UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 6, 2024

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

EUROPEAN WAX CENTER, INC.

(Exact Name of Registrant as Specified in its Charter)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☒		

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 9, 2024, the registrant had 47,764,963 and 12,214,845 shares of Class A and Class B common stock, respectively, $0.00001 par value per share, outstanding.

Table of Contents

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)

	July 6, 2024	January 6, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 55,684	$ 52,735
Restricted cash	6,465	6,493
Accounts receivable, net	10,086	9,250
Inventory, net	22,062	20,767
Prepaid expenses and other current assets	6,276	6,252
Total current assets	100,573	95,497
Property and equipment, net	1,732	2,284
Operating lease right-of-use assets	3,866	4,012
Intangible assets, net	154,595	164,073
Goodwill	328,551	328,551
Deferred income taxes	136,088	138,215
Other non-current assets	2,504	3,094
Total assets	**$ 727,909**	**$ 735,726**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 16,385	$ 17,966
Long-term debt, current portion	4,000	4,000
Tax receivable agreement liability, current portion	2,873	9,363
Deferred revenue, current portion	4,315	5,261
Operating lease liabilities, current portion	1,274	1,232
Total current liabilities	28,847	37,822
Long-term debt, net	372,599	372,000
Tax receivable agreement liability, net of current portion	197,908	197,273
Deferred revenue, net of current portion	6,330	6,615
Operating lease liabilities, net of current portion	2,926	3,158
Other long-term liabilities	2,264	2,246
Total liabilities	610,874	619,114
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock ($0.00001 par value, 100,000,000 shares authorized, none issued and outstanding as of July 6, 2024 and January 6, 2024, respectively)	—	—
Class A common stock ($0.00001 par value, 600,000,000 shares authorized, 51,415,110 and 51,261,001 shares issued and 47,711,539 and 48,476,981 shares outstanding as of July 6, 2024 and January 6, 2024, respectively)	—	—
Class B common stock ($0.00001 par value, 60,000,000 shares authorized, 12,214,845 and 12,278,876 shares issued and outstanding as of July 6, 2024 and January 6, 2024, respectively)	—	—
Treasury stock, at cost 3,703,571 and 2,784,020 shares of Class A common stock as of July 6, 2024 and January 6, 2024, respectively	(50,001)	(40,000)
Additional paid-in capital	237,218	232,848
Accumulated deficit	(102,379)	(109,506)
Total stockholders' equity attributable to European Wax Center, Inc.	84,838	83,342
Noncontrolling interests	32,197	33,270
Total stockholders' equity	117,035	116,612
Total liabilities and stockholders' equity	**$ 727,909**	**$ 735,726**

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	
	July 6, 2024	July 1, 2023	July 6, 2024	July 1, 2023
REVENUE				
Product sales	$ 33,923	$ 33,725	$ 63,421	$ 61,567
Royalty fees	14,465	14,147	26,901	26,498
Marketing fees	8,142	7,915	15,238	14,817
Other revenue	3,341	3,303	6,185	6,100
Total revenue	59,871	59,090	111,745	108,982
OPERATING EXPENSES				
Cost of revenue	16,024	16,900	29,548	31,357
Selling, general and administrative	12,911	14,134	26,377	31,397
Advertising	11,576	8,684	20,264	16,493
Depreciation and amortization	4,985	5,045	9,985	10,108
Gain on sale of center	—	—	(81)	—
Total operating expenses	45,496	44,763	86,093	89,355
Income from operations	14,375	14,327	25,652	19,627
Interest expense, net	6,367	6,762	12,703	13,624
Other expense (income)	269	(792)	249	(792)
Income before income taxes	7,739	8,357	12,700	6,795
Income tax expense	1,739	2,763	2,971	2,254
NET INCOME	**$ 6,000**	**$ 5,594**	**$ 9,729**	**$ 4,541**
Less: net income attributable to noncontrolling interests	1,694	1,582	2,602	1,037
NET INCOME ATTRIBUTABLE TO EUROPEAN WAX CENTER, INC.	**$ 4,306**	**$ 4,012**	**$ 7,127**	**$ 3,504**
Net income per share				
Basic - Class A Common Stock	$ 0.09	$ 0.08	$ 0.15	$ 0.06
Diluted - Class A Common Stock	$ 0.09	$ 0.08	$ 0.15	$ 0.06
Weighted average shares outstanding				
Basic - Class A Common Stock	48,176,149	50,335,784	48,365,642	49,162,232
Diluted - Class A Common Stock	48,216,643	50,439,538	48,425,028	49,246,677

