 79            | \$ 0                         | \$ 5                      | \$ 7                            | \$ 4                      |
| Royalty fees                        | 14,1                         | 12,7             | 26,4                           | 24,1             | 13,34                        | 13,08                     | 39,84                           | 37,24                     |
|                                     | 47                           | 69               | 98                             | 54               | 5                            | 6                         | 3                               | 0                         |
| Marketing fees                      | 7,91                         | 7,17             | 14,8                           | 13,6             |                              |                           | 22,36                           | 20,96                     |
|                                     | 5                            | 5                | 17                             | 26               | 7,551                        | 7,339                     | 8                               | 4                         |
| Other revenue                       | 3,30                         | 2,91             | 6,10                           | 5,72             |                              |                           |                                 |                           |
|                                     | 3                            | 2                | 0                              | 5                | 2,931                        | 3,054                     | 9,031                           | 8,780                     |
| Total revenue                       | 59,0                         | 53,3             | 108,                           | 98,7             | 55,71                        | 55,04                     | 164,6                           | 153,8                     |
|                                     | 90                           | 58               | 982                            | 84               | 7                            | 4                         | 99                              | 28                        |
| <b>OPERATING EXPENSES</b>           |                              |                  |                                |                  |                              |                           |                                 |                           |
| Cost of revenue                     | 16,9                         | 14,8             | 31,3                           | 26,8             | 15,72                        | 16,31                     | 47,07                           | 43,16                     |
|                                     | 00                           | 64               | 57                             | 54               | 1                            | 3                         | 8                               | 8                         |
| Selling, general and administrative | 14,1                         | 15,2             | 31,3                           | 30,7             | 14,37                        | 13,66                     | 45,76                           | 44,36                     |
|                                     | 34                           | 27               | 97                             | 02               | 2                            | 2                         | 9                               | 4                         |
| Advertising                         | 8,68                         | 8,04             | 16,4                           | 14,6             |                              |                           | 24,59                           | 23,00                     |
|                                     | 4                            | 9                | 93                             | 05               | 8,099                        | 8,398                     | 2                               | 3                         |
| Depreciation and amortization       | 5,04                         | 5,05             | 10,1                           | 10,1             |                              |                           | 15,14                           | 15,17                     |
|                                     | 5                            | 5                | 08                             | 15               | 5,040                        | 5,059                     | 8                               | 3                         |
| Total operating expenses            | 44,7                         | 43,1             | 89,3                           | 82,2             | 43,23                        | 43,43                     | 132,5                           | 125,7                     |
|                                     | 63                           | 95               | 55                             | 76               | 2                            | 2                         | 87                              | 08                        |
| Income from operations              | 14,3                         | 10,1             | 19,6                           | 16,5             | 12,48                        | 11,61                     | 32,11                           | 28,12                     |
|                                     | 27                           | 63               | 27                             | 08               | 5                            | 2                         | 2                               | 0                         |
| Interest expense                    | 6,76                         | 8,08             | 13,6                           | 9,58             |                              |                           |                                 |                           |
|                                     | 2                            | 0                | 24                             | 7                |                              |                           |                                 |                           |
| Interest expense, net               |                              |                  |                                |                  |                              |                           | 20,09                           | 16,39                     |
|                                     |                              |                  |                                |                  | 6,471                        | 6,804                     | 5                               | 1                         |

|   |             |               |             |             |                 |                 |                 |                 |
|---|-------------|---------------|-------------|-------------|-----------------|-----------------|-----------------|-----------------|
| Other expense<br>(income)   | (792)       | 33            | (792)       | 818         | 36              | (516)           | (756)           | 302             |
| Income before<br>income taxes   | 8,35        | 2,05          | 6,79        | 6,10        |                 |                 | 12,77           | 11,42           |
| Income tax<br>expense   | 7           | 0             | 5           | 3           | 5,978           | 5,324           | 3               | 7               |
| <b>NET INCOME</b>   | <b>2,76</b> |               | <b>2,25</b> |             |                 |                 |                 |                 |
|   | 3           | 19            | 4           | 46          | 1,784           | 37              | 4,038           | 83              |
|   | <b>5,59</b> | <b>2,03</b>   | <b>4,54</b> | <b>6,05</b> |                 |                 |                 |                 |
|   | <b>\$ 4</b> | <b>\$ 1</b>   | <b>\$ 1</b> | <b>\$ 7</b> | <b>\$ 4,194</b> | <b>\$ 5,287</b> | <b>\$ 8,735</b> | <b>\$ 4</b>     |
| Less: net income<br>attributable to<br>noncontrolling<br>interests      | 1,58        | 1,06          | 1,03        | 3,20        |                 |                 |                 |                 |
|   | 2           | 3             | 7           | 4           | 1,253           | 1,765           | 2,290           | 4,969           |
| <b>NET INCOME<br/>ATTRIBUTABLE TO<br/>EUROPEAN WAX<br/>CENTER, INC.</b> | <b>4,01</b> |               | <b>3,50</b> | <b>2,85</b> |                 |                 |                 |                 |
|   | <b>\$ 2</b> | <b>\$ 968</b> | <b>\$ 4</b> | <b>\$ 3</b> | <b>\$ 2,941</b> | <b>\$ 3,522</b> | <b>\$ 6,445</b> | <b>\$ 6,375</b> |
| Net income per<br>share   |             |               |             |             |                 |                 |                 |                 |
| Basic - Class A<br>Common Stock   | \$ 0.08     | \$ 0.03       | \$ 0.06     | \$ 0.09     | \$ 0.06         | \$ 0.09         | \$ 0.12         | \$ 0.17         |
| Diluted - Class A<br>Common Stock                                       | \$ 0.08     | \$ 0.03       | \$ 0.06     | \$ 0.08     | \$ 0.06         | \$ 0.08         | \$ 0.12         | \$ 0.17         |
| Weighted average<br>shares outstanding                                  |             |               |             |             |                 |                 |                 |                 |
| Basic - Class A<br>Common Stock   | 50,3        | 37,9          | 49,1        | 37,4        |                 |                 |                 |                 |
|   | 35,7        | 11,6          | 62,2        | 32,5        | 50,32           | 39,84           | 49,54           | 38,23           |
|   | 84          | 37            | 32          | 86          | 1,994           | 9,170           | 8,820           | 8,114           |
| Diluted - Class A<br>Common Stock                                       | 50,4        | 38,1          | 49,2        | 37,6        |                 |                 |                 |                 |
|   | 39,5        | 55,4          | 46,6        | 61,9        | 50,42           | 62,84           | 49,64           | 38,42           |
|   | 38          | 39            | 77          | 78          | 8,170           | 9,257           | 0,509           | 6,968           |

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

**EUROPEAN WAX CENTER, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Amounts in thousands)**

**(Unaudited)**

|   | <b>For the Twenty-Six Weeks Ended</b> |                           | <b>For the Thirty-Nine Weeks Ended</b> |               |
|---|---------------------------------------|---------------------------|--|---------------|
|   | <b>July 1, 2023</b>                   |                           | <b>September 30, 2023</b>              |               |
|   | <b>June 25, 2022</b>                  | <b>September 24, 2022</b> |  |               |
| <b>Cash flows from operating activities:</b>                                      |                                       |                           |  |               |
| Net income  | \$ 4,541                              | \$ 6,057                  | \$ 8,735                               | \$ 11,344     |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                       |                           |  |               |
| Depreciation and amortization   | 10,108                                | 10,115                    | 15,148                                 | 15,173        |
| Amortization of deferred financing costs  | 2,639                                 | 1,229                     | 3,964                                  | 2,483         |
| Gain on interest rate cap   | —                                     | (196)                     | —                                      | (196)         |
| Provision for inventory obsolescence  | (11)                                  | (125)                     | (4)                                    | (26)          |
| Loss on debt extinguishment   | —                                     | 1,957                     | —                                      | 1,957         |
| Provision for bad debts   | 80                                    | —                         | 105                                    | 38            |
| Deferred income taxes   | 2,164                                 | —                         | 3,825                                  | —             |
| Remeasurement of tax receivable agreement liability                               | (792)                                 | 818                       | (756)                                  | 302           |
| Loss on disposal of property and equipment  |                                       |                           | 11                                     | 5             |
| Equity compensation   | 7,757                                 | 5,335                     | 9,489                                  | 7,452         |
| <b>Changes in assets and liabilities:</b>   |                                       |                           |  |               |
| Accounts receivable   | (2,452)                               | (3,674)                   | (189)                                  | (137)         |
| Inventory   | (506)                                 | (3,431)                   |  |               |
| Inventory, net  |                                       |                           | 1,319                                  | (3,638)       |
| Prepaid expenses and other assets   | (1,110)                               | 212                       | (1,300)                                | 1,101         |
| Accounts payable and accrued liabilities  | (1,464)                               | (964)                     | (1,180)                                | (7,623)       |
| Deferred revenue  | 529                                   | 421                       | 178                                    | 289           |
| Other long-term liabilities   | (263)                                 | (146)                     | (489)                                  | (575)         |
| <b>Net cash provided by operating activities</b>                                  | <b>21,220</b>                         | <b>17,608</b>             | <b>38,856</b>                          | <b>27,949</b> |
| <b>Cash flows from investing activities:</b>                                      |                                       |                           |  |               |
| Purchases of property and equipment   | (623)                                 | (82)                      | (774)                                  | (143)         |

| <b>Net cash used in investing activities</b>                             | <b>(623)</b>     | <b>(82)</b>      | <b>(774)</b>     | <b>(143)</b>     |
|--|------------------|------------------|------------------|------------------|
| Cash flows from financing activities:                                    |                  |                  |                  |                  |
| Deferred loan costs  | —                | (12,419)         | —                | (12,419)         |
| Proceeds from long-term debt   | —                | 384,328          | —                | 384,328          |
| Principal payments on long-term debt                                     | (2,000)          | (180,000)        | (3,000)          | (181,000)        |
| Payments of debt extinguishment costs                                    | —                | (77)             | —                | (77)             |
| Distributions to EWC Ventures LLC members                                | (1,214)          | (4,760)          | (2,492)          | (7,280)          |
| Payment of Class A common stock offering costs                           | —                | (870)            | —                | (870)            |
| Repurchase of Class A common stock                                       | (819)            | —                | (6,369)          | —                |
| Taxes on vested restricted stock units paid by withholding shares        | (146)            | —                | (516)            | (525)            |
| Dividends to holders of Class A common stock                             | —                | (122,227)        | —                | (122,227)        |
| Dividend equivalents to holders of EWC Ventures units                    | (2,615)          | (82,746)         | (2,787)          | (82,887)         |
| Payments pursuant to tax receivable agreement                            | (3,209)          | —                | (3,209)          | —                |
| <b>Net cash used in financing activities</b>                             | <b>(10,003)</b>  | <b>(18,771)</b>  | <b>(18,373)</b>  | <b>(22,957)</b>  |
| <b>Net increase in cash</b>  | <b>10,594</b>    | <b>(1,245)</b>   | <b>19,709</b>    | <b>4,849</b>     |
| Cash, cash equivalents and restricted cash, beginning of period          | 50,794           | 43,301           | 50,794           | 43,301           |
| <b>Cash, cash equivalents and restricted cash, end of period</b>         | <b>\$ 61,388</b> | <b>\$ 42,056</b> | <b>\$ 70,503</b> | <b>\$ 48,150</b> |
| Supplemental cash flow information:                                      |                  |                  |                  |                  |
| Cash paid for interest   | \$ 11,097        | \$ 3,042         | \$ 16,621        | \$ 12,886        |
| Cash paid for income taxes   | \$ 513           | \$ 26            | \$ 633           | \$ 96            |
| Non-cash investing activities:   |                  |                  |                  |                  |
| Property purchases included in accounts payable and accrued liabilities  | \$ —             | \$ 5             | \$ —             | \$ 5             |
| Right-of-use assets obtained in exchange for operating lease obligations | \$ 368           | \$ —             | \$ 368           | \$ —             |

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

**EUROPEAN WAX CENTER, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Amounts in thousands, except share and per share amounts)**  
**(Unaudited)**

|  | Addition |        |        |        |         |         |          |          |             |        |        |        | Addition |         |            |          |          |        |        |        |             |        |         |            |          |          |        |
|--|----------|--------|--------|--------|---------|---------|----------|----------|-------------|--------|--------|--------|----------|---------|------------|----------|----------|--------|--------|--------|-------------|--------|---------|------------|----------|----------|--------|
|  | Class A  |        |        |        | Class B |         |          |          | Accumulated |        |        |        | Class A  |         |            |          | Class B  |        |        |        | Accumulated |        |         |            |          |          |        |
|  | Common   |        | Common |        | paid    | late    | Treasury | rolling  | Total       | Common |        | Common |          | paid    | unadjusted | Treasury | rolling  | Total  | Common |        | Common      |        | paid    | unadjusted | Treasury | rolling  | Total  |
|  | Stock    |        | Stock  |        | -in     | d       | sury     | ng       | I           | Stock  |        | Stock  |          | -in     | ed         | sury     | ing      | I      | Stock  |        | Stock       |        | -in     | ed         | sury     | ing      | I      |
|  | Shares   | Amount | Shares | Amount | Capital | Deficit | Stock    | Interest | Equity      | Shares | Amount | Shares | Amount   | Capital | Deficit    | Stock    | Interest | Equity | Shares | Amount | Shares      | Amount | Capital | Deficit    | Stock    | Interest | Equity |
| Balance at Decemb  | 44,5     |        | 18,1   |        |         |         |          |          |             | 44,5   |        | 18,1   |          |         |            |          |          |        | 44,5   |        | 18,1        |        |         |            |          |          |        |
| er 31, 2022  | 61,6     |        | 75,6   |        | \$207   | 8,43    | \$(10,   | \$51,    | \$130       | 61,6   |        | 75,6   |          | \$207   | 8,43       | ,080     | \$51,    | \$130  | 85     | \$—    | 52          | \$—    | ,517    | 7)         | )        | 304      | ,304   |
| Exchange of Class B Common Stock and EWC Ventures Units for Class A Common Stock | 5,12     |        | (5,12) |        |         |         |          |          |             | 5,12   |        | (5,12) |          |         |            |          |          |        | 5,12   |        | (5,12)      |        |         |            |          |          |        |
| Common Stock   | 9,35     |        | 9,35   |        |         |         |          |          |             | 9,35   |        | 9,35   |          |         |            |          |          |        | 1      | —      | 1)          | —      | —       | —          | —        | —        | —      |

|   |        |    |   |   |   |        |   |       |        |    |   |   |   |        |   |   |        |
|---|--------|----|---|---|---|--------|---|-------|--------|----|---|---|---|--------|---|---|--------|
| Vesting of restricted stock units                             | 33,5   | 46 | — | — | — | —      | — | —     | 33,5   | 46 | — | — | — | —      | — | — | —      |
| Shares withheld for taxes on vested restricted stock units    | (6,70) | 8) | — | — | — | (126)  | — | —     | (126)  | 8) | — | — | — | )      | — | — | (126)  |
| Equity compensation   |        |    |   |   |   | 5,93   |   |       | 5,93   |    |   |   |   | 5,93   |   |   | 5,93   |
| Distributions to members of EWC Ventures                      | —      | —  | — | — | — | 1      | — | —     | 1      | —  | — | — | — | 1      | — | — | 1      |
| Tax receivable and deferred taxes arising from share exchange |        |    |   |   |   | (3,51) |   |       | (3,51) |    |   |   |   | (3,51) |   |   | (3,51) |
| Allocation of equity to noncontrolling interests              | —      | —  | — | — | — | 9)     | — | —     | 9)     | —  | — | — | — | 9)     | — | — | 9)     |
| Net loss  | —      | —  | — | — | — | (508)  | — | (545) | 3)     | —  | — | — | — | )      | — | ) | 3)     |



|   |             |             |           |            |              |             |               |              |              |             |             |           |            |              |              |             |              |              |
|---|-------------|-------------|-----------|------------|--------------|-------------|---------------|--------------|--------------|-------------|-------------|-----------|------------|--------------|--------------|-------------|--------------|--------------|
| Distributions to members of EWC Ventures                              | —           | —           | —         | —          | —            | —           | (938)         | (938)        | —            | —           | —           | —         | —          | —            | —            | (938)       | (938)        |              |
| Forfeiture of dividend equivalents payable to holders of EWC Ventures | —           | —           | —         | —          | —            | —           | —             | —            | —            | —           | —           | —         | —          | —            | —            | —           | —            |              |
| Units   | —           | —           | —         | —          | —            | —           | —             | 98           | 98           | —           | —           | —         | —          | —            | —            | —           | 98           | 98           |
| Tax receivable and deferred taxes arising from share exchange         | —           | —           | —         | —          | (421)        | —           | —             | —            | (421)        | —           | —           | —         | —          | —            | —            | (421)       | (421)        |              |
| Allocation of equity to noncontrolling interests                      | —           | —           | —         | —          | —            | 1,68        | —             | (1,68)       | —            | —           | —           | —         | —          | —            | —            | 1,68        | (1,68)       |              |
| Net income  | —           | —           | —         | —          | —            | 2           | —             | —            | 2)           | —           | —           | —         | —          | —            | —            | 2           | —            | 2)           |
| <b>Balance at July 1, 2023</b>  | <b>50,3</b> | <b>12,3</b> |           |            | <b>\$(11</b> |             |               |              |              | <b>50,3</b> | <b>12,3</b> |           |            | <b>\$(11</b> | <b>\$(10</b> |             |              |              |
|   | <b>29,9</b> | <b>64,0</b> |           |            | <b>\$225</b> | <b>4,93</b> | <b>\$(10,</b> | <b>\$36,</b> | <b>\$136</b> | <b>29,9</b> | <b>64,0</b> |           |            | <b>\$225</b> | <b>4,93</b>  | <b>,899</b> | <b>\$36,</b> | <b>\$136</b> |
|   | <b>14</b>   | <b>\$—</b>  | <b>46</b> | <b>\$—</b> | <b>,527</b>  | <b>3)</b>   | <b>899)</b>   | <b>886</b>   | <b>,581</b>  | <b>14</b>   | <b>\$—</b>  | <b>46</b> | <b>\$—</b> | <b>,527</b>  | <b>3)</b>    | <b>)</b>    | <b>886</b>   | <b>,581</b>  |