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)

	For the Twenty-Six Weeks Ended	
	July 6, 2024	July 1, 2023
Cash flows from operating activities:		
Net income	$ 9,729	$ 4,541
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	9,985	10,108
Amortization of deferred financing costs	2,773	2,639
Provision for inventory obsolescence	(70)	(11)
Provision for bad debts	113	80
Deferred income taxes	2,789	2,164
Remeasurement of tax receivable agreement liability	249	(792)
Gain on sale of center	(81)	—
Loss on disposal of property and equipment	3	—
Equity compensation	3,323	7,757
Changes in assets and liabilities:		
Accounts receivable	(964)	(2,452)
Inventory, net	(1,246)	(506)
Prepaid expenses and other assets	948	(1,110)
Accounts payable and accrued liabilities	(835)	(1,464)
Deferred revenue	(1,044)	529
Other long-term liabilities	(541)	(263)
Net cash provided by operating activities	**25,131**	**21,220**
Cash flows from investing activities:		
Purchases of property and equipment	(215)	(623)
Cash received for sale of center	135	—
Net cash used in investing activities	**(80)**	**(623)**
Cash flows from financing activities:		
Principal payments on long-term debt	(2,000)	(2,000)
Distributions to EWC Ventures LLC members	(2,515)	(1,214)
Repurchase of Class A common stock	(10,001)	(819)
Taxes on vested restricted stock units paid by withholding shares	(393)	(146)
Dividend equivalents to holders of EWC Ventures units	(725)	(2,615)
Payments pursuant to tax receivable agreement	(6,496)	(3,209)
Net cash used in financing activities	**(22,130)**	**(10,003)**
Net increase in cash, cash equivalents and restricted cash	**2,921**	**10,594**
Cash, cash equivalents and restricted cash, beginning of period	59,228	50,794
Cash, cash equivalents and restricted cash, end of period	**$ 62,149**	**$ 61,388**
Supplemental cash flow information:		
Cash paid for interest	$ 10,976	$ 11,097
Cash paid for income taxes	$ 444	$ 513
Non-cash investing activities:		
Property purchases included in accounts payable and accrued liabilities	$ 21	$ —
Right-of-use assets obtained in exchange for operating lease obligations	$ 592	$ 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)