|            |      |       |     |   |   |   |   |   |    |   |   |        |
|------------|------|-------|-----|---|---|---|---|---|----|---|---|--------|
| Exchange   |      |       |     |   |   |   |   |   |    |   |   |        |
| of Class B |      |       |     |   |   |   |   |   |    |   |   |        |
| Common     |      |       |     |   |   |   |   |   |    |   |   |        |
| Stock and  |      |       |     |   |   |   |   |   |    |   |   |        |
| EWC        |      |       |     |   |   |   |   |   |    |   |   |        |
| Ventures   |      |       |     |   |   |   |   |   |    |   |   |        |
| Units for  |      |       |     |   |   |   |   |   |    |   |   |        |
| Class A    |      |       |     |   |   |   |   |   |    |   |   |        |
| Common     |      | 57,9  |     |   |   |   |   |   |    |   |   |        |
| Stock      | 74   | —     | 74) | — | — | — | — | — | —  | — | — | —      |
| Vesting of |      |       |     |   |   |   |   |   |    |   |   |        |
| restricted |      |       |     |   |   |   |   |   |    |   |   |        |
| stock      |      | 90,7  |     |   |   |   |   |   |    |   |   |        |
| units      | 15   | —     | —   | — | — | — | — | — | —  | — | — | —      |
| Forfeitur  |      |       |     |   |   |   |   |   |    |   |   |        |
| e of       |      |       |     |   |   |   |   |   |    |   |   |        |
| unvested   |      |       |     |   |   |   |   |   |    |   |   |        |
| incentive  |      |       |     |   |   |   |   |   |    |   |   |        |
| units      |      |       |     |   |   |   |   |   |    |   |   | —      |
| Equity     |      |       |     |   |   |   |   |   |    |   |   |        |
| compens    |      |       |     |   |   |   |   |   |    |   |   | 1,73   |
| ation      | —    | —     | —   | — | — | — | 2 | — | —  | — | — | 2      |
| Repurch    |      |       |     |   |   |   |   |   |    |   |   |        |
| ase of     |      |       |     |   |   |   |   |   |    |   |   |        |
| Class A    |      |       |     |   |   |   |   |   |    |   |   |        |
| common     |      | (325, |     |   |   |   |   |   |    |   |   | (5,55) |
| stock      | 892) | —     | —   | — | — | — | — | — | 0) | — | — | 0)     |
| Distributi |      |       |     |   |   |   |   |   |    |   |   |        |
| ons to     |      |       |     |   |   |   |   |   |    |   |   |        |
| members    |      |       |     |   |   |   |   |   |    |   |   |        |
| of EWC     |      |       |     |   |   |   |   |   |    |   |   | (1,27) |
| Ventures   | —    | —     | —   | — | — | — | — | — | —  | — | — | 8)     |
|            |      |       |     |   |   |   |   |   |    |   |   | 8)     |

|   |             |             |              |             |             |              |              |            |             |
|---|-------------|-------------|--------------|-------------|-------------|--------------|--------------|------------|-------------|
| Shares withheld for taxes on vested restricted stock                    | (20,7       | —           | —            | —           | (375        | —            | —            | —          | (375        |
| units   | 87)         | —           | —            | —           | )           | —            | —            | —          | )           |
| Tax receivable liability and deferred taxes arising from share exchange | —           | —           | —            | —           | 167         | —            | —            | —          | 167         |
| Allocation of equity to noncontrolling interests                        | —           | —           | —            | —           | 794         | —            | —            | —          | —           |
| Net income  | —           | —           | —            | —           | —           | 1            | —            | 3          | 4           |
| <b>Balance at September 30, 2023</b>                                    | <b>50,1</b> | <b>12,3</b> | <b>\$11</b>  | <b>\$16</b> |             |              |              |            |             |
|   | <b>31,9</b> | <b>06,0</b> | <b>\$227</b> | <b>1,99</b> | <b>,449</b> | <b>\$36,</b> | <b>\$135</b> |            |             |
|   | <b>24</b>   | <b>\$—</b>  | <b>72</b>    | <b>\$—</b>  | <b>,845</b> | <b>2)</b>    | <b>)</b>     | <b>067</b> | <b>,471</b> |

| Accumulated                      |                 |                      |                 |                 |            |            |              |               |            |            |
|----------------------------------|-----------------|----------------------|-----------------|-----------------|------------|------------|--------------|---------------|------------|------------|
| Additions                        |                 |                      |                 |                 |            |            |              |               |            |            |
| I other                          |                 |                      |                 |                 |            |            |              |               |            |            |
| Class A Common                   |                 |                      |                 |                 |            | Accumulate | comprehensiv | Noncontrollin |            |            |
| Stock                            |                 | Class B Common Stock |                 | paid-in         | d          | e          | g            | Total         |            |            |
|                                  | Shares          | Amount               |                 | Shares          | Amount     | capital    | deficit      | loss          | interest   | equity     |
| <b>Balance at December 25,</b>   | <b>36,932,4</b> |                      |                 | <b>26,700,4</b> |            |            |              |               |            |            |
| <b>2021</b>                      | <b>23</b>       | \$ —                 |                 | <b>77</b>       | \$ —       | \$ 182,919 | \$ (3,487)   | \$ (45)       | \$ 161,854 | \$ 341,241 |
| Exchange of Class B              |                 |                      |                 |                 |            |            |              |               |            |            |
| Common Stock and EWC             |                 |                      |                 |                 |            |            |              |               |            |            |
| Ventures Units for Class A       |                 |                      |                 |                 |            |            |              |               |            |            |
| Common Stock                     | 100,000         | —                    | (100,000)       | —               | —          | —          | —            | —             | —          | —          |
| Vesting of restricted stock      |                 |                      |                 |                 |            |            |              |               |            |            |
| units                            | 6,042           | —                    | —               | —               | —          | —          | —            | —             | —          | —          |
| Forfeiture of unvested           |                 |                      |                 |                 |            |            |              |               |            |            |
| incentive units                  | —               | —                    | (166,841)       | —               | —          | —          | —            | —             | —          | —          |
| Equity compensation              | —               | —                    | —               | —               | 3,335      | —          | —            | —             | —          | 3,335      |
| Distributions to members         |                 |                      |                 |                 |            |            |              |               |            |            |
| of EWC Ventures                  | —               | —                    | —               | —               | —          | —          | —            | —             | (2,272)    | (2,272)    |
| Establish tax receivable         |                 |                      |                 |                 |            |            |              |               |            |            |
| agreement liability              | —               | —                    | —               | —               | (347)      | —          | —            | —             | —          | (347)      |
| Reclassification of loss on      |                 |                      |                 |                 |            |            |              |               |            |            |
| cash flow hedge to               |                 |                      |                 |                 |            |            |              |               |            |            |
| earnings                         | —               | —                    | —               | —               | —          | —          | —            | 45            | —          | 45         |
| Allocation of equity to          |                 |                      |                 |                 |            |            |              |               |            |            |
| noncontrolling interests         | —               | —                    | —               | —               | (1,149)    | —          | —            | —             | 1,149      | —          |
| Net income                       | —               | —                    | —               | —               | —          | 1,885      | —            | —             | 2,141      | 4,026      |
| <b>Balance at March 26, 2022</b> | <b>37,038,4</b> |                      | <b>26,433,6</b> |                 |            |            |              |               |            |            |
|                                  | 65              | \$ —                 | 36              | \$ —            | \$ 184,758 | \$ (1,602) | \$ —         | \$ 162,872    | \$ 346,028 |            |
| Exchange of Class B              |                 |                      |                 |                 |            |            |              |               |            |            |
| Common Stock and EWC             |                 |                      |                 |                 |            |            |              |               |            |            |
| Ventures Units for Class A       | 2,459,30        |                      | (2,459,30)      |                 |            |            |              |               |            |            |
| Common Stock                     | 2               | —                    | 2)              | —               | —          | —          | —            | —             | —          | —          |
| Vesting of restricted stock      |                 |                      |                 |                 |            |            |              |               |            |            |
| units                            | 6,044           | —                    | —               | —               | —          | —          | —            | —             | —          | —          |

|   |                 |      |                 |      |            |              |      |           |            |         |
|---|-----------------|------|-----------------|------|------------|--------------|------|-----------|------------|---------|
| Forfeiture of unvested incentive units                                | —               | —    | (30,539)        | —    | —          | —            | —    | —         | —          | —       |
| Equity compensation   | —               | —    | —               | —    | 2,000      | —            | —    | —         | —          | 2,000   |
| Distributions to members of EWC Ventures                              | —               | —    | —               | —    | —          | —            | —    | (2,488)   | (2,488)    |         |
| Dividends paid to shareholders of Class A common stock                | —               | —    | —               | —    | —          | (122,227)    | —    | —         | (122,227)  |         |
| Dividend equivalents paid or payable to holders of EWC Ventures Units | —               | —    | —               | —    | —          | —            | —    | (87,130)  | (87,130)   |         |
| Establish tax receivable agreement liability                          | —               | —    | —               | —    | (4,067)    | —            | —    | —         | —          | (4,067) |
| Allocation of equity to noncontrolling interests                      | —               | —    | —               | —    | 4,095      | —            | —    | (4,095)   | —          | —       |
| Net income  | —               | —    | —               | —    | —          | 968          | —    | 1,063     | 2,031      |         |
| <b>Balance at June 25, 2022</b>                                       | <b>39,503,8</b> |      | <b>23,943,7</b> |      |            |              |      |           |            |         |
|   | 11              | \$ — | 95              | \$ — | \$ 186,786 | \$ (122,861) | \$ — | \$ 70,222 | \$ 134,147 |         |

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

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|   | Accumulated     |        |                      |        |            |            |              |               |            |        |
|---|-----------------|--------|----------------------|--------|------------|------------|--------------|---------------|------------|--------|
|   | Additions       |        |                      |        |            |            |              |               |            |        |
|   | Class A Common  |        |                      |        | I          |            |              | other         |            |        |
|   | Stock           |        | Class B Common Stock |        | paid-in    | Accumulate | comprehensiv | Noncontrollin | Total      |        |
|   | Shares          | Amount | Shares               | Amount | capital    | d          | e            | g             | interest   | equity |
| <b>Balance at December 25,</b>                                      | <b>36,932,4</b> |        | <b>26,700,4</b>      |        |            |            |              |               |            |        |
| 2021  | 23              | \$ —   | 77                   | \$ —   | \$ 182,919 | \$ (3,487) | \$ (45)      | \$ 161,854    | \$ 341,241 |        |
| Exchange of Class B Common Stock and EWC Ventures Units for Class A |                 |        |                      |        |            |            |              |               |            |        |
| Common Stock  | 100,000         | —      | (100,000)            | —      | —          | —          | —            | —             | —          | —      |
| Vesting of restricted stock units                                   | 6,042           | —      | —                    | —      | —          | —          | —            | —             | —          | —      |

|   |                 |    |                 |    |         |           |            |            |          |           |            |            |
|---|-----------------|----|-----------------|----|---------|-----------|------------|------------|----------|-----------|------------|------------|
| Forfeiture of unvested<br>incentive units                                   | —               | —  | (166,841)       | —  | —       | —         | —          | —          | —        | —         | —          |            |
| Equity compensation   | —               | —  | —               | —  | 3,335   | —         | —          | —          | —        | —         | 3,335      |            |
| Distributions to members<br>of EWC Ventures                                 | —               | —  | —               | —  | —       | —         | —          | —          | (2,272)  | (2,272)   |            |            |
| Establish tax receivable<br>agreement liability                             | —               | —  | —               | —  | (347)   | —         | —          | —          | —        | (347)     |            |            |
| Reclassification of loss on<br>cash flow hedge to<br>earnings               | —               | —  | —               | —  | —       | —         | —          | 45         | —        | —         | 45         |            |
| Allocation of equity to<br>noncontrolling interests                         | —               | —  | —               | —  | (1,149) | —         | —          | —          | 1,149    | —         | —          |            |
| Net income  | —               | —  | —               | —  | —       | 1,885     | —          | —          | 2,141    | —         | 4,026      |            |
| <b>Balance at March 26, 2022</b>  | <b>37,038,4</b> |    | <b>26,433,6</b> |    |         |           |            |            |          |           |            |            |
|   | 65              | \$ | —               | 36 | \$      | —         | \$ 184,758 | \$ (1,602) | \$       | —         | \$ 162,872 | \$ 346,028 |
| Exchange of Class B<br>Common Stock and EWC<br>Ventures Units for Class A   | 2,459,30        |    | (2,459,30)      |    |         |           |            |            |          |           |            |            |
| Common Stock  | 2               | —  | 2)              | —  | —       | —         | —          | —          | —        | —         | —          | —          |
| Vesting of restricted stock<br>units  | 6,044           | —  | —               | —  | —       | —         | —          | —          | —        | —         | —          | —          |
| Forfeiture of unvested<br>incentive units                                   | —               | —  | (30,539)        | —  | —       | —         | —          | —          | —        | —         | —          | —          |
| Equity compensation   | —               | —  | —               | —  | 2,000   | —         | —          | —          | —        | —         | 2,000      |            |
| Distributions to members<br>of EWC Ventures                                 | —               | —  | —               | —  | —       | —         | —          | —          | (2,488)  | (2,488)   |            |            |
| Dividends paid to<br>shareholders of Class A<br>common stock                | —               | —  | —               | —  | —       | (122,227) | —          | —          | —        | (122,227) |            |            |
| Dividend equivalents paid<br>or payable to holders of<br>EWC Ventures Units | —               | —  | —               | —  | —       | —         | —          | —          | (87,130) | (87,130)  |            |            |
| Establish tax receivable<br>agreement liability                             | —               | —  | —               | —  | (4,067) | —         | —          | —          | —        | (4,067)   |            |            |
| Allocation of equity to<br>noncontrolling interests                         | —               | —  | —               | —  | 4,095   | —         | —          | —          | (4,095)  | —         |            |            |

|                                 |                 |           |                 |            |           |          |                   |                     |           |          |                  |
|---------------------------------|-----------------|-----------|-----------------|------------|-----------|----------|-------------------|---------------------|-----------|----------|------------------|
| Net income                      | —               | —         | —               | —          | —         | 968      | —                 | —                   | 1,063     | —        | 2,031            |
| <b>Balance at June 25, 2022</b> | <b>39,503,8</b> |           | <b>23,943,7</b> |            |           |          |                   |                     |           |          |                  |
|                                 | 11              | \$        | —               | 95         | \$        | —        | \$ 186,786        | \$ (122,861)        | \$        | —        | \$ 70,222        |
|                                 |                 |           |                 |            |           |          |                   |                     |           |          | \$ 134,147       |
| Exchange of Class B             |                 |           |                 |            |           |          |                   |                     |           |          |                  |
| Common Stock and EWC            |                 |           |                 |            |           |          |                   |                     |           |          |                  |
| Ventures Units for Class A      | 1,457,20        |           |                 | (1,457,20) |           |          |                   |                     |           |          |                  |
| Common Stock                    | 8               | —         | 8)              | —          | —         | —        | —                 | —                   | —         | —        | —                |
| Vesting of restricted stock     |                 |           |                 |            |           |          |                   |                     |           |          |                  |
| units                           | 104,447         | —         | —               | —          | —         | —        | —                 | —                   | —         | —        | —                |
| Equity compensation             | —               | —         | —               | —          | 2,117     | —        | —                 | —                   | —         | —        | 2,117            |
| Distributions to members        |                 |           |                 |            |           |          |                   |                     |           |          |                  |
| of EWC Ventures                 | —               | —         | —               | —          | —         | —        | —                 | —                   | (2,520)   | (2,520)  |                  |
| Shares withheld for taxes       |                 |           |                 |            |           |          |                   |                     |           |          |                  |
| on vested restricted stock      |                 |           |                 |            |           |          |                   |                     |           |          |                  |
| units                           | (24,631)        | —         | —               | —          | —         | (525)    | —                 | —                   | —         | —        | (525)            |
| Establish tax receivable        |                 |           |                 |            |           |          |                   |                     |           |          |                  |
| agreement liability             | —               | —         | —               | —          | (2,385)   | —        | —                 | —                   | —         | —        | (2,385)          |
| Allocation of equity to         |                 |           |                 |            |           |          |                   |                     |           |          |                  |
| noncontrolling interests        | —               | —         | —               | —          | 3,916     | —        | —                 | —                   | (3,916)   | —        | —                |
| Net income                      | —               | —         | —               | —          | —         | 3,522    | —                 | —                   | 1,765     | —        | 5,287            |
| <b>Balance at September 24,</b> | <b>41,040,8</b> |           | <b>22,486,5</b> |            |           |          |                   |                     |           |          |                  |
| <b>2022</b>                     | <b>35</b>       | <b>\$</b> | <b>—</b>        | <b>87</b>  | <b>\$</b> | <b>—</b> | <b>\$ 189,909</b> | <b>\$ (119,339)</b> | <b>\$</b> | <b>—</b> | <b>\$ 65,551</b> |
|                                 |                 |           |                 |            |           |          |                   |                     |           |          | \$ 136,121       |

## EUROPEAN WAX CENTER, INC. AND SUBSIDIARIES

### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in thousands, except share/unit and per share/unit amounts)

(Unaudited)

#### 1. Nature of business and organization

European Wax Center, Inc. was formed as a Delaware corporation on April 1, 2021. European Wax Center, Inc. and subsidiaries ("the Company") was formed for the purpose of completing a public offering and related transactions in order to carry on the business of EWC Ventures, LLC ("EWC Ventures") and its subsidiaries. Through its subsidiaries, the Company is engaged in selling franchises of European Wax Center, distributing unique facial and body waxing products to

franchisees which are used to perform waxing services and providing branded facial and body waxing products directly to consumers at various locations throughout the United States.

The Company operates on a fiscal calendar which, in a given year, consists of a 52 or 53 week period ending on the Saturday closest to December 31st. The quarters ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022 both consisted of 13 weeks.

## **2. Summary of significant accounting policies**

### *(a) Basis of presentation and consolidation*

The accompanying unaudited condensed consolidated financial statements have been presented in conformity with accounting principles generally accepted in the United States ("GAAP") for interim financial information and pursuant to the rules and regulations of the SEC and includes the operations of the Company and EWC Ventures and its wholly owned subsidiaries. EWC Ventures is considered a variable interest entity. The Company is the primary beneficiary of EWC Ventures. As a result, the Company consolidates EWC Ventures.

The condensed consolidated balance sheet as of December 31, 2022 is derived from the audited consolidated financial statements of the Company but does not include all disclosures required by GAAP. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes thereto for the year ended December 31, 2022 included in our annual report on Form 10-K.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements include all normal recurring adjustments necessary for a fair statement of the Company's financial position, results of operations, and cash flows for the periods presented. All intercompany accounts and transactions have been eliminated in consolidation.

Accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with the accounting policies described in the audited consolidated financial statements and the related notes thereto for the year ended December 31, 2022 included in our annual report on Form 10-K, except as described below relating to our adoption of Accounting Standards Codification ("ASC") Topic 326, *Measurement of Credit Losses on Financial Instruments*.

### *(b) Use of estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Significant areas where estimates and judgments are relied upon by management in the preparation of the financial statements include revenue recognition, inventory reserves, income taxes, the Tax Receivable Agreement ("TRA"), the expected life of franchise agreements, the useful life of reacquired rights, valuation of

equity-based compensation awards, and the evaluation of the recoverability of goodwill and long-lived assets, including indefinite-lived intangible assets. Actual results could differ from those estimates.

*(c) Implications of being an Emerging Growth Company*

The Company is an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act") and may take advantage of reduced reporting requirements that are otherwise applicable to public companies. Section 107 of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with those standards. The Company has elected to use the extended transition period for complying with new or revised accounting standards. We also intend to take advantage of some of the reduced regulatory and reporting requirements of emerging growth companies pursuant to the JOBS Act so long as we qualify as an emerging growth company, including, but not

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limited to, not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation, and exemptions from the requirements of holding non-binding advisory votes on executive compensation and golden parachute payments.

*(d) Comprehensive income (loss)*

Comprehensive income (loss) is defined as the change in equity (net assets) of a business entity during a period from transactions and other events and circumstances from nonowner sources. Comprehensive income (loss) is equal to net income (loss) for all periods presented.

*(e) Recently adopted accounting pronouncements*

In June 2017, the FASB issued ASU 2016-13, *Financial Instruments (Topic 326)—Measurement of Credit Losses on Financial Instruments*, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. The standard replaced the previous incurred loss impairment model with an expected loss methodology, which results in more timely recognition of credit losses. We adopted this guidance on January 1, 2023 (the beginning of fiscal year 2023). The adoption of this guidance did not have a significant impact on our financial statements.

### **3. Prepaid expenses and other current assets**

Prepaid expenses and other current assets consisted of the following:

|                   | December 31, |          | September 30, 2023 | December 31, 2022 |
|-------------------|--------------|----------|--------------------|-------------------|
|                   | July 1, 2023 | 2022     |                    |                   |
| Prepaid insurance | \$ 1,419     | \$ 1,966 | \$ 2,274           | \$ 1,966          |
| Prepaid rent      | 194          | 192      | 180                | 192               |

|                                      |                 |                 |                 |                 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Prepaid technology                   | 2,236           | 1,656           | 1,351           | 1,656           |
| Prepaid marketing                    | 2,245           | 844             | 3,138           | 844             |
| Prepaid commissions                  | 395             | 410             | 388             | 410             |
| Prepaid other & other current assets | 1,136           | 506             | 964             | 506             |
| <b>Total</b>                         | <b>\$ 7,625</b> | <b>\$ 5,574</b> | <b>\$ 8,295</b> | <b>\$ 5,574</b> |

The prepaid other & other current assets amounts are primarily composed of prepaid maintenance contracts and sales taxes.

#### 4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consisted of the following:

|   | December 31,     |                  | September 30, 2023 | December 31, 2022 |
|---|------------------|------------------|--------------------|-------------------|
|   | July 1, 2023     | 2022             |                    |                   |
| Accounts payable                                      | \$ 5,328         | \$ 5,874         | \$ 5,742           | \$ 5,874          |
| Accrued inventory                                     | 2,981            | 2,259            | 2,104              | 2,259             |
| Accrued compensation                                  | 2,571            | 4,283            | 3,683              | 4,283             |
| Accrued taxes and penalties                           | 1,089            | 1,181            | 1,239              | 1,181             |
| Accrued technology and subscription fees              | 234              | 26               | 109                | 26                |
| Accrued interest                                      | 989              | 933              | 925                | 933               |
| Accrued professional fees                             | 338              | 890              | 408                | 890               |
| Accrued marketing fees                                | 876              | 310              | 564                | 310               |
| Accrued dividend equivalents                          | 997              | 1,777            | 846                | 1,777             |
| Other accrued liabilities                             | 895              | 1,014            | 842                | 1,014             |
| <b>Total accounts payable and accrued liabilities</b> | <b>\$ 16,298</b> | <b>\$ 18,547</b> | <b>\$ 16,462</b>   | <b>\$ 18,547</b>  |

#### 5. Long-term debt

Long-term debt consists of the following:

|  | July 1, 2023 | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|--|--------------|-------------------|--------------------|-------------------|
|  |              |                   |                    |                   |
| Class A-2 Notes  | 396,00       |                   |                    |                   |
|  | \$ 0         | \$ 398,000        | \$ 395,000         | \$ 398,000        |
| Less: current portion  | (4,000)      | (4,000)           | (4,000)            | (4,000)           |
| Total long-term debt   | 392,00       |                   |                    |                   |
|  | 0            | 394,000           | 391,000            | 394,000           |
| Less: unamortized debt discount and deferred financing costs | (20,600)     | (23,065)          | (19,361)           | (23,065)          |
| Total long-term debt, net                                    | 371,40       |                   |                    |                   |
|  | \$ 0         | \$ 370,935        | \$ 371,639         | \$ 370,935        |

On April 6, 2022 (the "Closing Date"), EWC Master Issuer LLC, a limited-purpose, bankruptcy remote, indirect subsidiary of the Company (the "Master Issuer"), completed a securitization transaction pursuant to which it issued \$400,000 in aggregate principal amount of Series 2022-1 5.50% Fixed Rate Senior Secured Notes, Class A-2 (the "Class A-2 Notes").

In connection with the issuance of the Class A-2 Notes, the Master Issuer also entered into (i) a revolving financing facility that allows for the issuance of up to \$40,000 in Variable Funding Notes ("Variable Funding Notes"), and certain letters of credit and (2) an advance funding facility with Bank of America, N.A. ("BofA"), whereby BofA and any other advance funding provider thereunder would, in certain specified circumstances, make certain debt service advances and collateral protection advances (not to exceed \$5,000 in the aggregate). The Variable Funding Notes were undrawn at closing and as of **July 1, 2023** **September 30, 2023**.

The Class A-2 Notes and the Variable Funding Notes are referred to collectively as the "Notes." The Notes were issued in a securitization transaction pursuant to which substantially all of the Company's revenue-generating assets in the United States are held by the Master Issuer and certain other limited-purpose, bankruptcy remote, wholly-owned direct and indirect subsidiaries of EWC Holding Guarantor (including the Master Issuer) (collectively, the "Securitization Entities") that have pledged substantially all of their assets to secure the Notes and, with respect to the Securitization Entities other than the Master Issuer, act as guarantors of the Notes.

While the Class A-2 Notes are outstanding, payments of principal and interest are required to be made on the Class A-2 Notes on a quarterly basis. The quarterly payments of principal on the Class A-2 Notes may be suspended in the event that the leverage ratio for the Company and its subsidiaries, including the securitization entities, is, in each case, less than or equal to 5.00x.

The legal final maturity date of the Class A-2 Notes is in March of 2052, but it is anticipated that, unless earlier prepaid to the extent permitted under the Base Indenture, dated April 6, 2022 (the "Indenture"), the Class A-2 Notes will be repaid in March of 2027 (the "Anticipated Repayment Date"). If the Master Issuer has not repaid or refinanced the Class A-2 Notes prior to their Anticipated Repayment Date, additional interest will accrue on the Class A-2 Notes equal to the greater of (A)

5.00% per annum and (B) a per annum interest rate equal to the excess, if any, by which the sum of (i) the yield to maturity (adjusted to a quarterly bond equivalent basis) on such anticipated repayment date of the United States Treasury Security having a term closest to ten (10) years plus (ii) 5.00%, plus (iii) 3.87%, exceeds the original interest rate. The Class A-2 Notes rank pari passu with the Variable Funding Notes.

Interest on the Variable Funding Notes will be payable at per annum rates based on term SOFR (plus a credit adjustment spread) or the lenders' commercial paper funding rate plus 212.5 basis points. There is a commitment fee on the unused portion of the Variable Funding Notes facility, equal to 50 basis points per annum. It is anticipated that the principal and interest on the Variable Funding Notes will be repaid in full on or prior to March 2025, subject to two additional one-year extensions at the option of the Company. Following the anticipated date of repayment (and any extensions thereof), additional interest will accrue on the Variable Funding Notes equal to 5.00% per annum.

The Notes are secured by a security interest in substantially all of the assets of the Securitization Entities. The assets of the Securitization Entities include substantially all of the Company's revenue-generating assets in the United States, which principally consist of franchise-related agreements, certain supply, distribution and logistics services agreements, intellectual property and license agreements for the use of intellectual property.

The Notes are subject to a series of financial and non-financial covenants and restrictions customary for transactions of this type, including (i) that the Master Issuer maintains specified reserve accounts to be used to make required payments in respect of the Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Class A-2 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The Notes are also subject to customary rapid

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amortization events provided for in the Indenture, including events tied to failure to maintain a stated debt service coverage ratio, the

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sum of system-wide sales being below certain levels on certain measurement dates, certain manager termination events (including in certain cases a change of control of EWC Ventures), an event of default and the failure to repay or refinance the Notes on the applicable anticipated repayment date. The Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal or other amounts due on or with respect to the Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective and certain judgments.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of the short-term nature of these instruments. Our outstanding Class A-2 Notes had an approximate fair value of

\$365,191 363,993 as of July 1, 2023 September 30, 2023.

## 6. Equity Based Compensation

### Restricted Stock Units

During the 13 and 26 weeks ended July 1, 2023 September 30, 2023, we granted 69,088 10,426 and 339,143 349,569 restricted stock units ("RSUs"), respectively, to certain employees and directors under the 2021 Omnibus Incentive Plan (the "2021 Incentive Plan") that will generally vest in three equal installments of 33.33% on each of the first three anniversaries of the date of grant, subject in all cases to continued employment on the applicable vesting date. The total grant date fair value of the RSUs will be recognized as equity-based compensation expense over the vesting period. The weighted average grant date fair values of the RSUs granted during the 13 and 26 weeks ended July 1, 2023 September 30, 2023 were \$17.01 17.19 and \$16.42 16.45, respectively, and were equal to the closing price of the underlying Class A common stock on the date of grant.

### Class A Common Stock Options

During the 13 and 26 weeks ended July 1, 2023 September 30, 2023 we granted 49,455 8,783 and 317,095 325,878 options, respectively, with weighted average exercise prices of \$20.69 19.44 and \$19.77 19.76 per share, respectively, to certain employees under the 2021 Incentive Plan. The stock options granted have a ten-year contractual term and will cliff vest on the third anniversary of the date of grant, subject in all cases to continued employment on the applicable vesting date. The weighted average grant date fair values of the stock options were \$10.11 9.25 and \$9.85 9.84 for the 13 and 26 weeks ended July 1, 2023 September 30, 2023, respectively. The total grant date fair value of the stock options will be recognized as equity-based compensation expense over the vesting period. The Company previously used the Black Scholes model to estimate the fair value of stock option grants. However, as these options were granted with exercise prices 20% higher than the closing price, it was determined that the options contained an implicit market condition. As such, the Company estimated the fair value of the options using a binomial lattice model.

The following table presents the weighted average assumptions used in the lattice model to determine the fair value of the stock options granted during the 13 and 26 weeks ended July 1, 2023 September 30, 2023:

|                            | For the Thirteen Weeks Ended July 1, 2023 | For the Twenty-Six Weeks Ended July 1, 2023 | For the Thirteen Weeks Ended September 30, 2023 | For the Thirty-Nine Weeks Ended September 30, 2023 |
|----------------------------|---|---|---|--|
| Expected dividend yield    | 0.0%                                      | 0.0%  | 0.0%  | 0.0%   |
| Expected volatility        | 62.7%                                     | 62.4%                                       | 55.7%   | 61.5%  |
| Risk-free rate             | 3.6%                                      | 3.6%  | 4.5%  | 3.6%   |
| Suboptimal exercise factor | 2.5x                                      | 2.5x  | 2.5x  | 2.5x   |

A description of each of the inputs to the lattice model is as follows:

- Expected dividend yield - The expected dividend yield is based on our history of not paying regular dividends in past and our current intention to not pay regular dividends in the foreseeable future. An increase in the expected dividend yield would decrease compensation expense.
- Expected volatility - This is a measure of the amount by which the price of the equity instrument has fluctuated or is expected to fluctuate. The expected volatility was based on the historical volatility of the Company as well as that of a group of guideline companies. An increase in expected volatility would increase compensation expense.
- Risk-free interest rate - This is the U.S. Treasury rate as of the measurement date having a term approximating the contractual term of the award. An increase in the risk-free interest rate would increase compensation expense.
- Suboptimal exercise factor - The multiple of the exercise price at which an option exercise would be expected to occur. An increase in the suboptimal exercise factor would increase compensation expense.

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#### *Modification of 3.0x Units*

During the 2639 weeks ended July 1, 2023 September 30, 2023 we modified the vesting conditions of 533,707 incentive units (the "3.0x Units") granted under the Management Holdco, LLC Equity Incentive Plan to nine employees. Under their original terms, the 3.0x Units would have vested

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under the following conditions: (i) the achievement of a 3.0x multiple on invested capital ("MOIC"), (ii) the achievement of a 2.0x MOIC at such time as General Atlantic's investment in the Company is no less than 35% of the fully diluted units of the Company or (iii) the first of December 31, 2022, March 31, 2023, June 30, 2023, September 30, 2023 or December 31, 2023 on which a specific volume weighted average trading price ("VWAP") of our Class A common stock is achieved.

Our Board of Directors (the "Board") modified the award to adjust the specified VWAP target described above. The Company's VWAP exceeded the modified target as of March 31, 2023. As such, all of the 3.0x Units vested on that date. During the 13 and 2639 weeks ended July 1, 2023 September 30, 2023 we recognized \$1,826 1,732 and \$7,757 9,489, respectively, in equity-based compensation expense. Of the amount recognized during the first 2639 weeks of 2023, \$3,888 was incremental equity-based compensation expense related to the modification of the 3.0x Units. The incremental expense recognized in connection with the modification of the 3.0x Units was calculated as the difference between the fair value of the modified award and the fair value of the original award on the modification date. The fair value of the modified award was equal to the closing price of the underlying Class A common stock on the modification date. The Company used a Monte Carlo simulation to determine the fair value of the original award on the modification date. The following table presents the weighted average assumptions used in the simulation to determine the fair value of the original award on the modification date:

|                         |       |
|-------------------------|-------|
| Expected dividend yield | 0.0%  |
| Expected volatility     | 50.0% |
| Risk-free rate          | 4.7%  |

A description of each of the inputs to the simulation model is as follows:

- Expected dividend yield - The expected dividend yield is based on our history of not paying regular dividends in past and our current intention to not pay regular dividends in the foreseeable future. An increase in the expected dividend yield would decrease compensation expense.
- Expected volatility - This is a measure of the amount by which the price of the equity instrument has fluctuated or is expected to fluctuate. The expected volatility was based on the historical volatility of the Company. An increase in the expected volatility would increase compensation expense.
- Risk-free interest rate - This is the U.S. Treasury rate as of the measurement date having a term approximating the measurement period of the award. An increase in the risk-free interest rate would increase compensation expense.

## 7. Commitments and contingencies

### *Litigation*

The Company is exposed to various asserted and unasserted potential claims encountered in the normal course of business. Although the outcomes of potential legal proceedings are inherently difficult to predict, the Company does not expect the resolution of these occasional legal proceedings to have a material effect on its financial position, results of operations, or cash flow.

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## 8. Revenue from contracts with customers

Contract liabilities consist of deferred revenue resulting from franchise fees, which are generally recognized on a straight-line basis over the term of the underlying franchise agreement. Also included are service revenues from corporate-owned centers, including customer prepayments in connection with the Wax Pass program. Contract liabilities are classified as deferred revenue on the condensed consolidated balance sheets.

Deferred franchise fees are reduced as fees are recognized in revenue over the term of the franchise license for the respective center. Deferred service revenues are recognized over time as the services are performed. The following table reflects the change in contract liabilities for the periods indicated:

|                                     | Contract liabilities | Contract liabilities |
|-------------------------------------|----------------------|----------------------|
| <b>Balance at December 31, 2022</b> | \$ 10,985            | \$ 10,985            |

|  |                  |                  |
|--|------------------|------------------|
| Deferred revenue recognized that was included in the contract liability at the beginning of the year | (1,560)          | (2,322)          |
| Increase, excluding amounts recognized as revenue during the period                                  | 2,089            | 2,500            |
| <b>Balance at July 1, 2023</b>   | <b>\$ 11,514</b> |                  |
| <b>Balance at September 30, 2023</b>   |                  | <b>\$ 11,163</b> |

The weighted average remaining amortization period for deferred revenue is 3.6 3.9 years.

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The following table illustrates estimated revenues expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as of July 1, 2023 September 30, 2023. The Company has elected to exclude short term contracts, sales-based royalties and any other variable consideration recognized on an "as invoiced" basis.

| Contract liabilities to be recognized in: | Amount           | Amount           |
|---|------------------|------------------|
| 2023 (from July 2, 2023)                  | \$ 4,084         |                  |
| 2023 (from October 1, 2023)               |                  | \$ 3,341         |
| 2024                                      | 1,256            | 1,289            |
| 2025                                      | 1,185            | 1,218            |
| 2026                                      | 1,075            | 1,110            |
| 2027                                      | 1,013            | 1,050            |
| Thereafter                                | 2,901            | 3,155            |
| <b>Total</b>                              | <b>\$ 11,514</b> | <b>\$ 11,163</b> |

The summary set forth below represents the balances in deferred revenue as of July 1, 2023 September 30, 2023 and December 31, 2022:

|                               | July 1, 2023  | December 31, 2022 | September 30, 2023 | December 31, 2022 |
|-------------------------------|---------------|-------------------|--------------------|-------------------|
| Franchise fees                | \$ 8,254      | \$ 8,167          | \$ 8,182           | \$ 8,167          |
| Service revenue               | 3,260         | 2,818             | 2,981              | 2,818             |
| <b>Total deferred revenue</b> | <b>11,514</b> | <b>10,985</b>     | <b>11,163</b>      | <b>10,985</b>     |

|                                       |          |          |          |          |
|---------------------------------------|----------|----------|----------|----------|
| Long-term portion of deferred revenue | 6,795    | 6,901    | 6,850    | 6,901    |
| Current portion of deferred revenue   | \$ 4,719 | \$ 4,084 | \$ 4,313 | \$ 4,084 |

## 9. Income Taxes

The Company is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its allocable share of any taxable income or loss of EWC Ventures. The remaining share of EWC Ventures income or loss is non-taxable to the Company and is not reflected in current or deferred income taxes.

EWC Ventures is a limited liability company that is treated as a partnership for U.S. federal income tax purposes and for most applicable state and local income tax purposes. As a partnership, EWC Ventures is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by EWC Ventures is passed through to and included in the taxable income or loss of its members on a pro rata basis, subject to applicable tax regulations.

We recorded \$2,763 1,784 and \$2,254 4,038 in income tax expense for the 13 and 26 39 weeks ended July 1, 2023 September 30, 2023, respectively, and \$19 37 and \$46 83 in income tax expense for the 13 and 26 39 weeks ended June 25, 2022 September 24, 2022, respectively. The effective tax rate was 33.1 29.8% and 33.2 31.6% for the 13 and 26 39 weeks ended July 1, 2023 September 30, 2023, respectively, and 0.9% and 0.8 0.7% for the 13 and 26 39 weeks ended June 25, 2022, September 24, 2022. The effective tax rate for the 13 and 26 39 weeks ended July 1, 2023 September 30, 2023 differs from the U.S. federal statutory rate primarily due to

non-taxable income attributable to noncontrolling interest, state taxes and the tax effects of stock compensation. The effective tax rate for the 13 and 26 39 weeks ended June 25, 2022 September 24, 2022 differs from the U.S. federal statutory rate primarily as a result of the full valuation allowance against its net federal and state deferred taxes during that period. The valuation allowance was fully released as of December 31, 2022.

### *Tax Receivable Agreement*

As of July 1, 2023 September 30, 2023, future payments under the TRA are expected to be \$208,166 208,700. Payments made under the TRA represent payments that otherwise would have been made to taxing authorities in the absence of attributes obtained by us as a result of exchanges by our pre-IPO members. Such amounts will be paid only when a cash tax savings is realized as a result of attributes subject to the TRA. That is, payments under the TRA are only expected to be made in periods following the filing of a tax return in which we are able to utilize certain tax benefits to reduce our cash taxes paid to a taxing authority. The impact of any changes in the projected obligations under the TRA as a result of changes in the geographic mix of the Company's earnings, changes in tax legislation and tax rates or other factors that may impact the Company's tax savings will be reflected in other expense on the condensed consolidated statement of operations in the period in which the change occurs.

## 10. Noncontrolling interest

We are the sole managing member of EWC Ventures and, as a result of this control, and because we have a substantial financial interest in EWC Ventures, we consolidate the financial results of EWC Ventures. We report noncontrolling interests representing the economic

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interests in EWC Ventures held by the other members of EWC Ventures. Income or loss is attributed to the noncontrolling interests based on their contractual distribution rights, and the relative percentages of EWC Ventures non-voting common units ("EWC Ventures Units") by us and the other holders of EWC Ventures Units during the period.