	Class A Common Stock		Class B Common Stock		Additional paid-in capital	Accumulated deficit	Treasury Stock	Noncontrolling interest	Total equity
	Shares	Amount	Shares	Amount					
Balance at January 6, 2024	**48,476,981**	**$—**	**12,278,876**	**$—**	**$232,848**	**$(109,506)**	**$(40,000)**	**$33,270**	**$116,612**
Exchange of Class B Common Stock and EWC Ventures Units for Class A Common Stock	56,232	—	(56,232)	—	—	—	—	—	—
Vesting of restricted stock units	99,023	—	—	—	—	—	—	—	—
Shares withheld for taxes on vested restricted stock units	(24,724)	—	—	—	(319)	—	—	—	(319)
Forfeiture of unvested incentive units	—	—	(3,055)	—	—	—	—	—	—
Equity compensation	—	—	—	—	1,382	—	—	—	1,382
Distributions to members of EWC Ventures	—	—	—	—	—	—	—	(1,180)	(1,180)
Forfeiture of accrued dividend equivalents	—	—	—	—	—	—	—	10	10
Tax receivable liability and deferred taxes arising from share exchanges	—	—	—	—	(113)	—	—	—	(113)
Allocation of equity to noncontrolling interests	—	—	—	—	21	—	—	(21)	—
Net income	—	—	—	—		2,821	—	908	3,729
Balance at April 6, 2024	**48,607,512**	**$—**	**12,219,589**	**$—**	**$233,819**	**$(106,685)**	**$(40,000)**	**$32,987**	**$120,121**
Exchange of Class B Common Stock and EWC Ventures Units for Class A Common Stock	4,744	—	(4,744)	—	—	—	—	—	—
Vesting of restricted stock units	25,355	—	—	—	—	—	—	—	—
Shares withheld for taxes on vested restricted stock units	(6,521)	—	—	—	(74)	—	—	—	(74)
Equity compensation	—	—	—	—	1,941	—	—	—	1,941
Repurchase of Class A common stock	(919,551)	—	—	—	—	—	(10,001)		(10,001)
Distributions to members of EWC Ventures	—	—	—	—	—	—	—	(1,335)	(1,335)
Tax receivable liability and deferred taxes arising from share exchanges	—	—	—	—	383	—	—	—	383
Allocation of equity to noncontrolling interests	—	—	—	—	1,149	—	—	(1,149)	—
Net income	—	—	—	—	—	4,306	—	1,694	6,000
Balance at July 6, 2024	**47,711,539**	**$—**	**12,214,845**	**$—**	**$237,218**	**$(102,379)**	**$(50,001)**	**$32,197**	**$117,035**

	Class A Common Stock		Class B Common Stock		Additional paid-in capital	Accumulated deficit	Treasury Stock	Noncontrolling interest	Total equity
	Shares	Amount	Shares	Amount					
Balance at December 31, 2022	**44,561,685**	**$ —**	**18,175,652**	**$ —**	**$ 207,517**	**$ (118,437)**	**$ (10,080)**	**$ 51,304**	**$ 130,304**
Exchange of Class B Common Stock and EWC Ventures Units for Class A Common Stock	5,129,351	—	(5,129,351)	—	—	—	—	—	—
Vesting of restricted stock units	33,546	—	—	—	—	—	—	—	—
Shares withheld for taxes on vested restricted stock units	(6,708)	—	—	—	(126)	—	—	—	(126)
Equity compensation	—	—	—	—	5,931	—	—	—	5,931
Distributions to members of EWC Ventures	—	—	—	—	—	—	—	(276)	(276)
Tax receivable liability and deferred taxes arising from share exchanges	—	—	—	—	(3,519)	—	—	—	(3,519)
Allocation of equity to noncontrolling interests	—	—	—	—	12,657	—	—	(12,657)	—
Net loss	—	—	—	—	—	(508)	—	(545)	(1,053)
Balance at April 1, 2023	**49,717,874**	**$ —**	**13,046,301**	**$ —**	**$ 222,460**	**$ (118,945)**	**$ (10,080)**	**$ 37,826**	**$ 131,261**
Exchange of Class B Common Stock and EWC Ventures Units for Class A Common Stock	652,558	—	(652,558)	—	—	—	—	—	—
Vesting of restricted stock units	12,131	—	—	—	—	—	—	—	—
Forfeiture of unvested incentive units	—	—	(29,697)	—	—	—	—	—	—
Shares withheld for taxes on vested restricted stock units	(1,057)	—	—	—	(20)	—	—	—	(20)
Equity compensation	—	—	—	—	1,826	—	—	—	1,826
Repurchase of Class A Common Stock	(51,592)	—	—	—	—	—	(819)	—	(819)
Distributions to members of EWC Ventures	—	—	—	—		—	—	(938)	(938)
Forfeiture of dividend equivalents payable to holders of EWC Ventures Units	—	—	—	—	—	—	—	98	98
Tax receivable liability and deferred taxes arising from share exchange	—	—	—	—	(421)	—	—	—	(421)
Allocation of equity to noncontrolling interests	—	—	—	—	1,682	—	—	(1,682)	—
Net income	—	—	—	—	—	4,012	—	1,582	5,594
Balance at July 1, 2023	**50,329,914**	**$ —**	**12,364,046**	**$ —**	**$ 225,527**	**$ (114,933)**	**$ (10,899)**	**$ 36,886**	**$ 136,581**

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

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 6, 2024 and July 1, 2023 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 January 6, 2024 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 January 6, 2024 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 January 6, 2024 included in our annual report on Form 10-K.

(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 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 issued accounting pronouncements not yet adopted

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280)—Improvements to Reportable Segment Disclosures*, which expands public entities' segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment's profit or loss and assets. All disclosure requirements under ASU 2023-07 are also required for public entities with a single reportable segment. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023 and subsequent interim periods, with early adoption permitted. We are currently evaluating the impact of adopting ASU 2023-07 will have on our consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740)—Improvements to Income Tax Disclosures*, which expands disclosures in an entity's income tax reconciliation table and regarding cash taxes paid both in the U.S. and foreign jurisdictions. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. We are currently evaluating the impact that adopting this guidance will have on our consolidated financial statements.

3. Prepaid expenses and other current assets

Prepaid expenses and other current assets consisted of the following:

	July 6, 2024	January 6, 2024
Prepaid inventory	$ 20	$ 238
Prepaid insurance	1,025	1,507
Prepaid technology	2,454	1,922
Prepaid advertising	1,719	1,038
Prepaid commissions	364	380
Prepaid other & other current assets	694	1,167
Total	$ 6,276	$ 6,252

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consisted of the following:

	July 6, 2024	January 6, 2024
Accounts payable	$ 5,567	$ 6,048
Accrued inventory	1,571	1,397
Accrued compensation	1,984	4,646
Accrued taxes and penalties	1,091	1,207
Accrued technology and subscription fees	129	237
Accrued interest	1,283	1,290
Accrued professional fees	980	458
Accrued advertising	3,113	1,375
Accrued dividend equivalents	75	799
Other accrued liabilities	592	509
Total accounts payable and accrued liabilities	$ 16,385	$ 17,966

5. Long-term debt

Long-term debt consists of the following:

	July 6, 2024	January 6, 2024
Class A-2 Notes	$ 392,000	$ 394,000
Less: current portion	(4,000)	(4,000)
Total long-term debt	388,000	390,000
Less: unamortized debt discount and deferred financing costs	(15,401)	(18,000)
Total long-term debt, net	$ 372,599	$ 372,000

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 as of July 6, 2024.

Fair Value

The carrying values of cash, accounts receivable and accounts payable approximate fair value because of the short-term nature of these instruments. Cash equivalents consist of money market funds for which original cost approximates fair value. Cash equivalents have an approximate fair value of $32,329 as of July 6, 2024 which was determined using Level 1 inputs. Our outstanding Class A-2 Notes had an approximate fair value of $377,496 as of July 6, 2024 which was determined using Level 2 inputs.

6. Equity Based Compensation

Restricted Stock Units

We granted 41,940 and 398,667 restricted stock units ("RSUs") during the 13 and 26 weeks ended July 6, 2024, respectively, to certain employees and directors under the 2021 Omnibus Incentive Plan (the "2021 Incentive Plan"). We granted 69,088 and 339,143 during the 13 and 26 weeks ended July 1, 2023, respectively, to certain employees and directors under the 2021 Incentive Plan. The RSUs granted 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 6, 2024 were $11.62 and $14.40, respectively. The weighted average grant date fair values of the RSUs granted during the 13 and 26 weeks ended July 1, 2023 were $17.01 and $16.42 respectively. The weighted average grant date fair values of the RSUs granted were equal to the closing price of the underlying Class A common stock on the grant dates.