The EWC Ventures LLC Agreement permits the members of EWC Ventures to exchange EWC Ventures Units, together with related shares of our Class B common stock, for shares of our Class A common stock on a one-for-one basis or, at the election of the Company, for cash at the current fair value on the date of the exchange. Changes in the Company's ownership interest in EWC Ventures while retaining control of EWC Ventures will be accounted for as equity transactions. As such, future redemptions or direct exchanges of EWC Ventures Units by the other members will result in a change in ownership and reduce the amount recorded as noncontrolling interest and increase additional paid-in capital. Additionally, certain members of EWC Ventures hold unvested EWC Ventures Units that are subject to service, performance, and/or market conditions. The vesting of EWC Ventures Units will result in a change in ownership and increase the amount recorded as noncontrolling interest and decrease additional paid-in capital.

The following table summarizes the ownership of EWC Ventures as of **July 1, 2023** **September 30, 2023**:

|                           | July 1, 2023      |                      | September 30, 2023 |               |
|---------------------------|-------------------|----------------------|--------------------|---------------|
|                           | Units Owned       | Ownership Percentage | Ownership          |               |
|                           |                   |                      | Units Owned        | Percentage    |
| European Wax Center, Inc. | 50,329,914        | 80.6%                | 50,131,924         | 80.6%         |
| Noncontrolling interest   | 12,100,016        | 19.4%                | 12,060,849         | 19.4%         |
| <b>Total</b>              | <b>62,429,930</b> | <b>100.0%</b>        | <b>62,192,773</b>  | <b>100.0%</b> |

The following table presents the effect of changes in the Company's ownership interest in EWC Ventures on the Company's equity for the 13 and **26** **39** weeks ended **July 1, 2023** **September 30, 2023** and **June 25, 2022** **September 24, 2022**:

|  | For the Thirteen Weeks Ended |          | For the Twenty-Six Weeks Ended |          | For the Thirteen Weeks Ended |          | For the Thirty-Nine Weeks Ended |          |
|--|------------------------------|----------|--------------------------------|----------|------------------------------|----------|---------------------------------|----------|
|  | June                         |          | June                           |          | September                    |          | September                       |          |
|  | July 1, 2023                 | 25, 2022 | July 1, 2023                   | 25, 2022 | 30, 2023                     | 24, 2022 | 30, 2023                        | 24, 2022 |
|  |                              |          |                                |          |                              |          |                                 |          |

|   |               |               |               |               |               |               |               |               |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Net income attributable to European Wax Center, Inc.  | 4,0<br>\$ 12  | \$ 968        | \$ 04         | \$ 53         | 3,5<br>\$ 1   | \$ 2          | \$ 5          | 2,94<br>\$ 5  | 3,52<br>\$ 2  | 6,44<br>\$ 5  | 6,37<br>\$ 5  |
| Transfers from noncontrolling interests:  |               |               |               |               |               |               |               |               |               |               |               |
| Increase in additional-paid-in-capital as a result of equity allocations from the noncontrolling interest             | 1,6<br>82     | 4,0<br>95     | 14,<br>339    | 2,9<br>46     |               | 3,91<br>6     |               | 15,1<br>33    |               | 6,86<br>2     |               |
| Net increase in equity of European Wax Center, Inc. due to equity interest transactions with noncontrolling interests | 5,6<br>\$ 94  | 5,0<br>\$ 63  | 17,<br>\$ 843 | 5,7<br>\$ 99  | 3,73<br>\$ 5  | 7,43<br>\$ 8  | 21,5<br>\$ 78 | 13,2<br>\$ 37 |               |               |               |
|   | <u>      </u> |

## 11. Net income per share

Basic net income per share of Class A common stock is computed by dividing net income attributable to Class A common shareholders for the period by the weighted average number of shares of Class A common stock outstanding for the same period. Shares issued during the period and shares reacquired during the period are weighted for the portion of the period in which the shares were outstanding.

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Diluted net income per share of Class A common stock is computed by dividing net income attributable to Class A common shareholders by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities using the more dilutive of either the treasury stock method or the if-converted method.

The following table sets forth the computation of basic net income per share of Class A common stock for the 13 and 26 weeks ended **July 1, 2023** **September 30, 2023** and **June 25, 2022** **September 24, 2022**:

|   | For the Twenty-Six Weeks     |               |              |               |
|---|------------------------------|---------------|--------------|---------------|
|   | For the Thirteen Weeks Ended |               | Ended        |               |
|   | July 1, 2023                 | June 25, 2022 | July 1, 2023 | June 25, 2022 |
| (in thousands, except for share and per share amounts)    |                              |               |              |               |
| <b>Net income</b>   | \$ 5,594                     | \$ 2,031      | \$ 4,541     | \$ 6,057      |
| Less: net income attributable to noncontrolling interests | 1,528                        | 775           | 1,357        | 2,694         |

|  |            |            |            |            |
|--|------------|------------|------------|------------|
| <b>Net income applicable to Class A common shareholders</b>          | \$ 4,066   | \$ 1,256   | \$ 3,184   | \$ 3,363   |
| <b>Basic weighted average outstanding shares</b>                     |            |            |            |            |
| Class A Common Stock   | 50,335,784 | 37,911,637 | 49,162,232 | 37,432,586 |
| <b>Basic net income per share applicable to common shareholders:</b> |            |            |            |            |
| Class A Common Stock   | \$ 0.08    | \$ 0.03    | \$ 0.06    | \$ 0.09    |

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|  | For the Thirty-Nine Weeks    |                       |                       |                       |
|--|------------------------------|-----------------------|-----------------------|-----------------------|
|  | For the Thirteen Weeks Ended |                       | Ended                 |                       |
|  | September<br>30, 2023        | September<br>24, 2022 | September<br>30, 2023 | September<br>24, 2022 |
| (in thousands, except for share and per share amounts)               |                              |                       |                       |                       |
| <b>Net income</b>  | \$ 4,194                     | \$ 5,287              | \$ 8,735              | \$ 11,344             |
| Less: net income attributable to noncontrolling interests            | 1,208                        | 1,773                 | 2,601                 | 4,735                 |
| <b>Net income applicable to Class A common shareholders</b>          | \$ 2,986                     | \$ 3,514              | \$ 6,134              | \$ 6,609              |
| <b>Basic weighted average outstanding shares</b>                     |                              |                       |                       |                       |
| Class A Common Stock   | 50,321,994                   | 39,849,170            | 49,548,820            | 38,238,114            |
| <b>Basic net income per share applicable to common shareholders:</b> |                              |                       |                       |                       |
| Class A Common Stock   | \$ 0.06                      | \$ 0.09               | \$ 0.12               | \$ 0.17               |

The following table sets forth the computation of diluted net income per share of Class A common stock for the 13 and 26 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022:

|  | For the Thirteen Weeks Ended                           |                  | For the Twenty-Six Weeks Ended |                  | For the Thirteen Weeks Ended |                           | For the Thirty-Nine Weeks Ended |                           |
|--|--|------------------|--------------------------------|------------------|------------------------------|---------------------------|---------------------------------|---------------------------|
|  | July 1,<br>2023  | June 25,<br>2022 | July 1,<br>2023                | June 25,<br>2022 | Septem<br>ber 30,<br>2023    | Septem<br>ber 24,<br>2022 | Septem<br>ber 30,<br>2023       | Septem<br>ber 24,<br>2022 |
|  | (in thousands, except for share and per share amounts) |                  |                                |                  |                              |                           |                                 |                           |
|  |  |                  |                                |                  |                              |                           |                                 |                           |

|   |      |      |      |      |          |          |          |          |       |
|---|------|------|------|------|----------|----------|----------|----------|-------|
| <b>Net income</b>   | 5,59 | 2,03 | 4,54 | 6,05 |          |          |          |          | 11,34 |
|   | \$ 4 | \$ 1 | \$ 1 | \$ 7 | \$ 4,194 | \$ 5,287 | \$ 8,735 | \$ 4     |       |
| Less: net income<br>attributable to<br>noncontrolling<br>interests                        | 1,52 |      | 1,35 | 2,87 |          |          |          |          |       |
|   | 3    | 853  | 5    | 2    | 1,206    | —        | 2,598    | 4,722    |       |
| <b>Net income<br/>applicable to Class<br/>A common<br/>shareholders</b>                   | 4,07 | 1,17 | 3,18 | 3,18 |          |          |          |          |       |
|   | \$ 1 | \$ 8 | \$ 6 | \$ 5 | \$ 2,988 | \$ 5,287 | \$ 6,137 | \$ 6,622 |       |
| <b>Diluted weighted<br/>average<br/>outstanding shares</b>                                |      |      |      |      |          |          |          |          |       |
| Basic weighted<br>average<br>outstanding<br>shares - Class A                              | 50,3 | 37,9 | 49,1 | 37,4 |          |          |          |          |       |
|   | 35,7 | 11,6 | 62,2 | 32,5 | 50,32    | 39,84    | 49,54    | 38,23    |       |
| Common Stock  | 84   | 37   | 32   | 86   | 1,994    | 9,170    | 8,820    | 8,114    |       |
| Effect of dilutive<br>securities:   |      |      |      |      |          |          |          |          |       |
| Class B<br>Common Stock   |      |      |      |      | 22,89    |          |          |          |       |
| RSUs  | 103, | 207, | 84,4 | 196, | 106,1    | 107,7    | 91,68    | 167,1    |       |
|   | 754  | 550  | 45   | 794  | 76       | 98       | 9        | 22       |       |
| Options   |      | 36,2 |      | 32,5 |          |          |          | 21,73    |       |
|   | —    | 52   | —    | 98   | —        | —        | —        | 2        |       |
| <b>Diluted weighted<br/>average<br/>outstanding shares<br/>- Class A Common<br/>Stock</b> | 50,4 | 38,1 | 49,2 | 37,6 |          |          |          |          |       |
|   | 39,5 | 55,4 | 46,6 | 61,9 | 50,42    | 62,84    | 49,64    | 38,42    |       |
| <b>Diluted net income<br/>per share<br/>applicable to<br/>common<br/>shareholders:</b>    | 38   | 39   | 77   | 78   | 8,170    | 9,257    | 0,509    | 6,968    |       |

|                |         |         |         |         |         |         |         |         |  |
|----------------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| Class A Common |         |         |         |         |         |         |         |         |  |
| Stock          | \$ 0.08 | \$ 0.03 | \$ 0.06 | \$ 0.08 | \$ 0.06 | \$ 0.08 | \$ 0.12 | \$ 0.17 |  |

Shares of Class B common stock do not share in the earnings or losses attributable to the Company and are therefore not participating securities. As such, separate presentation of basic and diluted net income per share of Class B common stock under the two-class method has not been presented. Shares of Class B common stock are, however, considered potentially dilutive shares of Class A common stock because shares of Class B common stock, together with the related EWC Ventures Units, are exchangeable into shares of Class A common stock on a one-for-one basis.

There were 12,364,046 and 23,943,795 12,306,072 shares of Class B common stock outstanding as of July 1, 2023 and June 25, 2022, respectively, September 30, 2023 which were determined to be antidilutive and have therefore been excluded from the computation of diluted net income per share of Class A common stock for the 13 and 2639 weeks ended July 1, 2023 September 30, 2023. There were 22,486,587 shares of class B common stock outstanding as of September 24, 2022, which were determined to be antidilutive and June 25, 2022, respectively. have therefore been excluded from the computation of diluted net income per share of Class A common stock for the 39 weeks ended September 24, 2022. In addition, 475,308 484,091 options were excluded from the computation of diluted net income per share of Class A common stock for the 13 and 2639 weeks ended July 1, 2023 September 30, 2023 as they were determined to be antidilutive. There were 247,631 options and 9,261 RSUs excluded from the computation of diluted net income per share of Class A common stock for the 13 weeks ended September 24, 2022 as they were determined to be antidilutive.

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## 12. Stockholders' equity

### Share Exchange Transactions

During the 13 and 2639 weeks ended July 1, 2023 September 30, 2023 certain members of EWC Ventures after our initial public offering (the "EWC Ventures Post-IPO Members") exercised their exchange rights and exchanged 652,558 57,974 and 5,781,909 5,839,883, respectively, EWC Ventures Units and the corresponding shares of Class B common stock for 652,558 57,974 and 5,781,909 5,839,883, respectively, newly issued shares of Class A common stock. These exchange transactions increased the Company's ownership interest in EWC Ventures.

### Share Repurchases

During the 13 and 26 weeks ended July 1, 2023 September 30, 2023, the Company repurchased 51,592 325,892 shares of Class A common stock at an average price of \$15.88 17.03 per share for \$819 5,550 pursuant to the stock repurchase program authorized by the Board in November 2022. During the 39 weeks ended September 30, 2023, the Company repurchased 377,484 shares of Class A common stock at an average price of \$16.87 per share for \$6,369 pursuant to the stock repurchase program authorized by the Board in November 2022. There were no share repurchases during the 13 and 2639 weeks ended June 25, 2022 September 24, 2022.

### 13. Subsequent events

On August 9, 2023, the Company announced that David Berg will depart from his position as Chief Executive Officer of the Company, effective September 30, 2023. As of such date, Mr. Berg will remain an employee of the Company and will assume the position of Executive Chair of the Board. In connection with Mr. Berg's departure as Chief Executive Officer, the Company announced on August 9, 2023 that David Willis, who has served the Company as President and Chief Operating Officer, will assume the role of Chief Executive Officer effective as of September 30, 2023.

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### Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

*You should read the following discussion of our historical performance, financial condition and future prospects in conjunction with the management's discussion and analysis of financial conditions and results of operations and the audited consolidated financial statements included in our annual report on Form 10-K for the fiscal year ended December 31, 2022. The following discussion and analysis should also be read in conjunction with our unaudited condensed consolidated financial statements and the notes thereto included elsewhere in this quarterly report on Form 10-Q. This discussion contains forward-looking statements that are based on the views and beliefs of our management, as well as assumptions and estimates made by our management. Actual results could differ materially from such forward-looking statements as a result of various risk factors, including those that may not be in the control of management. For further information on items that could impact our future operating performance or financial condition, see Part I, "Item 1A. Risk Factors" included in our annual report on Form 10-K for the fiscal year ended December 31, 2022.*

*We conduct substantially all of our activities through our subsidiary, EWC Ventures, LLC and its subsidiaries. We operate on a fiscal calendar widely used by the retail industry that results in a given fiscal year consisting of a 52- or 53-week period ending on the Saturday closest to December 31. Our fiscal quarters are composed of 13 weeks each, except for 53-week fiscal years for which the fourth quarter will be composed of 14 weeks.*

#### Overview

We are the largest and fastest-growing franchisor and operator of out-of-home ("OOH") waxing services in the United States by number of centers and system-wide sales. We delivered over 22 million waxing services in 2022 and over 20 million waxing services in 2021 generating \$899 million and \$797 million of system-wide sales, respectively, across our highly-franchised network. We have a leading portfolio of centers operating in 1,003 1,026 locations across 45 states as of July 1, 2023 September 30, 2023. Of these locations, 997 1,020 are franchised centers operated by franchisees and six are corporate-owned centers.

The European Wax Center brand is trusted, efficacious and accessible. Our culture is obsessed with our guest experience and we deliver a superior guest experience relative to smaller chains and independent salons. We offer guests high-quality, hygienic waxing services administered by our licensed, EWC-trained estheticians (our "wax specialists"), at our accessible and welcoming locations (our "centers"). Our technology-enabled guest interface simplifies and streamlines the guest

experience with automated appointment scheduling and remote check-in capabilities, ensuring guest visits are convenient, hassle-free, and consistent across our network of centers. Our well-known, pre-paid Wax Pass program makes payment easy and convenient, fostering loyalty and return visits. Guests view us as a non-discretionary part of their personal-care and beauty regimens, providing us with a highly predictable and growing recurring revenue model.

Our asset-light franchise platform delivers capital-efficient growth, significant cash flow generation, and resilience through economic cycles. Our centers are 99% owned and operated by our franchisees who benefit from superior unit-level economics, with mature centers generating annual cash-on-cash returns in excess of 60%.

In partnership with our franchisees, we fiercely protect our points of differentiation that attract new guests, build meaningful relationships and promote lasting retention. We are so confident in our ability to delight that we have always offered all of our guests their first wax free.

Hair removal solutions are consistently in demand, given the recurring nature of hair growth. The OOH waxing market is the fastest-growing hair removal solution in the United States, defined by a total addressable market of \$18 billion with annualized growth that is more than double other hair removal alternatives. European Wax Center has become the category-defining brand within this rapidly growing market and became so by professionalizing a highly fragmented sector where service consistency, hygiene, and customer trust were not historically offered. We are approximately six times larger than the next largest waxing-focused competitor by center count and approximately 11 times larger by system-wide sales. Our unmatched scale enables us to drive broader brand awareness, ensures our licensed wax specialists are universally trained at the highest standards and drive consistent financial performance across each center.

Under the stewardship of our CEO, David Berg, Willis, and the other management team members, we have prioritized building a culture of performance, success, and inclusivity. Additionally, we have intensified our focus on enhancing the guest experience and have invested significantly in our corporate infrastructure and marketing capabilities to continue our track record of sustainable growth. The foundation for our next chapter of growth is firmly in place.

## **Growth Strategy and Outlook**

We plan to grow our business primarily by opening new franchised centers as well as increasing our system-wide sales in existing centers while leveraging our corporate infrastructure to expand our profit margins and generate robust free cash flow.

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We believe our franchisees' track record of successfully opening new centers and consistently generating attractive unit-level economics validates our strategy to expand our footprint and grow our capacity to serve more guests. Our center count grew 11% and 7% during fiscal year 2022 and fiscal year 2021, respectively, and has grown each year since 2010. Our thoughtful approach to growth ensures each center is appropriately staffed with the high-quality team and licensed, highly-trained wax specialists that our brand has been known for since our initial opening. We believe that none of our

existing markets are fully penetrated, and that we have a significant whitespace opportunity of more than 3,000 locations for our standard center format across the United States. Our centers have a long track record of sustained growth delivering consistent positive same-store sales growth with resilient performance through economic cycles.

Our straightforward, asset-light franchise platform and our proven track record of increasing profitability is expected to continue to drive EBITDA margin accretion and free cash flow generation as we expand our national footprint. We have invested in building our scalable support infrastructure, and we currently have the capabilities and systems in place to drive revenue growth and profitability across our existing and planned franchise centers.

## **Key Business Metrics**

We track the following key business metrics to evaluate our performance, identify trends, formulate financial projections, and make strategic decisions. Accordingly, we believe that these key business metrics provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management team. These key business metrics are presented for supplemental information purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly titled metrics or measures presented by other companies.

*Number of Centers.* Number of centers reflects the number of franchised and corporate-owned centers open at the end of the reporting period. We review the number of new center openings, the number of closed centers and the number of relocations of centers to assess net new center growth, and drivers of trends in system-wide sales, royalty and franchise fee revenue and corporate-owned center sales.

*System-Wide Sales.* System-wide sales represent sales from same day services, retail sales and cash collected from wax passes for all centers in our network, including both franchisee-owned and corporate-owned centers. While we do not record franchised center sales as revenue, our royalty revenue is calculated based on a percentage of franchised center sales, which are 6.0% of sales, net of retail product sales, as defined in the franchise agreement. This measure allows us to better assess changes in our royalty revenue, our overall center performance, the health of our brand and the strength of our market position relative to competitors. Our system-wide sales growth is driven by net new center openings as well as increases in same-store sales.

*Same-Store Sales.* Same-store sales reflect the change in year-over-year sales from services performed and retail sales for the same-store base. We define the same-store base to include those centers open for at least 52 full weeks. If a center is closed for greater than six consecutive days, the center is deemed a closed center and is excluded from the calculation of same-store sales until it has been reopened for a continuous 52 full weeks. This measure highlights the performance of existing centers, while excluding the impact of new center openings and closures. We review same-store sales for corporate-owned centers as well as franchisee-owned centers. Same-store sales growth is driven by increases in the number of transactions and average transaction size.

*New Center Openings.* The number of new center openings reflects centers opened during a particular reporting period for both franchisee-owned and corporate-owned centers, less centers closed during the same period. Opening new centers is an integral part of our growth strategy, and we expect the majority of our future new centers to be franchisee-owned.

Before we obtain the certificate of occupancy or report any revenue from new corporate-owned centers, we incur pre-opening costs, such as rent expense, labor expense and other operating expenses. Some of our centers open with an initial start-up period of higher-than-normal marketing and operating expenses, particularly as a percentage of monthly revenue.

*Average Unit Volume ("AUV").* AUV consists of the average annual system-wide sales of all centers that have been open for a trailing 52-week period or longer. This measure is calculated by dividing system-wide sales during the applicable period for all centers being measured by the number of centers being measured. AUV allows management to assess our franchisee-owned and corporate-owned center economics. Our AUV growth is primarily driven by increases in services and retail product sales as centers fill their books of reservations, which we refer to as maturation of centers.

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*Wax Pass Utilization.* We define Wax Pass utilization as the adoption of our Wax Pass program by guests, measured as a percentage of total transactions conducted using a Wax Pass. Wax Pass utilization allows management to better assess the recurring nature of our business model because it is an indication of the magnitude of transactions by guests who have made a longer-term commitment to our brand by purchasing a Wax Pass.

| (in thousands,<br>except operating<br>data and<br>percentages) | For the Thirteen<br>Weeks Ended                        |                         | For the Twenty-Six<br>Weeks Ended |                         | For the Thirteen<br>Weeks Ended |                           | For the Thirty-Nine<br>Weeks Ended |                           |
|--|--|-------------------------|-----------------------------------|-------------------------|---------------------------------|---------------------------|------------------------------------|---------------------------|
|  | June<br>July 1,<br>2023                                | June<br>July 1,<br>2022 | June<br>July 1,<br>2023           | June<br>July 1,<br>2022 | Septemb<br>er 30,<br>2023       | Septemb<br>er 24,<br>2022 | Septemb<br>er 30,<br>2023          | Septem<br>ber 24,<br>2022 |
|  | Number of<br>system-wide<br>centers (at<br>period end) | 1,0<br>03               | 1,0<br>893                        | 1,0<br>03               | 1,0<br>893                      | 1,026                     | 911                                | 1,026                     |
| System-wide<br>sales   | 254<br>,18   | 231,<br>\$ 061          | 472<br>,63                        | 438,<br>\$ 090          | 240,7<br>\$ 06                  | 235,1<br>\$ 62            | 713,3<br>\$ 36                     | 673,1<br>\$ 93            |
| Same-store sales   | 2.6 %  | 6.7 %                   | 3.4 %                             | 16.0 %                  | 3.4 %                           | 4.7 %                     | 3.4 %                              | 11.7 %                    |
| New center<br>openings   | 25   | 19                      | 59                                | 40                      | 23                              | 18                        | 82                                 | 58                        |

The table below presents changes in the number of system-wide centers for the periods indicated:

| System-wide Centers | For the Thirteen Weeks Ended |               | For the Twenty-Six Weeks Ended |               | For the Thirteen Weeks Ended |                    | For the Thirty-Nine Weeks Ended |                    |
|---------------------|------------------------------|---------------|--------------------------------|---------------|------------------------------|--------------------|---------------------------------|--------------------|
|                     | July 1, 2023                 | June 25, 2022 | July 1, 2023                   | June 25, 2022 | September 30, 2023           | September 24, 2022 | September 30, 2023              | September 24, 2022 |
|                     |                              |               |                                |               |                              |                    |                                 |                    |
|                     |                              |               |                                |               |                              |                    |                                 |                    |
| Beginning of Period | 978                          | 874           | 944                            | 853           | 1,003                        | 893                | 944                             | 853                |
| Openings            | 26                           | 19            | 61                             | 40            | 23                           | 18                 | 84                              | 58                 |
| Closures            | (1)                          | —             | (2)                            | —             | —                            | —                  | (2)                             | —                  |
| End of Period       | 1,00                         | 1,00          | 893                            | 893           | 1,026                        | 911                | 1,026                           | 911                |
|                     | <u>3</u>                     | <u>893</u>    | <u>3</u>                       | <u>893</u>    | <u>1,026</u>                 | <u>911</u>         | <u>1,026</u>                    | <u>911</u>         |

### Significant Factors Impacting Our Financial Results

We believe there are several important factors that have impacted, and that we expect will continue to impact, our business and results of operations. These factors include:

**New Center Openings.** We expect that new centers will be a key driver of growth in our future revenue and operating profit results. Opening new centers is an important part of our growth strategy, and we expect the majority of our future new centers will be franchisee-owned. Our results of operations have been and will continue to be materially affected by the timing and number of new center openings each period. As centers mature, center revenue and profitability increase significantly. The performance of new centers may vary depending on various factors such as the effective management and cooperation of our franchisee partners, whether the franchise is part of a multi-unit development agreement, the center opening date, the time of year of a particular opening, the number of licensed wax specialists recruited, and the location of the new center, including whether it is located in a new or existing market. Our planned center expansion will place increased demands on our operational, managerial, administrative, financial, and other resources.

**System-Wide Sales Growth.** System-wide sales growth is a key driver of our business. Various factors affect system-wide sales, including:

- consumer preferences and overall economic trends;
- the recurring, non-discretionary nature of personal-care services and purchases;
- our ability to identify and respond effectively to guest preferences and trends;
- our ability to provide a variety of service offerings that generate new and repeat visits to our centers;
- the guest experience we provide in our centers;
- the availability of experienced wax specialists;
- our ability to source and deliver products accurately and timely;

- changes in service or product pricing, including promotional activities;
- the number of services or items purchased per center visit;

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- center closures in response to state or local regulations or health concerns

*Overall Economic Trends.* Macroeconomic factors that may affect guest spending patterns, and thereby our results of operations, include employment rates, the rate of inflation, business conditions, changes in the housing market, the availability of credit, interest rates, tax rates and fuel and energy costs. However, we believe that our guests see our services as largely non-discretionary in nature.

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Therefore, we believe that overall economic trends and related changes in consumer behavior have less of an impact on our business than they may have for other industries subject to fluctuations in discretionary consumer spending.

*Guest Preferences and Demands.* Our ability to maintain our appeal to existing guests and attract new guests depends on our ability to develop and offer a compelling assortment of services responsive to guest preferences and trends. We also believe that OOH waxing is a recurring need that brings guests back for services on a highly recurring basis which is reflected in the predictability of our financial performance over time. Our guests' routine personal-care need for OOH waxing is further demonstrated by the top 20% of guests who visit us, on average, approximately every four to five weeks.

*Our Ability to Source and Distribute Products Effectively.* Our revenue and operating income are affected by our ability to purchase our products and supplies in sufficient quantities at competitive prices. While we believe our vendors have adequate capacity to meet our current and anticipated demand, our level of revenue could be adversely affected in the event we face constraints in our supply chain, including the inability of our vendors to produce sufficient quantities of some products or supplies in a manner that matches market demand from our guests, leading to lost revenue. We depend on two key suppliers to source our Comfort Wax and one key supplier to source our branded retail products and we are thus exposed to concentration of supplier risk.

*Our Ability to Recruit and Retain Qualified Licensed Wax Specialists for our Centers.* Our ability to operate our centers is largely dependent upon our ability to attract and retain qualified, licensed wax specialists. Our unmatched scale enables us to ensure that we universally train our wax specialists at the highest standards, ensuring that our guests experience consistent level of quality, regardless of the specific center they visit. The combination of consistent service delivery, across our trained base of wax specialists, along with the payment ease and convenience of our well-known, pre-paid Wax Pass program fosters loyalty and return visits across our guest base. Over time, our ability to build and maintain a strong pipeline of licensed wax specialists is important to preserving our current brand position.

*Seasonality.* Our results are subject to seasonality fluctuations in that services are typically in higher demand in periods leading up to holidays and the summer season. The resulting demand trend has historically yielded higher system-wide sales in the second and fourth quarter of our fiscal year. In addition, our quarterly results may fluctuate significantly,

because of several factors, including the timing of center openings, price increases and promotions, and general economic conditions.

## Components of Results of Operations

### Revenue

**Product Sales:** Product sales consist of revenue earned from sales of Comfort Wax, other products consumed in administering our wax services and retail merchandise to franchisees, as well as retail merchandise sold in corporate-owned centers. Revenue on product sales is recognized upon transfer of control. Our product sales revenue comprised 57.1% 57.2% and 57.2% 57.3% of our total revenue for the 13 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively, and 56.5% 56.7% and 56.0% 56.5% of our total revenue for the 26 39 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively.

**Royalty Fees:** Royalty fees are earned based on a percentage of the franchisees' gross sales, net of retail product sales, as defined in the applicable franchise agreement, and recognized in the period the franchisees' sales occur. The royalty fee is 6.0% of the franchisees' gross sales for such period and is paid weekly. Our royalty fees revenue comprised 23.9% 24.0% and 23.9% 23.8% of our total revenue for the 13 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively, and 24.3% 24.2% and 24.4% 24.2% of our total revenue for the 26 39 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively.

**Marketing Fees:** Marketing fees are earned based on 3.0% of the franchisees' gross sales, net of retail product sales, as defined in the applicable franchise agreement, and recognized in the period the franchisees' sales occur. Additionally, the Company charges a fixed monthly fee to franchisees for search engine optimization and search engine marketing services, which is due on a monthly basis and recognized in the period when services are provided. Our marketing fees revenue comprised 13.4% 13.5% and 13.4% 13.3% of our total revenue for the 13 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively, and 13.6% and 13.8% 13.6% of our total revenue for the 26 39 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively.

**Other Revenue:** Other revenue primarily consists of service revenues from our corporate-owned centers and franchise fees, as well as technology fees, annual brand conference revenues and training, which together represent 5.6% 5.3% and 5.5% 5.6% of our total revenue for the 13 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively, and 5.6% 5.5% and 5.8% 5.7% of our total revenue for the 26 39 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively. Service revenues from our corporate-owned centers are recognized at the time services are provided. Amounts collected in advance of the period in which service is rendered are recorded as deferred revenue. Franchise fees are paid upon commencement of the franchise agreement and are deferred and recognized on a straight-line basis commencing at contract inception through the end of the franchise license term. Franchise agreements generally have terms of

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10 years beginning on the date the center is opened and the initial franchise fees are amortized over a period approximating the term of the agreement. Deferred franchise fees expected to be recognized in periods greater than 12

months from the reporting date are classified as long-term on the condensed consolidated balance sheets. Technology fees, annual brand conference revenues and training are recognized as the related services are delivered and are not material to the overall business.

### **Costs and Expenses**

*Cost of Revenue:* Cost of revenue primarily consists of the direct costs associated with wholesale product and retail merchandise sold, including distribution and outbound freight costs and inventory obsolescence charges, as well as the cost of materials and labor for services rendered in our corporate-owned centers.

*Selling, General and Administrative Expenses:* Selling, general and administrative expenses primarily consist of wages, benefits and other compensation-related costs, rent, software, and other administrative expenses incurred to support our existing franchise and corporate-owned centers, as well as expenses attributable to growth and development activities. Also included in selling, general and administrative expenses are accounting, legal, marketing, operations, and other professional fees.

*Advertising Expenses:* Advertising expenses consist of advertising, public relations, and administrative expenses incurred to increase sales and further enhance the public reputation of the European Wax Center brand.

*Depreciation and Amortization:* Depreciation and amortization includes depreciation of property and equipment and capitalized leasehold improvements, as well as amortization of intangible assets, including franchisee relationships and reacquired area representative rights. Area representative rights represent an agreement with area representatives to sell franchise licenses and provide support to franchisees in a geographic region. From time to time, the Company enters into agreements to reacquire certain area representative rights.

*Interest Expense: Expense, net:* Interest expense, net consists of interest on our long-term debt, including amounts outstanding under our revolving credit financing facility, amortization of debt discount and deferred financing costs, and gain and losses on debt extinguishment as well as interest income from short-term, highly-liquid investments.

*Other Expense:* Other expense consists of non-cash gains and losses related to the remeasurement of our tax receivable agreement liability.

*Income Tax Expense:* We are subject to U.S. federal, state and local income taxes with respect to our allocable share of any taxable income of EWC Ventures and are taxed at the prevailing corporate tax rates. Income tax expense includes both current and deferred income tax expense.

*Noncontrolling Interest:* We are the sole managing member of EWC Ventures. Because we manage and operate the business and control the strategic decisions and day-to-day operations of EWC Ventures and also have a substantial financial interest in EWC Ventures, we consolidate the financial results of EWC Ventures, and a portion of our net income (loss) is allocated to the noncontrolling interest to reflect the entitlement of the EWC Ventures Post-IPO Members to a portion of EWC Ventures' net income (loss).

## Results of Operations

The following tables presents our condensed consolidated statements of operations for each of the periods indicated (amounts in thousands, except percentages):

|                                     | For the Thirteen Weeks Ended |                  |            |            | For the Thirteen Weeks Ended |                        |            |            |
|-------------------------------------|------------------------------|------------------|------------|------------|------------------------------|------------------------|------------|------------|
|                                     |                              |                  | \$         | %          |                              |                        | \$         | %          |
|                                     | July 1,<br>2023              | June 25,<br>2022 | Chang<br>e | Chang<br>e | Septembe<br>r 30, 2023       | Septembe<br>r 24, 2022 | Chang<br>e | Chang<br>e |
| <b>Revenue:</b>                     |                              |                  |            |            |                              |                        |            |            |
| Product sales                       | 33,7                         | 30,5             | 3,2        |            | 31,89                        | 31,56                  | 32         |            |
|                                     | \$ 25                        | \$ 02            | \$ 23      | 10.6%      | \$ 0                         | \$ 5                   | \$ 5       | 1.0%       |
| Royalty fees                        | 14,1                         | 12,7             | 1,3        |            | 13,34                        | 13,08                  | 25         |            |
|                                     | 47                           | 69               | 78         | 10.8%      | 5                            | 6                      | 9          | 2.0%       |
| Marketing fees                      | 7,91                         | 7,17             | 74         |            |                              |                        | 21         |            |
|                                     | 5                            | 5                | 0          | 10.3%      | 7,551                        | 7,339                  | 2          | 2.9%       |
| Other revenue                       | 3,30                         | 2,91             | 39         |            |                              |                        | (12        |            |
|                                     | 3                            | 2                | 1          | 13.4%      | 2,931                        | 3,054                  | 3)         | (4.0)%     |
| Total revenue                       | 59,0                         | 53,3             | 5,7        |            | 55,71                        | 55,04                  | 67         |            |
|                                     | 90                           | 58               | 32         | 10.7%      | 7                            | 4                      | 3          | 1.2%       |
| <b>Operating expenses:</b>          |                              |                  |            |            |                              |                        |            |            |
| Cost of revenue                     | 16,9                         | 14,8             | 2,0        |            | 15,72                        | 16,31                  | (59        |            |
|                                     | 00                           | 64               | 36         | 13.7%      | 1                            | 3                      | 2)         | (3.6)%     |
| Selling, general and administrative | 14,1                         | 15,2             | (1,        |            | 14,37                        | 13,66                  | 71         |            |
|                                     | 34                           | 27               | 3)         | (7.2)%     | 2                            | 2                      | 0          | 5.2%       |
| Advertising                         | 8,68                         | 8,04             | 63         |            |                              |                        | (29        |            |
|                                     | 4                            | 9                | 5          | 7.9%       | 8,099                        | 8,398                  | 9)         | (3.6)%     |
| Depreciation and amortization       | 5,04                         | 5,05             |            |            |                              |                        | (19        |            |
|                                     | 5                            | 5                | (10)       | (0.2)%     | 5,040                        | 5,059                  | 0)         | (0.4)%     |
| Total operating expenses            | 44,7                         | 43,1             | 1,5        |            | 43,23                        | 43,43                  | (20        |            |
|                                     | 63                           | 95               | 68         | 3.6%       | 2                            | 2                      | 0)         | (0.5)%     |

|   |                   |                   |                  |                |             |            |  |       |   |
|---|-------------------|-------------------|------------------|----------------|-------------|------------|--|-------|---|
| Income from operations                                    | 14,3<br>27        | 10,1<br>63        | 4,1<br>64        | 41.0 %         | 12,48<br>5  | 11,61<br>2 | 87<br>3  | 7.5 % |   |
| Interest expense  |                   |                   | (1,<br>6,76<br>2 | 31<br>0<br>8)  | (16.<br>3)% |            |  |       |   |
| Interest expense, net                                     |                   |                   |                  |                |             |            | (33<br>6,471<br>36<br>(516<br>5,978<br>5,324<br>4<br>1,784<br>37<br>47<br>(1,<br>09<br>\$ 4,194<br>\$ 5,287<br>\$ 3) |       | (4.9)%<br>55<br>2<br>2<br>65<br>12.<br>4,7<br>1,7<br>21.<br>6 % |
| Other expense (income)                                    | (792)             | 33                | 5)               | 00.0)%         |             |            |  |       |   |
| Income before income taxes                                | 8,35              | 2,05              | 6,3              | 307.           |             |            |  |       |   |
| Income tax expense  | 2,76              |                   | 2,7              | 14,4           |             |            |  |       |   |
| Net income  | 3                 | 19                | 44               | 42.1 %         |             |            |  |       |   |
| Less: net income attributable to noncontrolling interests | 5,59<br>1,58<br>2 | 2,03<br>1,06<br>3 | 3,5<br>51<br>9   | 175.<br>48.8 % |             |            |  |       |   |
| Net income attributable to European Wax Center, Inc.      | 4,01<br>\$ 2      | 3,0<br>\$ 968     | 314.<br>5%       |                |             |            |  |       |   |
|   |                   |                   |                  |                |             |            |  |       |   |

|                | For the Twenty-Six Weeks |               |          |        |       |
|----------------|--------------------------|---------------|----------|--------|-------|
|                | Ended                    |               |          |        | %     |
|                | July 1, 2023             | June 25, 2022 | Change   | Change |       |
| Revenue:       |                          |               |          |        |       |
| Product sales  | \$ 61,567                | \$ 55,279     | \$ 6,288 |        | 11.4% |
| Royalty fees   | 26,498                   | 24,154        | 2,344    |        | 9.7%  |
| Marketing fees | 14,817                   | 13,626        | 1,191    |        | 8.7%  |
| Other revenue  | 6,100                    | 5,725         | 375      |        | 6.6%  |
| Total revenue  | 108,982                  | 98,784        | 10,198   |        | 10.3% |

Operating expenses:

|   |          |          |            |          |
|---|----------|----------|------------|----------|
| Cost of revenue   | 31,357   | 26,854   | 4,503      | 16.8%    |
| Selling, general and administrative                       | 31,397   | 30,702   | 695        | 2.3%     |
| Advertising   | 16,493   | 14,605   | 1,888      | 12.9%    |
| Depreciation and amortization                             | 10,108   | 10,115   | (7)        | (0.1)%   |
| Total operating expenses                                  | 89,355   | 82,276   | 7,079      | 8.6%     |
| Income from operations                                    | 19,627   | 16,508   | 3,119      | 18.9%    |
| Interest expense  | 13,624   | 9,587    | 4,037      | 42.1%    |
| Other expense (income)                                    | (792)    | 818      | (1,610)    | (196.8)% |
| Income before income taxes                                | 6,795    | 6,103    | 692        | 11.3%    |
| Income tax expense  | 2,254    | 46       | 2,208      | 4,800.0% |
| Net income  | \$ 4,541 | \$ 6,057 | \$ (1,516) | (25.0)%  |
| Less: net income attributable to noncontrolling interests | 1,037    | 3,204    | (2,167)    | (67.6)%  |
| Net income attributable to European Wax Center, Inc.      | \$ 3,504 | \$ 2,853 | \$ 651     | 22.8%    |