Class A Common Stock Options

We granted 17,550 and 326,326 options during the 13 and 26 weeks ended July 6, 2024, respectively, to certain employees under the 2021 Incentive Plan. The weighted average exercise prices of options granted during the 13 and 26 weeks ended July 6, 2024 were $13.46 and $17.51 per share, respectively. We granted 49,455 and 317,095 options during the 13 and 26 weeks ended July 1, 2023, respectively, to certain employees under the 2021 Incentive Plan. The weighted average exercise prices of options granted during the 13 and 26 weeks ended July 1, 2023 were $20.69 and $19.77 per share, respectively. The 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 options were $6.41 and $8.29 for the 13 and 26 weeks ended July 6, 2024, respectively, and $10.11 and $9.85 for the 13 and 26 weeks ended July 1, 2023, respectively. The total grant date fair value of the stock options will be recognized as equity-based compensation expense over the vesting period. 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 options granted during the 13 and 26 weeks ended July 6, 2024 and July 1, 2023:

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
	July 6, 2024	July 1, 2023	July 6, 2024	July 1, 2023
Expected dividend yield	0.0%	0.0%	0.0%	0.0%
Expected volatility	56.0%	62.7%	56.0%	62.4%
Risk-free rate	4.3%	3.6%	4.1%	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 the 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.

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.

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
Balance at January 6, 2024	$ 11,876
Revenue recognized that was included in the contract liability at the beginning of the year	(3,044)
Contract liability assumed by buyer of corporate-owned center	(187)
Increase, excluding amounts recognized as revenue during the period	2,000
Balance at July 6, 2024	$ 10,645

During the 13 and 26 weeks ended July 6, 2024, the Company recognized $1,181 and $3,044, respectively, in revenue that was included in the contract liability as of January 6, 2024. During the 13 and 26 weeks ended July 1, 2023, the Company recognized $610 and $1,560, respectively, in revenue that was included in the contract liability as of December 31, 2022.

The weighted average remaining amortization period for deferred revenue is 3.5 years.

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 6, 2024. 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
2024 (from July 7, 2024)	$	3,675
2025		1,258
2026		1,152
2027		1,098
2028		1,049
Thereafter		2,413
Total	$	10,645

The summary set forth below represents the balances in deferred revenue as of July 6, 2024 and January 6, 2024:

		July 6, 2024		January 6, 2024
Franchise fees	$	7,625	$	8,620
Service revenue		3,020		3,256
Total deferred revenue		10,645		11,876
Long-term portion of deferred revenue		6,330		6,615
Current portion of deferred revenue	$	4,315	$	5,261

9. Sale of corporate-owned center

In March 2024, the Company sold one corporate-owned center for $135. The difference between the sale price and carrying value of the net assets sold was recognized as a gain of $81 in the condensed consolidated statements of operations for the 26 weeks ended July 6, 2024.

10. 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 $1,739 and $2,971 in income tax expense for the 13 and 26 weeks ended July 6, 2024, respectively, and $2,763 and $2,254 in income tax expense for the 13 and 26 weeks ended July 1, 2023, respectively. The effective tax rate was 22.5% and 23.4% for the 13 and 26 weeks ended July 6, 2024, respectively, and 33.1% and 33.2% for the 13 and 26 weeks ended July 1, 2023, respectively. The effective tax rate for the 13 and 26 weeks ended July 6, 2024 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 weeks ended July 1, 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..

Tax Receivable Agreement

As of July 6, 2024, future payments under the TRA are expected to be $200,781. 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.