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|                                     | For the Thirty-Nine Weeks |           |          |        |
|-------------------------------------|---------------------------|-----------|----------|--------|
|                                     | Ended                     |           | \$       | %      |
|                                     | September                 | September |          |        |
|                                     | 30, 2023                  | 24, 2022  | Change   | Change |
| Revenue:                            |                           |           |          |        |
| Product sales                       | \$ 93,457                 | \$ 86,844 | \$ 6,613 | 7.6%   |
| Royalty fees                        | 39,843                    | 37,240    | 2,603    | 7.0%   |
| Marketing fees                      | 22,368                    | 20,964    | 1,404    | 6.7%   |
| Other revenue                       | 9,031                     | 8,780     | 251      | 2.9%   |
| Total revenue                       | 164,699                   | 153,828   | 10,871   | 7.1%   |
| Operating expenses:                 |                           |           |          |        |
| Cost of revenue                     | 47,078                    | 43,168    | 3,910    | 9.1%   |
| Selling, general and administrative | 45,769                    | 44,364    | 1,405    | 3.2%   |
| Advertising                         | 24,592                    | 23,003    | 1,589    | 6.9%   |
| Depreciation and amortization       | 15,148                    | 15,173    | (25)     | (0.2)% |
| Total operating expenses            | 132,587                   | 125,708   | 6,879    | 5.5%   |
| Income from operations              | 32,112                    | 28,120    | 3,992    | 14.2%  |
| Interest expense, net               | 20,095                    | 16,391    | 3,704    | 22.6%  |

|   |          |           |            |          |
|---|----------|-----------|------------|----------|
| Other expense (income)                                    | (756)    | 302       | (1,058)    | (350.3)% |
| Income before income taxes                                | 12,773   | 11,427    | 1,346      | 11.8%    |
| Income tax expense  | 4,038    | 83        | 3,955      | 4,765.1% |
| Net income  | \$ 8,735 | \$ 11,344 | \$ (2,609) | (23.0)%  |
| Less: net income attributable to noncontrolling interests | 2,290    | 4,969     | (2,679)    | (53.9)%  |
| Net income attributable to European Wax Center, Inc.      | \$ 6,445 | \$ 6,375  | \$ 70      | 1.1%     |

The following table presents the components of our condensed consolidated statements of operations for each of the periods indicated, as a percentage of revenue:

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|                                     | For the Thirteen Weeks |                  | For the Twenty-Six Weeks Ended |                  | For the Thirteen Weeks    |                           | For the Thirty-Nine Weeks |                           |
|-------------------------------------|------------------------|------------------|--------------------------------|------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                     | Ended                  |                  | Weeks Ended                    |                  | Ended                     |                           | Ended                     |                           |
|                                     | July 1,<br>2023        | June 25,<br>2022 | July 1,<br>2023                | June 25,<br>2022 | Septemb<br>er 30,<br>2023 | Septemb<br>er 24,<br>2022 | Septemb<br>er 30,<br>2023 | Septemb<br>er 24,<br>2022 |
| Revenue:                            |                        |                  |                                |                  |                           |                           |                           |                           |
| Product sales                       | 57.<br>1 %             | 57.<br>2 %       | 56.<br>5 %                     | 56.0 %           | 57.2 %                    | 57.3 %                    | 56.7 %                    | 56.5 %                    |
| Royalty fees                        | 23.<br>9 %             | 23.<br>9 %       | 24.<br>3 %                     | 24.4 %           | 24.0 %                    | 23.8 %                    | 24.2 %                    | 24.2 %                    |
| Marketing fees                      | 13.<br>4 %             | 13.<br>4 %       | 13.<br>6 %                     | 13.8 %           | 13.5 %                    | 13.3 %                    | 13.6 %                    | 13.6 %                    |
| Other revenue                       | 5.6 %                  | 5.5 %            | 5.6 %                          | 5.8 %            | 5.3 %                     | 5.6 %                     | 5.5 %                     | 5.7 %                     |
| Total revenue                       | 10<br>0.0 %            | 100<br>.0 %      | 100<br>.0 %                    | 100<br>0 %       | 100.<br>0 %               | 100.<br>0 %               | 100.<br>0 %               | 100.<br>0 %               |
| Costs and expenses:                 |                        |                  |                                |                  |                           |                           |                           |                           |
| Cost of revenue                     | 28.<br>6 %             | 27.<br>9 %       | 28.<br>8 %                     | 27.2 %           | 28.2 %                    | 29.6 %                    | 28.6 %                    | 28.1 %                    |
| Selling, general and administrative | 23.<br>9 %             | 28.<br>5 %       | 28.<br>8 %                     | 31.1 %           | 25.8 %                    | 24.8 %                    | 27.8 %                    | 28.8 %                    |
| Advertising                         | 14.<br>7 %             | 15.<br>1 %       | 15.<br>1 %                     | 14.8 %           | 14.5 %                    | 15.3 %                    | 14.9 %                    | 15.0 %                    |

|   |        |      |        |       |       |        |        |       |
|---|--------|------|--------|-------|-------|--------|--------|-------|
| Depreciation and amortization                             | 8.6%   | 9.5% | 9.3%   | 10.2% | 9.1%  | 9.2%   | 9.2%   | 9.9%  |
| Total operating expenses                                  | 75.    | 81.  | 82.    |       |       |        |        |       |
| Income from operations                                    | 24.    | 19.  | 18.    |       |       |        |        |       |
| Interest expense  | 2%     | 0%   | 0%     | 16.7% | 22.4% | 21.1%  | 19.5%  | 18.2% |
| Interest expense, net                                     | 11.    | 15.  | 12.    |       |       |        |        |       |
| Other expense (income)                                    | (1.3)% | 0.1% | (0.7)% | 0.8%  | 0.1%  | (0.9)% | (0.5)% | 0.2%  |
| Income before income taxes                                | 14.    |      |        |       |       |        |        |       |
| Income tax expense  | 1%     | 3.8% | 6.2%   | 6.2%  | 10.7% | 9.7%   | 7.8%   | 7.4%  |
| Net income  | 4.7%   | 0.0% | 2.0%   | 0.1%  | 3.2%  | 0.1%   | 2.5%   | 0.1%  |
| Less: net income attributable to noncontrolling interests | 9.4%   | 3.8% | 4.2%   | 6.1%  | 7.5%  | 9.6%   | 5.3%   | 7.3%  |
| Net income attributable to European Wax Center, Inc.      | 2.7%   | 2.0% | 1.0%   | 3.2%  | 2.2%  | 3.2%   | 1.4%   | 3.2%  |
|   | 6.7%   | 1.8% | 3.2%   | 2.9%  | 5.3%  | 6.4%   | 3.9%   | 4.1%  |

#### Comparison of the Thirteen Weeks Ended **July 1, 2023** **September 30, 2023** and **June 25, 2022** **September 24, 2022**

##### Revenue

Total revenue increased **\$5.7 million** **\$0.7 million**, or **10.7%** **1.2%**, to **\$59.1 million** **\$55.7 million** during the 13 weeks ended **July 1, 2023** **September 30, 2023**, compared to **\$53.4 million** **\$55.0 million** for the 13 weeks ended **June 25, 2022** **September 24, 2022**. The increase in total revenue was largely due to **110** **115** new center openings that became operational during the period from **June 26, 2022** **September 25, 2022** through **July 1, 2023** **September 30, 2023**. In addition, While our wax pass guests continue to visit and spend at the same rates, our year-over-year growth rate in total revenue increased due for the

third quarter of fiscal year 2023 was lower relative to a 2.6% increase in same-store sales recent quarters. The lower year-over-year growth rate was primarily attributable to having less promotional days in the 13 weeks ended July 1, 2023 third quarter of fiscal year 2023 compared to the 13 weeks ended June 25, 2022, third quarter of fiscal year 2022. Additionally, we believe macroeconomic conditions contributed to a reduction in services sold to certain of our less frequent guest segments.

#### Product Sales

Product sales increased \$3.2 million \$0.3 million, or 10.6% 1.0%, to \$33.7 million \$31.9 million during the 13 weeks ended July 1, 2023 September 30, 2023, compared to \$30.5 million \$31.6 million for the 13 weeks ended June 25, 2022 September 24, 2022. The increase in product sales was primarily due to new center openings that became operational during the period from June 26, 2022 September 25, 2022 to July 1, 2023 September 30, 2023. In addition, Our year-over-year growth rate in product sales increased for the third quarter of fiscal year 2023 was lower relative to recent quarters primarily due to the increase in same-store sales having less promotional days in the 13 weeks ended July 1, 2023 third quarter of fiscal year 2023 compared to the 13 weeks ended June 25, 2022, third quarter of fiscal year 2022.

#### Royalty Fees

Royalty fees increased \$1.3 million \$0.3 million, or 10.8% 2.0%, to \$14.1 million \$13.3 million during the 13 weeks ended July 1, 2023 September 30, 2023, compared to \$12.8 million \$13.0 million for the 13 weeks ended June 25, 2022 September 24, 2022. The increase in royalty fees during the 13 weeks ended July 1, 2023 September 30, 2023 was the result of the increase in system-wide sales driven by new center openings that became operational during the period from June 26, 2022 September 25, 2022 to July 1, 2023 as well as September 30, 2023. Our year-over-year growth rate in royalty fees for the increase in same-store sales third quarter of fiscal year 2023 was lower relative to recent quarters largely due to having less promotional days in the 13 weeks ended July 1, 2023 third quarter of fiscal year 2023 compared to the 13 weeks ended June 25, 2022, third quarter of fiscal year 2022.

#### Marketing Fees

Marketing fees increased \$0.7 million \$0.2 million, or 10.3% 2.9%, to \$7.9 million \$7.5 million during the 13 weeks ended July 1, 2023 September 30, 2023, compared to \$7.2 million \$7.3 million for the 13 weeks ended June 25, 2022 September 24, 2022. Marketing fees increased as a result of the increase in system-wide sales driven by new center openings that became operational during the period from June 26, 2022 September 25, 2022 to July 1, 2023 as well as September 30, 2023. Our year-over-year growth rate in marketing fees for the increase in same-store sales third quarter of fiscal year 2023 was lower relative to recent quarters largely due to having less promotional days in the 13 weeks ended July 1, 2023 third quarter of fiscal year 2023 compared to the 13 weeks ended June 25, 2022, third quarter of fiscal year 2022.

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#### Other Revenue

Other revenue increased \$0.4 million decreased \$0.1 million, or 13.4% 4.0%, to \$3.3 million \$2.9 million during the 13 weeks ended July 1, 2023 September 30, 2023, compared to \$2.9 million \$3.1 million for the 13 weeks ended June 25, 2022 September 24, 2022. The increase in other revenue during the 13 weeks ended July 1, 2023 was primarily due to an increase in corporate center revenues.

## **Costs and Expenses**

### *Cost of Revenue*

Cost of revenue increased \$2.0 million decreased \$0.6 million, or 13.7% 3.6%, to \$16.9 million \$15.7 million during the 13 weeks ended July 1, 2023 September 30, 2023, compared to \$14.9 million \$16.3 million for the 13 weeks ended June 25, 2022 September 24, 2022. The increase decrease in cost of revenue was primarily due to higher product sales having less promotional days in the current third quarter of fiscal year period driven by new center openings that became operational during the period from June 26, 2022 to July 1, 2023. In addition, cost of revenue increased due to the increase in same-store sales in the 13 weeks ended July 1, 2023 2023 compared to the same period in 2022.third quarter of fiscal year 2022, which impacted our product sales.

### *Selling, General and Administrative*

Selling, general and administrative expenses decreased \$1.1 million increased \$0.7 million, or 7.2% 5.2%, to \$14.1 million \$14.4 million during the 13 weeks ended July 1, 2023 September 30, 2023, compared to \$15.2 million \$13.7 million for the 13 weeks ended June 25, 2022 September 24, 2022. The decrease increase in selling, general and administrative expenses was primarily due to a decrease an increase in professional fee expenses. The decrease in professional fees was largely attributable to costs relating to our securitization and secondary public offering transactions which were completed corporate marketing expenses during the 13 weeks ended June 25, 2022.third quarter of fiscal year 2023.

### *Advertising*

Advertising expenses increased \$0.6 million decreased \$0.3 million, or 7.9% 3.6%, to \$8.6 million \$8.1 million during the 13 weeks ended July 1, 2023 September 30, 2023, compared to \$8.0 million \$8.4 million for the 13 weeks ended June 25, 2022 September 24, 2022. The increase decrease in advertising expense was primarily attributable to the increase in timing of expenses associated with marketing fee revenues. campaigns.

### *Depreciation and Amortization*

Depreciation and amortization for the 13 weeks ended July 1, 2023 September 30, 2023 was largely consistent with the 13 weeks ended June 25, 2022 September 24, 2022, decreasing \$10 \$19 thousand, or 0.2% 0.4%, to \$5.0 million for the 13 weeks ended July 1, 2023 September 30, 2023.

### *Interest Expense, net*

Interest expense, net decreased \$1.3 million \$0.3 million, or 16.3% 4.9%, to \$6.8 million \$6.5 million during the 13 weeks ended July 1, 2023 September 30, 2023, compared to \$8.1 million \$6.8 million for the 13 weeks ended June 25, 2022 September 24, 2022. The decrease in interest expense was primarily due to a \$2.0 million loss on debt extinguishment

recognized an increase in interest income from the Company's short-term investments during the 13 weeks ended June 25, 2022 resulting from the repayment of our previous term loan in connection with the securitization transaction completed during that period. This decrease was partially offset by an increase in interest expense attributable to the effect of higher average principal balances and interest rates on outstanding debt during the 13 weeks ended July 1, 2023 September 30, 2023.

#### *Income Tax Expense*

We recorded \$2.8 million \$1.8 million and \$19 \$37 thousand in income tax expense for the thirteen 13 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively. Income tax expense recognized in the 13 weeks ended July 1, 2023 September 30, 2023 differs from the federal statutory income tax rate primarily as a result of non-taxable income attributable to noncontrolling interest, state taxes and the tax effects of stock compensation. Income tax expense recognized in the 13 weeks ended June 25, 2022 September 24, 2022 differs from the federal statutory income tax rate primarily as a result of the full valuation allowance against its net federal and state deferred taxes during that period. The valuation allowance was fully released as of December 31, 2022.

We estimate that in future annual periods, our blended statutory tax rate will be approximately 20% of EWC Ventures income or loss before income taxes. This estimated blended statutory tax rate is based on the current capital structure, excludes discrete or other rate impacting adjustments which may impact the company's income tax provision in the future and is based on our blended federal and state statutory tax rates reduced to exclude our non-taxable noncontrolling interest percentage. We expect this estimated blended statutory tax rate to increase as EWC Ventures Units and the corresponding shares of Class B common stock are exchanged for shares of Class A common stock because our nontaxable noncontrolling interest earnings will decrease.

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#### **Comparison of the Twenty-Six Thirty-Nine Weeks Ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022**

##### *Revenue*

Total revenue increased \$10.2 million \$10.9 million, or 10.3% 7.1%, to \$109.0 million \$164.7 million during the 26 39 weeks ended July 1, 2023 September 30, 2023, compared to \$98.8 million \$153.8 million for the 26 39 weeks ended June 25, 2022 September 24, 2022. The increase in total revenue was largely due to 110 115 new center openings that became operational during the period from June 26, 2022 September 25, 2022 through July 1, 2023. In addition, total revenue increased due to a 3.4% increase in same-store sales in the 26 weeks ended July 1, 2023 compared to the 26 weeks ended June 25, 2022 and, beginning in April 2022, September 30, 2023 as well as an additional offering of medical products to our centers for use in administering wax services.

##### *Product Sales*

Product sales increased \$6.3 million \$6.6 million, or 11.4% 7.6%, to \$61.6 million \$93.4 million during the 26 weeks ended July 1, 2023 September 30, 2023, compared to \$55.3 million \$86.8 million for the 26 weeks ended June 25, 2022 September 24, 2022. The increase in product sales was primarily due to new center openings that became operational during the period from June 26, 2022 September 25, 2022 to July 1, 2023 September 30, 2023. In addition, product sales increased due to the increase in same-store sales in the 26 weeks ended July 1, 2023 compared to the 26 weeks ended June 25, 2022 and, beginning in April 2022, an additional offering of medical products to our centers for use in administering wax services that began in April 2022.

#### Royalty Fees

Royalty fees increased \$2.3 million \$2.6 million, or 9.7% 7.0%, to \$26.5 million \$39.8 million during the 26 weeks ended July 1, 2023 September 30, 2023, compared to \$24.2 million \$37.2 million for the 26 weeks ended June 25, 2022 September 24, 2022. The increase in royalty fees during the 26 weeks ended July 1, 2023 September 30, 2023 was the result of the increase in system-wide sales driven by new center openings that became operational during the period from June 26, 2022 to July 1, 2023 as well as the increase in same-store sales in the 26 weeks ended July 1, 2023 compared to the 26 weeks ended June 25, 2022 September 30, 2023.

#### Marketing Fees

Marketing fees increased \$1.2 million \$1.4 million, or 8.7% 6.7%, to \$14.8 million \$22.4 million during the 26 weeks ended July 1, 2023 September 30, 2023, compared to \$13.6 million \$21.0 million for the 26 weeks ended June 25, 2022 September 24, 2022. Marketing fees increased as a result of the increase in system-wide sales driven by new center openings that became operational during the period from June 26, 2022 September 25, 2022 to July 1, 2023 as well as the increase in same-store sales in the 26 weeks ended July 1, 2023 compared to the 26 weeks ended June 25, 2022 September 30, 2023.

#### Other Revenue

Other revenue increased \$0.4 million \$0.2 million, or 6.6% 2.9%, to \$6.1 million \$9.0 million during the 26 weeks ended July 1, 2023 September 30, 2023, compared to \$5.7 million \$8.8 million for the 26 weeks ended June 25, 2022 September 24, 2022. The increase in other revenue during the 26 weeks ended July 1, 2023 September 30, 2023 was primarily due to an increase in technology fees driven by new center openings and an increase in corporate center revenues.

#### Costs and Expenses

##### Cost of Revenue

Cost of revenue increased \$4.5 million \$3.9 million, or 16.8% 9.1%, to \$31.4 million \$47.1 million during the 26 weeks ended July 1, 2023 September 30, 2023, compared to \$26.9 million \$43.2 million for the 26 weeks ended June 25, 2022 September 24, 2022. The increase in cost of revenue was primarily due to higher product sales in the current year period driven by new center openings that became operational during the period from June 26, 2022 September 25, 2022 to July 1, 2023 September 30, 2023. In addition, cost of revenue increased due to the increase in same-store sales in the 26

weeks ended July 1, 2023 compared to the same period in 2022 and, beginning in April 2022, an additional offering of medical products to our centers for use in administering wax services, services that began in April 2022.

#### *Selling, General and Administrative*

Selling, general and administrative expenses increased \$0.7 million \$1.4 million, or 2.3% 3.2%, to \$31.4 million \$45.8 million during the 26 39 weeks ended July 1, 2023 September 30, 2023, compared to \$30.7 million \$44.4 million for the 26 39 weeks ended June 25, 2022 September 24, 2022. The increase in selling, general and administrative expenses was primarily due to increases in payroll and benefits, which was mostly partially offset by a decrease in professional fee expenses. The increase in payroll and benefits expense was largely due to additional expense incurred during the 13 weeks ended April 1, 2023 resulting from the modification of certain equity awards during the period as well as an increase in corporate employee headcount during the current year period. The decrease in professional fees was largely attributable to costs related to our securitization and secondary public offering transactions, which were completed during the 13 weeks ended June 25, 2022, as well as certain costs related to being a newly public company..

#### *Advertising*

Advertising expenses increased \$1.9 million \$1.6 million, or 12.9% 6.9%, to \$16.5 million \$24.6 million during the 26 39 weeks ended July 1, 2023 September 30, 2023, compared to \$14.6 million \$23.0 million for the 26 39 weeks ended June 25, 2022 September 24, 2022. The increase in advertising expense was attributable to the increase in marketing fee revenues as well as the timing of expenses associated with new marketing campaigns.

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revenues.

#### *Depreciation and Amortization*

Depreciation and amortization for the 26 39 weeks ended July 1, 2023 September 30, 2023 was largely consistent with the 26 39 weeks ended June 25, 2022 September 24, 2022, decreasing \$7 \$25 thousand, or 0.1% 0.2%, to \$10.1 million \$15.1 million for the 26 39 weeks ended July 1, 2023 September 30, 2023.

#### *Interest Expense, net*

Interest expense, net increased \$4.0 million \$3.7 million, or 42.1% 22.6%, to \$13.6 million \$20.1 million during the 26 39 weeks ended July 1, 2023 September 30, 2023, compared to \$9.6 million \$16.4 million for the 26 39 weeks ended June 25, 2022 September 24, 2022. The increase in interest expense was attributable to the effect of higher average principal balances and interest rates on outstanding debt during the 26 39 weeks ended July 1, 2023 September 30, 2023. This increase was partially offset by a \$2.0 million loss on debt extinguishment recognized during the 26 39 weeks ended June 25, 2022 September 24, 2022 resulting from the repayment of our previous term loan in connection with the securitization transaction completed during that period.

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## Income Tax Expense

We recorded \$2.3 million \$4.0 million and \$46 \$83 thousand in income tax expense for the 26 39 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively. Income tax expense recognized in the first 26 39 weeks of 2023 differs from the federal statutory income tax rate primarily as a result of non-taxable income attributable to noncontrolling interest, state taxes and the tax effects of stock compensation. Income tax expense recognized in the first 26 39 weeks of 2022 differs from the federal statutory income tax rate primarily as a result of the full valuation allowance against its net federal and state deferred taxes during that period. The valuation allowance was fully released as of December 31, 2022.

We estimate that in future annual periods, our blended statutory tax rate will be approximately 20% of EWC Ventures income or loss before income taxes. This estimated blended statutory tax rate is based on the current capital structure, excludes discrete or other rate impacting adjustments which may impact the company's income tax provision in the future and is based on our blended federal and state statutory tax rates reduced to exclude our non-taxable noncontrolling interest percentage. We expect this estimated blended statutory tax rate to increase as EWC Ventures Units and the corresponding shares of Class B common stock are exchanged for shares of Class A common stock because our nontaxable noncontrolling interest earnings will decrease.

## Non-GAAP Financial Measures

In addition to our GAAP financial results, we believe the non-GAAP financial measures EBITDA and Adjusted EBITDA are useful in evaluating our performance. Our non-GAAP financial measures should not be considered in isolation from, or as substitutes for, financial information prepared in accordance with GAAP. These non-GAAP financial measures are presented for supplemental information purposes only and may be different from similarly titled metrics or measures presented by other companies. A reconciliation of the non-GAAP financial measures to the most directly comparable financial measure stated in accordance with GAAP and a further discussion of how we use non-GAAP financial measures is provided below.

*EBITDA and Adjusted EBITDA.* We define EBITDA as net income (loss) before interest, taxes, depreciation and amortization. We believe that EBITDA, which eliminates the impact of certain expenses that we do not believe reflect our underlying business performance, provides useful information to investors to assess the performance of our business. We define Adjusted EBITDA as net income (loss) before interest, taxes, depreciation and amortization, adjusted for the impact of certain additional non-cash and other items that we do not consider in our evaluation of ongoing performance of our core operations. These items include exit costs related to leases of abandoned space, IPO-related costs, non-cash equity-based compensation expense, corporate headquarters office relocation, non-cash gains and losses on remeasurement of our tax receivable agreement liability, transaction costs and other one-time expenses. We believe that Adjusted EBITDA is an appropriate measure of operating performance in addition to EBITDA because it eliminates the impact of other items that we believe reduce the comparability of our underlying core business performance from period to period and is therefore useful to our investors in comparing the core performance of our business from period to period. EBITDA and Adjusted

EBITDA may not be comparable to other similarly titled captions of other companies due to differences in methods of calculation.

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A reconciliation of net income to EBITDA and Adjusted EBITDA is set forth below for the periods indicated:

| (in thousands)  | For the Thirteen<br>Weeks Ended |                  | For the Twenty-Six<br>Weeks Ended |                  | For the Thirteen<br>Weeks Ended |                           | For the Thirty-Nine<br>Weeks Ended |                           |
|---|---------------------------------|------------------|-----------------------------------|------------------|---------------------------------|---------------------------|------------------------------------|---------------------------|
|   | July 1,<br>2023                 | June 25,<br>2022 | July 1,<br>2023                   | June<br>25, 2022 | Septemb<br>er 30,<br>2023       | Septemb<br>er 24,<br>2022 | Septemb<br>er 30,<br>2023          | Septemb<br>er 24,<br>2022 |
|   |                                 |                  |                                   |                  |                                 |                           |                                    |                           |
| Net income  | 5,5                             | 2,03             | 4,5                               | 6,05             |                                 |                           |                                    | 11,34                     |
|   | \$ 94                           | \$ 1             | \$ 41                             | \$ 7             | \$ 4,194                        | \$ 5,287                  | \$ 8,735                           | \$ 4                      |
| Interest expense  | 6,7                             | 8,08             | 13,                               | 9,58             |                                 |                           |                                    |                           |
|   | 62                              | 0                | 624                               | 7                |                                 |                           |                                    |                           |
| Interest expense,<br>net  |                                 |                  |                                   |                  | 6,471                           | 6,804                     | 5                                  | 1                         |
| Income tax<br>expense   | 2,7                             |                  | 2,2                               |                  | 1,784                           | 37                        | 4,038                              | 83                        |
| Depreciation and<br>amortization  | 5,0                             | 5,05             | 10,                               | 10,1             |                                 |                           | 15,14                              | 15,17                     |
|   | 45                              | 5                | 108                               | 15               | 5,040                           | 5,059                     | 8                                  | 3                         |
| EBITDA  | 20,                             | 15,1             | 30,                               | 25,8             | 17,48                           | 17,18                     | 48,01                              | 42,99                     |
|   | \$ 164                          | \$ 85            | \$ 527                            | \$ 05            | \$ 9                            | \$ 7                      | \$ 6                               | \$ 1                      |
| Share-based<br>compensation <sup>(1)</sup>                                  | 1,8                             | 2,00             | 7,7                               | 5,33             |                                 |                           |                                    |                           |
|   | 26                              | 0                | 57                                | 5                | 1,732                           | 2,117                     | 9,489                              | 7,452                     |
| Remeasurement<br>of tax receivable<br>agreement<br>liability <sup>(2)</sup> | (79                             |                  | (79                               |                  |                                 |                           |                                    |                           |
|   | 2)                              | 33               | 2)                                | 818              | 36                              | (516)                     | (756)                              | 302                       |
| Transaction<br>costs <sup>(3)</sup>   |                                 | 1,40             |                                   | 1,40             |                                 |                           |                                    |                           |
|   | —                               | 6                | —                                 | 6                | —                               | —                         | —                                  | 1,406                     |
| Other <sup>(4)</sup>  | —                               | —                | —                                 | 417              | —                               | (157)                     | —                                  | 260                       |
| Adjusted EBITDA   | 21,                             | 18,6             | 37,                               | 33,7             | 19,25                           | 18,63                     | 56,74                              | 52,41                     |
|   | \$ 198                          | \$ 24            | \$ 492                            | \$ 81            | \$ 7                            | \$ 1                      | \$ 9                               | \$ 1                      |

- (1) Represents non-cash equity-based compensation expense.
- (2) Represents non-cash adjustments related to the remeasurement of our tax receivable agreement liability.

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- (3) Represents costs related to our secondary offering of Class A common stock by selling stockholders and certain costs incurred in connection with our securitization transaction.
- (4) Represents non-core operating expenses identified by management. For fiscal year 2022, these costs relate to executive severance.

## Liquidity and Capital Resources

We measure liquidity in terms of our ability to fund the cash requirements of our business operations, including working capital needs, capital expenditures, contractual obligations and debt service with cash flows from operations and other sources of funding. Our primary sources of liquidity and capital resources are cash provided from operating activities, cash and cash equivalents on hand, proceeds from our Class A-2 Notes and Variable Funding Notes and proceeds from the issuance of equity to our members. stockholders. We had cash and cash equivalents of \$54.4 million \$64.0 million as of July 1, 2023 September 30, 2023.

Future payments under the TRA with respect to the purchase of EWC Ventures Units which occurred as part of the IPO and through July 1, 2023 September 30, 2023 are currently expected to be \$208.2 million \$208.7 million. Such amounts will be paid when such deferred tax assets are realized as a reduction to income taxes due or payable. That is, payments under the TRA are only expected to be made in periods following the filing of a tax return in which we are able to utilize certain tax benefits to reduce our cash taxes paid to a taxing authority. The impact of any changes in the projected obligations under the TRA as a result of changes in the geographic mix of the Company's earnings, changes in tax legislation and tax rates or other factors that may impact the Company's tax savings will be reflected in other expense on the condensed consolidated statements of operations in the period in which the change occurs. During the 2639 weeks ended July 1, 2023 September 30, 2023 there were no material changes in our contractual obligations from those described in our annual report on Form 10-K for the fiscal year ended December 31, 2022.

We believe that our sources of liquidity and capital will be sufficient to finance our continued operations and growth strategy for at least the next twelve months. Our primary requirements for liquidity and capital are working capital, capital expenditures to grow our network of centers, debt servicing costs, and general corporate needs. We have in the past, and may in the future, refinance our existing indebtedness with new debt arrangements and utilize a portion of borrowings to return capital to our stockholders.

Our assessment of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties. Our actual results and our future capital requirements could vary because of many factors, including our growth rate, the timing and extent of spending to acquire new centers and expand into new markets, and the expansion of sales and marketing activities. We may, in the future, enter into arrangements to acquire or invest in complementary businesses, services and technologies. We have based this estimate

on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, or if we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, results of operations and financial condition would be adversely affected.

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#### *Securitized Financing Facility*

On April 6, 2022, the Master Issuer completed a securitization transaction pursuant to which it issued \$400.0 million in aggregate principal amount of Class A-2 Notes. The net proceeds from the issuance of the Class A-2 Notes were used to repay our previous term loan, fund certain reserve amounts under the securitized financing facility, pay the transaction costs associated with the securitized financing facility, and fund a one-time special dividend to stockholders.

In connection with the issuance of the Class A-2 Notes, the Master Issuer also entered into (i) a revolving financing facility that allows for the issuance of up to \$40.0 million in Variable Funding Notes, and certain letters of credit and (2) an advance funding facility with BofA, whereby BofA and any other advance funding provider thereunder will, in certain specified circumstances, make certain debt service advances and collateral protection advances. The Variable Funding Notes were undrawn at closing and as of **July 1, 2023** **September 30, 2023**. The Class A-2 Notes and the Variable Funding Notes are referred to collectively as the "Notes."

The Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Master Issuer maintains specified reserve accounts to be used to make required payments in respect of the Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Class A-2 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the transfers of the assets pledged as collateral for the Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The Notes are also subject to customary rapid amortization events provided for in the Base Indenture, dated April 6, 2022 (the "Indenture"), including events tied to failure to maintain a stated debt service coverage ratio, the sum

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of system-wide sales being below certain levels on certain measurement dates, certain manager termination events (including in certain cases a change of control of EWC Ventures, LLC), an event of default and the failure to repay or refinance the Notes on the applicable anticipated repayment date. The Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal or other amounts due on or with respect to the Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective and certain judgments.

For additional information regarding our long-term debt activity, see the notes to the condensed consolidated financial statements (Note 5—Long-term debt) contained elsewhere in this quarterly report on Form 10-Q.

### ***Tax Receivable Agreement***

Generally, we are required under the TRA, which is described more fully in Part 1 “Item 1A. Risk Factors” in our annual report on Form 10-K for the fiscal year ended December 31, 2022 in the section entitled “Risks Related to Our Organization and Structure—We are required to pay the EWC Ventures’ pre-IPO members for certain tax benefits we may claim, and the amounts we may pay could be significant” to make payments to the EWC Ventures pre-IPO members that are generally equal to 85% of the applicable cash tax savings, if any, that we actually realize (or are deemed to realize, calculated using certain assumptions) as a result of (i) increases in our allocable share of certain existing tax basis of the tangible and intangible assets of the Company and adjustments to the tax basis of the tangible and intangible assets of the Company, in each case as a result of (a) the purchases of EWC Ventures Units (along with the corresponding shares of our Class B common stock) from certain of the EWC Ventures Post-IPO Members using a portion of the net proceeds from the initial and secondary public offerings or in any future offering or (b) Share Exchanges and Cash Exchanges by the EWC Ventures pre-IPO members (or their transferees or other assignees) in connection with or after the initial public offering, (ii) our utilization of certain tax attributes of certain affiliates of General Atlantic (the “Blocker Companies”) (including the Blocker Companies’ allocable share of certain existing tax basis of EWC Ventures’ assets) and (iii) certain other tax benefits related to entering into the TRA, including tax benefits attributable to payments under the TRA.

Subject to the discussion in the following paragraph below, payments under the TRA will occur only after we have filed our U.S. federal and state income tax returns and realized the cash tax savings from the favorable tax attributes. Future payments under the TRA in respect of future purchases of EWC Ventures Units, Share Exchanges and Cash Exchanges would be in addition to these amounts. Payments under the TRA are computed by reference to realized tax benefits from attributes subject to the TRA and are expected to be funded by tax distributions made to us by our subsidiaries similar to how cash taxes would be funded to the extent these attributes did not exist. To the extent we are unable to make payments under the TRA for any reason (including because the Company’s securitized financing facility restricts the ability of our subsidiaries to make distributions to us), under the terms of the TRA such payments will be deferred and accrue interest until paid. If we are unable to make payments due to insufficient funds, such payments may be deferred indefinitely while accruing interest until paid, which could negatively impact our results of operations and could also affect our liquidity in future periods in which such deferred payments are made.

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Under the TRA, as a result of certain types of transactions and other factors, including a transaction resulting in a change of control, we may also be required to make payments to the EWC Ventures pre-IPO members in amounts equal to the present value of future payments we are obligated to make under the TRA. If the payments under the TRA are accelerated, we may be required to raise additional debt or equity to fund such payments. To the extent that we are unable to make payments under the TRA for any reason (including because the Company’s securitized financing facility restricts the ability

of our subsidiaries to make distributions to us), under the terms of the TRA Agreement such payments will be deferred and will accrue interest until paid. If we are unable to make payments due to insufficient funds to make such payments, such payments may be deferred indefinitely while accruing interest until paid, which could negatively impact our results of operations and could also affect our liquidity in future periods in which such deferred payments are made.

### ***Summary Statements of Cash Flows***

The following table sets forth the major components of our condensed consolidated statements of cash flows for the periods presented (amounts in thousands):

|                                    | For the Twenty-Six Weeks Ended |                   | For the Thirty-Nine Weeks Ended |                    |
|------------------------------------|--------------------------------|-------------------|---------------------------------|--------------------|
|                                    | July 1, 2023                   | June 25, 2022     | September 30, 2023              | September 24, 2022 |
| Net cash provided by<br>(used in): |                                |                   |                                 |                    |
| Operating activities               | \$ 21,220                      | \$ 17,608         | \$ 38,856                       | \$ 27,949          |
| Investing activities               | (623)                          | (82)              | (774)                           | (143)              |
| Financing activities               | (10,003)                       | (18,771)          | (18,373)                        | (22,957)           |
| Net increase (decrease) in<br>cash | <u>\$ 10,594</u>               | <u>\$ (1,245)</u> | <u>\$ 19,709</u>                | <u>\$ 4,849</u>    |

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#### *Operating Activities*

During the 26 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, net cash provided by operating activities was \$21.2 million \$38.9 million and \$17.6 million \$27.9 million, respectively, an increase of \$3.6 million \$10.9 million. This increase was largely attributable to an improvement in cash flows generated by our operations as well as a lower working capital increase in the current year compared to the prior year. However, the increase in cash flows from operations was partially offset by an increase in cash interest paid due to higher average principal balances and interest rates on outstanding debt in the first 26 weeks of 2023 compared to the first 26 weeks of 2022.

The increase in working capital in 2023 was primarily attributable to an increase of \$2.5 million in accounts receivable, an increase of \$1.1 million \$1.3 million in prepaid expenses and other assets and a decrease of \$1.5 million \$1.2 million in accounts payable and accrued liabilities. The increase These working capital increases were partially offset by a \$1.3 million decrease in accounts receivable was primarily due to increased system-wide sales and new center openings since the end of 2022. inventory. The increase in prepaid expenses and other assets was largely driven by the timing of vendor payments. The decrease in accounts payable and accrued liabilities was largely driven by decreases in accrued compensation and accrued professional fees. The decrease in inventory was largely due to the payment timing of accrued bonuses. inventory receipts from our vendors.

## *Investing Activities*

During the 2639 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, we used \$0.6 million \$0.8 million and \$0.1 million of cash for capital expenditures, respectively.

## *Financing Activities*

Cash used in financing activities was \$10.0 million \$18.4 million and \$18.8 million \$23.0 million during the 2639 weeks ended July 1, 2023 September 30, 2023 and June 25, 2022 September 24, 2022, respectively. Financing activities during the first 2639 weeks of 2023 consisted of the following payments:

- \$3.2 million in payments made pursuant to the TRA
- \$2.62.8 million in dividend equivalents paid
- \$2.03.0 million repayment on the Class A-2 Notes
- \$1.22.5 million in tax distribution payments to EWC Ventures members
- \$0.86.4 million used to repurchase 51,592 377,484 shares of Class A common stock and
- \$0.10.5 million in taxes on vested RSUs paid by withholding shares.

Financing activities during the first 2639 weeks of 2022 were largely the result of the securitization transaction and the special cash dividend and consisted of the following:

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- The receipt of \$384.3 million in proceeds from the issuance of Class A-2 Notes
- Payments made for the following items:
  - o \$205.0205.1 million for dividends and dividend equivalents paid to holders of shares of Class A common stock and EWC Ventures Units
  - o \$180.0181.0 million to fully repay our previous term loan and the first principal payment on the Class A-2 Notes
  - o \$12.4 million in deferred financing costs related to the Class A-2 Notes and Variable Funding Notes
  - o \$4.87.3 million in tax distributions to EWC Ventures members
  - o \$0.9 million in costs related to the secondary offering of our Class A common stock in November 2021
  - o \$0.5 million in taxes on vested RSUs paid by withholding shares and
  - o \$0.1 million in debt extinguishment costs related to the repayment of the previous term loan.