11. Noncontrolling interests

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 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 6, 2024:

	July 6, 2024	
	Units Owned	Ownership Percentage
European Wax Center, Inc.	47,711,539	79.6 %
Noncontrolling interests	12,202,182	20.4 %
Total	59,913,721	100.0 %

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 weeks ended July 6, 2024 and July 1, 2023:

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
	July 6, 2024	July 1, 2023	July 6, 2024	July 1, 2023
Net income attributable to European Wax Center, Inc.	$ 4,306	$ 4,012	$ 7,127	$ 3,504
Transfers from noncontrolling interests:				
Increase in additional-paid-in-capital as a result of equity allocations from the noncontrolling interest	1,149	1,682	1,170	14,339
Net increase in equity of European Wax Center, Inc. due to equity interest transactions with noncontrolling interests	$ 5,455	$ 5,694	$ 8,297	$ 17,843

12. Net income (loss) per share

Basic net income (loss) per share of Class A common stock is computed by dividing net income (loss) 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. Diluted net income (loss) per share of Class A common stock is computed by dividing net income (loss) 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 6, 2024 and July 1, 2023:

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
(in thousands, except for share and per share amounts)	July 6, 2024	July 1, 2023	July 6, 2024	July 1, 2023
Net income	$ 6,000	$ 5,594	$ 9,729	$ 4,541
Less: net income attributable to noncontrolling interests	1,571	1,528	2,508	1,357
Net income applicable to Class A common shareholders	$ 4,429	$ 4,066	$ 7,221	$ 3,184
Basic weighted average outstanding shares				
Class A Common Stock	48,176,149	50,335,784	48,365,642	49,162,232
Basic net income per share applicable to common shareholders:				
Class A Common Stock	$ 0.09	$ 0.08	$ 0.15	$ 0.06

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 6, 2024 and July 1, 2023:

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
(in thousands, except for share and per share amounts)	July 6, 2024	July 1, 2023	July 6, 2024	July 1, 2023
Net income	$ 6,000	$ 5,594	$ 9,729	$ 4,541
Less: net income attributable to noncontrolling interests	1,570	1,523	2,506	1,355
Net income applicable to Class A common shareholders	$ 4,430	$ 4,071	$ 7,223	$ 3,186
Diluted weighted average outstanding shares				
Basic weighted average outstanding shares - Class A Common Stock	48,176,149	50,335,784	48,365,642	49,162,232
Effect of dilutive securities:				
RSUs	40,494	103,754	59,386	84,445
Diluted weighted average outstanding shares - Class A Common Stock	48,216,643	50,439,538	48,425,028	49,246,677
Diluted net income per share applicable to common shareholders:				
Class A Common Stock	$ 0.09	$ 0.08	$ 0.15	$ 0.06

For the 13 and 26 weeks ended July 6, 2024, diluted net income per share of Class A common stock was calculated using the treasury stock method. For the 13 and 26 weeks ended July 1, 2023, diluted net income per share of Class A common stock was calculated using the treasury stock method.

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 (loss) 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.

The following table sets forth the securities which were excluded from the computation of diluted net income per share of Class A common stock for the 13 and 26 weeks ended July 6, 2024 and July 1, 2023 as they were determined to be antidilutive:

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
	July 6, 2024	July 1, 2023	July 6, 2024	July 1, 2023
Antidilutive securities excluded from the computation of diluted net income per share:				
Class B Common Stock	12,214,845	12,364,046	12,214,845	12,364,046
Options	751,688	475,308	751,688	475,308
RSUs	574,390	-	384,290	-

13. Stockholders' equity

Share Exchange Transactions

During the 13 and 26 weeks ended July 6, 2024 certain members of EWC Ventures exercised their exchange rights and exchanged 4,744 and 60,976, respectively, EWC Ventures Units and the corresponding shares of Class B common stock for 4,744 and 60,976, respectively, newly issued shares of Class A common stock. During the 13 and 26 weeks ended July 1, 2023 certain members of EWC Ventures exercised their exchange rights and exchanged 652,558 and 5,781,909, respectively, EWC Ventures Units and the corresponding shares of Class B common stock for 652,558 and 5,781,909, 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 6, 2024 the Company repurchased 919,551 shares of Class A common stock at an average price of $10.88 per share for $10,001 pursuant to the stock repurchase program authorized by the Company's Board of Directors (the "Board") in May 2024. During the 13 and 26 weeks ended July 1, 2023 the Company repurchased 51,592 shares of Class A common stock at an average price of $15.88 per share for $819 pursuant to the stock repurchase program authorized by the Board in November 2022.