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## **Critical Accounting Policies and Estimates**

Our financial statements are prepared in accordance with GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates. There have been no changes to our critical accounting policies and use of estimates from those described under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

## **JOBS Act**

The Company is an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 ("JOBS Act") and may take advantage of reduced reporting requirements that are otherwise applicable to public companies. Section 107 of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies are required to comply with those standards. We have elected to use the extended transition period for complying with new or revised accounting standards. This may make it difficult to compare our financial results with the financial results of another public company that is either not an emerging growth company or is an emerging growth company that has chosen not to take advantage of the extended transition period exemptions because of the potential differences in accounting standards used.

## **Recent Accounting Pronouncements**

See Note 2 to the condensed consolidated financial statements included in this quarterly report on Form 10-Q for more information about recent accounting pronouncements, the timing of their adoption and our assessment, to the extent we have made one, of the potential impact of the pronouncements on our financial condition and results of operations and cash flows.

## **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

### ***Interest Rate Risk***

We are exposed to market risk related to changes in interest rates. Our primary exposure to market risk is interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates, particularly because our Variable Funding Notes bear interest at a variable rate.

Our Class A-2 Notes bear interest at a fixed rate of 5.50%, and therefore our interest expense related to these notes would not be affected by an increase in market interest rates. Our Variable Funding Notes bear interest at a variable index rate plus an applicable margin. Accordingly, increases in the variable index rate could increase our interest payments under the Variable Funding Notes. However, as the Variable Funding Notes were undrawn as of July 1, 2023 September 30, 2023 an increase in the variable index rate would not impact on our financial position or results of operations.

### ***Foreign Currency Risk***

We are not currently exposed to significant market risk related to changes in foreign currency exchange rates; however, we have contracted with and may continue to contract with foreign vendors. Our operations may be subject to fluctuations in foreign currency exchange rates in the future.

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### ***Commodity Price Risk***

We are exposed to market risk related to changes in commodity prices. Our primary exposure to commodity price risk is the pricing of our wax purchased from our significant suppliers, which may be adjusted upwards or downwards based on changes in prices of certain raw materials used in the production process.

### **Item 4. Controls and Procedures**

#### ***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), has evaluated the effectiveness of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this quarterly report on Form 10-Q.

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There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their control objectives.

Based on that evaluation, our CEO and CFO concluded that as of July 1, 2023 September 30, 2023, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by the Company in the reports it files or submits with the Securities and Exchange Commission is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and is accumulated and communicated to our management, including the principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

#### ***Changes in internal control over financial reporting***

There have been no changes in our internal control over financial reporting that occurred during the 13 weeks ended July 1, 2023 September 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## PART II-OTHER INFORMATION

### Item 1. Legal Proceedings

We may be the defendant from time to time in litigation arising during the ordinary course of business, including, without limitation, employment-related claims, claims based on theories of joint employer liability, data privacy claims, claims involving anti-poaching allegations and claims made by former or existing franchisees or the government. In the ordinary course of business, we are also subject to regulatory and governmental examinations, information requests and subpoenas, inquiries, investigations, and threatened legal actions and proceedings. Although the outcomes of potential legal proceedings are inherently difficult to predict, the Company does not expect the resolution of these occasional legal proceedings to have a material effect on its financial position, results of operations, or cash flow.

### Item 1A. Risk Factors

There have been no material changes in our risk factors from those disclosed in Part I, "Item 1A. Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2022. You should carefully consider the risk factors set forth in our 10-K and the other information set forth in this quarterly report on Form 10-Q. You should be aware that these risk factors and other information may not describe every risk that we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially adversely affect our business, financial condition and/or operating results.

### Item 2. Unregistered Sales of Equity Securities, and Use of Proceeds, and Issuer Purchases of Equity Securities

#### Share Repurchases

The following table provides information with respect to our purchases of European Wax Center, Inc. Class A common stock during the **second** **third** quarter of fiscal year 2023.

| Period:                        | Total Number<br>Shares<br>Purchased <sup>(1)</sup> | Average Price<br>Paid per Share<br>(including fees) | Approximate<br>Total Number<br>of Shares<br>Purchased as<br>Part of Publicly<br>Announced<br>Plans or<br>Programs |                                   | Dollar Value of<br>Shares That<br>May Yet be<br>Purchased<br>Under the<br>Plans or<br>Programs |
|--------------------------------|--|---|---|-----------------------------------|--|
|                                |  |   | Plans or<br>Programs  | Under the<br>Plans or<br>Programs |  |
|                                |  |   | Plans or<br>Programs  | Under the<br>Plans or<br>Programs |  |
| April 2, 2023 — April 29, 2023 | —  | \$ —  | —   | —                                 | \$ 29,920,145  |
| April 30, 2023 — May 27, 2023  | 51,592   | 15.88   | 51,592  | —                                 | 29,101,103   |
| May 28, 2023 — July 1, 2023    | —  | —   | —   | —                                 | 29,101,103   |
| <b>Total</b>                   | <b>51,592</b>                                      | <b>\$ 15.88</b>                                     | <b>51,592</b>   | <b>\$ 29,101,103</b>              |  |

| Period:                              |                          |                                    |                   |                      | Approximate |
|--------------------------------------|--------------------------|------------------------------------|-------------------|----------------------|-------------|
|                                      |                          |                                    | Total Number      | Dollar Value of      |             |
|                                      |                          |                                    | of Shares         | Shares That          |             |
|                                      |                          |                                    | Purchased as      | May Yet be           |             |
|                                      | Total Number             | Average Price                      | Part of Publicly  | Purchased            |             |
|                                      | Shares                   | Paid per Share<br>(including fees) | Announced         | Under the            |             |
|                                      | Purchased <sup>(1)</sup> |                                    | Plans or Programs | Plans or Programs    |             |
| July 2, 2023 — July 29, 2023         | —                        | \$ —                               | —                 | \$ 29,101,103        |             |
| July 30, 2023 — August 26, 2023      | —                        | —                                  | —                 | 29,101,103           |             |
| August 27, 2023 — September 30, 2023 | 325,892                  | 17.03                              | 325,892           | 23,551,181           |             |
| Total                                | <u>325,892</u>           | \$ <u>17.03</u>                    | <u>325,892</u>    | <u>\$ 23,551,181</u> |             |

In the **second** **third** quarter of fiscal year 2023, **51,592** **325,892** shares of Class A common stock were repurchased pursuant to the \$40.0 million share repurchase plan authorized by our board of directors on November 2, 2022. Purchases may be effected through one or more open market transactions, privately negotiated transactions, transactions structured through investment banking institutions, or a combination of the foregoing. The Company may terminate the program at any time.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

None.

### Item 5. Other Information

#### *Trading Plans of Our Directors and Officers*

During the **second** **third** quarter of fiscal year 2023, none of the Company's directors or executive officers adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each item is defined in Item 408(a) of Regulation S-K.

## Item 6. Exhibits

| Exhibit<br>Number | Description   |
|-------------------|---|
| 3.1               | <a href="#">Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 filed on August 4, 2021).</a>                  |
| 3.2               | <a href="#">Certificate of Amendment of the Registrant's Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on June 9, 2023).</a> |
| 3.3               | <a href="#">Second Amended and Restated By-Laws of European Wax Center, Inc. (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on February 24, 2023).</a>                          |
| 10.1*+            | <a href="#">Offer Letter by and between EWC Corporate, LLC and Andrea Wasserman, dated as of May 18, 2023.</a>  |
| 10.2*+            | <a href="#">Severance Plan Agreement by and between the Registrant and Andrea Wasserman, dated as of May 30, 2023.</a>  |
| 31.1*             | <a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>         |
| 31.2*             | <a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>         |
| 32.1**            | <a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>  |
| 32.2**            | <a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>  |
| 101.INS           | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.  |
| 101.SCH           | Inline XBRL Taxonomy Extension Schema Document  |
| 101.CAL           | Inline XBRL Taxonomy Extension Calculation Linkbase Document  |
| 101.DEF           | Inline XBRL Taxonomy Extension Definition Linkbase Document   |
| 101.LAB           | Inline XBRL Taxonomy Extension Label Linkbase Document  |
| 101.PRE           | Inline XBRL Taxonomy Extension Presentation Linkbase Document   |
| 104               | Cover Page Interactive Data File (embedded within the Inline XBRL document)   |

\* Filed herewith.

\*\* European Wax Center, Inc. is furnishing, but not filing, the written statement pursuant to Title 18 United States Code 1350, as added by Section 906 of the Sarbanes Oxley Act of 2002, of David P. Berg, L. Willis, our Chief Executive Officer and Stacie Shirley, our Chief Financial Officer.

+ Indicates management contract or compensatory plan.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

European Wax Center, Inc.

Date: August 9, 2023 November 8, 2023

By: /s/ DAVID P. BERG L. WILLIS  
 David P. Berg L. Willis  
 Chief Executive Officer  
 (Principal Executive Officer)

Date: August 9, 2023 November 8, 2023

By: /s/ STACIE SHIRLEY  
 Stacie Shirley  
 Chief Financial Officer  
 (Principal Financial Officer)

**EXHIBIT 10.1**

May 18, 2023

Andrea Wasserman

Dear Andrea,

EWC Corporate, LLC and its affiliates (collectively, "EWC", "we", "us" or "our"), operate and support the European Wax Center franchise system. We are very pleased to offer you the position of "Chief Commercial Officer" on the following terms and subject to the conditions outlined in this letter:

1. **Position.** You will have duties, responsibilities and authorities commensurate with this role and as may reasonably be assigned from time to time. **We may provide a more detailed job description on or**

**after your start date.** You will initially report to David Berg, Chief Executive Officer, and we anticipate your employment will begin on or around May 29, 2023. This full-time position requires you to devote your full business time to EWC business and therefore, you shall not engage in any activity which conflicts or interferes with the performance of your obligations without our express written consent.

While you will initially be designated as an employee of EWC Corporate, LLC, you will provide services for the benefit of various EWC entities. From time to time, we may require you to submit reports to us to allow us to track work performed and amount of time spent on work for our affiliates. Please also understand that as a franchise system, we support franchise locations and area representatives that are individually owned and operated businesses and therefore, while we do provide training and support, we do not control franchisees, area representatives or their personnel.

2. **Compensation and Bonus.** Your annual base pay will initially be \$500,000, which amount will be reviewed from time to time by us. As a full-time exempt associate, you are not eligible for overtime pay. Your salary shall be payable in accordance with our standard payroll policies in effect from time to time and will be subject to all applicable withholdings. You will also be eligible for an annual target performance bonus of 60% of your annual salary. The amount of your actual bonus is based upon criteria established by and approvals from EWC's Compensation Committee and Board of Directors. Bonuses are typically provided on a calendar year basis and paid in February or March for the preceding year, subject to all applicable withholdings. Bonuses are not earned until the date of payment. Therefore, you must be employed on the date your bonus is awarded and actually paid to be eligible to receive a bonus. For those associates that are bonus eligible, associates that start prior to October 1st are eligible to receive their target bonus for their first calendar year of employment however their bonus potential is pro-rated based on their start date; associates that start with us on or after October 1st are not bonus eligible until the next calendar year that follows their start date.

3. **Sign-On Bonus.** Our offer includes a \$100,000 sign-on bonus to be paid within 20 days of your first paycheck (subject to applicable withholdings); provided, that, should your employment be terminated by you without good reason, or be terminated by us for cause, in either case prior to twelve months after your start date, you will be responsible for promptly (within 15 days)

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reimbursing us for the amount of this bonus. For purposes of the foregoing, "Good reason" and "cause" shall have the meanings ascribed to such terms in European Wax Center, Inc.'s Change in Control and Severance Plan (the "Severance Plan"). For the purposes of any repayment obligation, if you repay any amounts in the same tax year you received the payment, you will be responsible for repaying the net amount, and if such repayment is in a year subsequent to the year received, your obligation shall be to repay the gross amount.

4. **Equity.** As soon as reasonably practicable after your start date, you will be granted Restricted Stock Units (the "RSUs") and Nonqualified Stock Options (the "Options") valued in aggregate at \$1,000,000. The grant value will be equally divided between RSUs and Options. The exact number of units will be determined by the closing price on the first date of employment (the "Date of Grant"). The RSUs shall vest equally in three annual tranches from the Date of Grant, and the Options shall vest and become exercisable in full on the third anniversary of the Date of Grant, subject to the Participant's

continued employment or service with the Company through each such date (each such date, a "Vesting Date"). The exercise price of the Options will be 120% of the closing price of EWC's Class A common stock on the Date of Grant. RSUs and Options shall be granted pursuant to, and in accordance with, the terms and conditions of (i) an incentive equity plan and (ii) a grant agreement, we will provide you copies of each of these governing documents separately after your start date.

5. Benefits. While employed with us, you will be eligible to participate in certain benefit plans in accordance with our policies in effect during your employment.

6. Location. While EWC does have a Remote-First posture at this point, there is an expectation that direct reports to the CEO will be physically in the office when and as-needed, and for a variety of company purposes including, without limitation, in-person Town Hall meetings, earnings calls, meetings with analysts and investors, and the like. You may also be required to travel from time to time for seminars, business meetings or for other business purposes.

7. Paid Time Off; Expenses. You are also eligible for 216 hours of Paid Time Off ("PTO") pursuant to our PTO policies in effect from time to time. PTO is pro-rated based on your start date. We will also reimburse you for reasonable business and related expenses incurred or paid by you in the performance of your duties and responsibilities, subject to the presentation of receipts or other appropriate documentation and in accordance with policies we establish from time to time.

8. **At-Will Employment; Introductory Period; Severance Plan. Your employment with us will be at-will, which means that your employment is for an indefinite period of time and both you and EWC are free to terminate the employment relationship at any time for any or no reason and for any lawful reason with or without notice.**

***While we understand that you will be learning a lot about your new position, you are still expected to perform satisfactorily at all times and your performance will be reviewed on an ongoing basis. Even during the introductory employment period, you may be terminated at any time, for any or no reason and for any lawful reason with or without notice. Also, please understand that completion of the introductory employment period does not guarantee continued employment and does not change the at-will nature of the employment relationship.***

***You will be eligible under our recently adopted Severance Plan, which provides certain benefits upon separation of your employment without cause, for good reason, and under other circumstances. This information will be provided to you in a separate document. The position***

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***offered to you hereby is at the Executive Vice President level for purposes of benefits under the Severance Plan.***

9. EWC Policies. You will be required to comply with all applicable EWC rules, policies and procedures, as may be set forth in our employment handbooks, policies and procedures made available to you from time to time. Copies of our employment handbooks and these other policies and procedures will be provided separately on or around your start date and are also available upon request. In addition, your employment is contingent upon your execution of our current Confidentiality, Non-Interference and Proprietary Rights Agreement.

10. **No Other Agreements.** This offer letter is not meant to constitute a contract of employment for a specific duration or term, it merely sets forth the initial terms of your employment and compensation with us which may change over time, and supersedes any prior representations or agreements, whether written or oral.

11. **Conditions of Employment.** In addition to the execution of our current Confidentiality, Non-Interference and Proprietary Rights Agreement, please understand that this offer of employment is specifically also contingent upon verification of your employment eligibility to work in the United States. Our Talent team will provide you with a copy of the "Lists of Acceptable Documents" for the USCIS Form I-9. Please make sure to bring appropriate documentation when you arrive on your first day.

Upon your acceptance, subject to the completion of our pre-employment screening requirements, as applicable, we will confirm your actual start date. If you wish to accept this offer of employment, please sign below and return this offer letter to the Talent team by e-mail at [aura.debiase@myewc.com](mailto:aura.debiase@myewc.com). Unless otherwise withdrawn, this offer is open for you to accept until May 19, 2023, at which time it will be deemed to be withdrawn. If you have any questions about the above details, please don't hesitate to call me.

We look forward to having you join the European Wax Center team.

Sincerely,

EWC Corporate, LLC

By: /s/ Gavin O'Connor

Gavin O'Connor, Chief Legal Officer, Chief Human Resources Officer and Corporate Secretary

By signing below, I accept employment with EWC upon the terms and conditions set forth above and agree that I am not relying on any prior statements or representations not contained within this offer letter. I also represent, warrant and covenant to EWC that I have read this offer letter and the form of Confidentiality, Non-Interference and Proprietary Rights Agreement in their entirety, that I fully understand all of their terms and their significance, that I have signed voluntarily and of my own free will, and that I am not bound, nor will I become bound, by any covenant, contract, agreement or other obligation that conflicts with, or may or does prevent me in any manner from performing my duties while employed with EWC.

In accepting this offer of employment, I also certify my understanding that my employment with EWC will be on an at-will basis; that this letter is not a contract, express or implied; and that this letter does not guarantee employment for any specific duration.

Print Name:

Andrea Wasserman

Date: 5/18/2023

Signature:

/s/ Andrea Wasserman

**EXHIBIT 10.2**

## SEVERANCE PLAN AGREEMENT

WHEREAS, the European Wax Center, Inc. (the "Company") has adopted the European Wax Center, Inc. Change in Control and Severance Plan, effective February 22, 2023 (the "Severance Plan"), pursuant to which Andrea Wasserman (the "Executive") is entitled to certain severance payments and benefits upon termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason, as set forth in the Severance Plan and as such terms are defined in the Severance Plan; and

WHEREAS, in consideration of the Executive commencing her employment with the Company on the condition set forth herein and in further consideration of the severance payments and benefits provided pursuant to the terms of the Severance Plan.

NOW, THEREFORE, in consideration of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Executive and Company agree as follows:

1. The Company agrees that it shall not reduce the amount of severance payments or benefits under the Severance Plan or adversely alter the terms of such plan, in each case as it relates to the Executive, without the Executive's prior written consent.

2. The Executive acknowledges and agrees that in no event will the Executive be entitled to a duplication of amounts or benefits under the Severance Plan and any other policy, plan, agreement or arrangement of the Company or any of its affiliates.

3. This Severance Plan Agreement shall not relieve the Executive of her obligations to the Company under any other agreement between the Executive and the Company or any of its affiliates that includes non-competition, non-solicitation and/or confidentiality restrictions.

IN WITNESS HEREOF, the Executive has executed this Waiver as of the date written below.

### EXECUTIVE

/s/ Andrea Wasserman

Andrea Wasserman

Date: 05/30/2023

EUROPEAN WAX CENTER, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*(Signature Page to Severance Waiver)*

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David P. Berg, L. Willis, certify that:

1. I have reviewed this quarterly report on Form 10-Q of European Wax Center, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting for the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in registrant's internal control over financial reporting.

Date: August 9, 2023 November 8, 2023

By: \_\_\_\_\_ /s/ DAVID P. BERG L. WILLIS

David P. Berg L. Willis

Chief Executive Officer

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**Exhibit 31.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stacie Shirley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of European Wax Center, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 9, 2023 November 8, 2023

By: \_\_\_\_\_ /s/ STACIE SHIRLEY  
Stacie Shirley  
Chief Financial Officer

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**Exhibit 32.1**

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of European Wax Center, Inc. (the "Company") on Form 10-Q for the period ending July 1, 2023 September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David P. Berg, L. Willis, as Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result operations of the Company.

Date: **August 9, 2023** **November 8, 2023**

By: \_\_\_\_\_ /s/ DAVID P. BERG L. WILLIS

David P. Berg L. Willis

Chief Executive Officer

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**Exhibit 32.2**

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of European Wax Center, Inc. (the "Company") on Form 10-Q for the period ending **July 1, 2023** **September 30, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stacie Shirley, as Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result operations of the Company.

Date: **August 9, 2023** **November 8, 2023**

By: \_\_\_\_\_ /s/ STACIE SHIRLEY

Stacie Shirley

Chief Financial Officer

## DISCLAIMER

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