14. Subsequent Event

On August 14, 2024, the Company announced that David Willis has departed from his position as Chief Executive Officer of the Company, effective August 12, 2024. In connection with Mr. Willis's departure as Chief Executive Officer, the Company announced on August 14, 2024 that David Berg, who has served the Company as Executive Chair since 2023 and previously served as the Company's Chief Executive Officer, assumed the role of Chief Executive Officer effective as of August 12, 2024.

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 January 6, 2024. 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 January 6, 2024.

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 23 million waxing services in 2023 and over 22 million waxing services in 2022 generating $955 million and $899 million of system-wide sales, respectively, across our highly-franchised network. We have a leading portfolio of centers operating in 1,059 locations across 45 states as of July 6, 2024. Of these locations, 1,054 are franchised centers operated by franchisees and five 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. Our core 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 50%.

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 an estimated total addressable market of over $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, 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.

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% during both fiscal year 2023 and fiscal year 2022, 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.

Net New Center Openings. The number of net 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.

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.

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
(in thousands, except operating data and percentages)	**July 6, 2024**	**July 1, 2023**	**July 6, 2024**	**July 1, 2023**
Number of system-wide centers (at period end)	1,059	1,003	1,059	1,003
System-wide sales	$ 260,154	$ 254,189	$ 481,532	$ 472,630
Same-store sales	1.6%	2.6%	0.3%	3.4%
Net new center openings	8	25	15	59

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

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
	July 6, 2024	**July 1, 2023**	**July 6, 2024**	**July 1, 2023**
System-wide Centers				
Beginning of Period	1,051	978	1,044	944
Openings	11	26	21	61
Closures	(3)	(1)	(6)	(2)
End of Period	1,059	1,003	1,059	1,003

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;
- 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 core guests see our services as largely non-discretionary in nature. Therefore, we believe that overall economic trends and related changes in consumer behavior have less of an impact on our core guests and 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. Core guests comprise approximately 75% of our system-wide sales, which reflects their ongoing commitment to their personal care routine.

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 Franchised Centers. Our franchisee's ability to operate their centers is largely dependent upon their 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 56.6% and 57.1% of our total revenue for the 13 weeks ended July 6, 2024 and July 1, 2023, respectively, and 56.8% and 56.5% of our total revenue for the 26 weeks ended July 6, 2024 and July 1, 2023, 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 24.2% and 23.9% of our total revenue for the 13 weeks ended July 6, 2024 and July 1, 2023, respectively, and 24.1% and 24.3% of our total revenue for the 26 weeks ended July 6, 2024 and July 1, 2023, 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 13.6% and 13.4% of our total revenue for the 13 weeks ended July 6, 2024 and July 1, 2023, respectively, and 13.6% and 13.6% of our total revenue for the 26 weeks ended July 6, 2024 and July 1, 2023, respectively.

Other Revenue: Other revenue primarily consists of service revenues from our corporate-owned centers and franchise fees, as well as technology fees and training, which together represent 5.6% and 5.6% of our total revenue for the 13 weeks ended July 6, 2024 and July 1, 2023, respectively, and 5.5% and 5.6% of our total revenue for the 26 weeks ended July 6, 2024 and July 1, 2023, 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 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 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, net: Interest expense, net consists of interest on our long-term debt, including amounts outstanding under our revolving financing facility, amortization of debt discount and deferred financing costs, gains and losses on debt extinguishment as well as interest income from short-term, highly-liquid investments.

Other (Income) Expense: Other (income) expense consists of non-cash gains and losses related to the remeasurement of our tax receivable agreement liability and contractual cash interest paid on 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 Interests: 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 interests 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			
	July 6, 2024	July 1, 2023	$ Change	% Change
Revenue:				
Product sales	$ 33,923	$ 33,725	$ 198	0.6 %
Royalty fees	14,465	14,147	318	2.2 %
Marketing fees	8,142	7,915	227	2.9 %
Other revenue	3,341	3,303	38	1.2 %
Total revenue	59,871	59,090	781	1.3 %
Operating expenses:				
Cost of revenue	16,024	16,900	(876)	(5.2)%
Selling, general and administrative	12,911	14,134	(1,223)	(8.7)%
Advertising	11,576	8,684	2,892	33.3 %
Depreciation and amortization	4,985	5,045	(60)	(1.2)%
Total operating expenses	45,496	44,763	733	1.6 %
Income from operations	14,375	14,327	48	0.3 %
Interest expense, net	6,367	6,762	(395)	(5.8)%
Other expense (income)	269	(792)	1,061	134.0 %
Income before income taxes	7,739	8,357	(618)	(7.4)%
Income tax expense	1,739	2,763	(1,024)	(37.1)%
Net income	$ 6,000	$ 5,594	$ 406	7.3 %
Less: net income attributable to noncontrolling interests	1,694	1,582	112	7.1 %
Net income attributable to European Wax Center, Inc.	$ 4,306	$ 4,012	$ 294	7.3 %

	For the Twenty-Six Weeks Ended			
	July 6, 2024	July 1, 2023	$ Change	% Change
Revenue:				
Product sales	$ 63,421	$ 61,567	$ 1,854	3.0 %
Royalty fees	26,901	26,498	403	1.5 %
Marketing fees	15,238	14,817	421	2.8 %
Other revenue	6,185	6,100	85	1.4 %
Total revenue	111,745	108,982	2,763	2.5 %
Operating expenses:				
Cost of revenue	29,548	31,357	(1,809)	(5.8)%
Selling, general and administrative	26,377	31,397	(5,020)	(16.0)%
Advertising	20,264	16,493	3,771	22.9 %
Depreciation and amortization	9,985	10,108	(123)	(1.2)%
Gain on sale of center	(81)	—	(81)	—
Total operating expenses	86,093	89,355	(3,262)	(3.7)%
Income from operations	25,652	19,627	6,025	30.7 %
Interest expense, net	12,703	13,624	(921)	(6.8)%
Other expense (income)	249	(792)	1,041	131.4 %
Income before income taxes	12,700	6,795	5,905	86.9 %
Income tax expense	2,971	2,254	717	31.8 %
Net income	$ 9,729	$ 4,541	$ 5,188	114.2 %
Less: net income attributable to noncontrolling interests	2,602	1,037	1,565	150.9 %
Net income attributable to European Wax Center, Inc.	$ 7,127	$ 3,504	$ 3,623	103.4 %

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

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
	July 6, 2024	July 1, 2023	July 6, 2024	July 1, 2023
Revenue:				
Product sales	56.6%	57.1%	56.8%	56.5%
Royalty fees	24.2%	23.9%	24.1%	24.3%
Marketing fees	13.6%	13.4%	13.6%	13.6%
Other revenue	5.6%	5.6%	5.5%	5.6%
Total revenue	100.0%	100.0%	100.0%	100.0%
Costs and expenses:				
Cost of revenue	26.8%	28.6%	26.4%	28.8%
Selling, general and administrative	21.6%	23.9%	23.6%	28.8%
Advertising	19.3%	14.7%	18.1%	15.1%
Depreciation and amortization	8.3%	8.6%	8.9%	9.3%
Gain on sale of center	—	—	0.0%	—
Total operating expenses	76.0%	75.8%	77.0%	82.0%
Income from operations	24.0%	24.2%	23.0%	18.0%
Interest expense, net	10.6%	11.4%	11.4%	12.5%
Other expense (income)	0.5%	(1.3)%	0.2%	(0.7)%
Income before income taxes	12.9%	14.1%	11.4%	6.2%
Income tax expense	2.9%	4.7%	2.7%	2.0%
Net income	10.0%	9.4%	8.7%	4.2%
Less: net income attributable to noncontrolling interests	2.8%	2.7%	2.3%	1.0%
Net income attributable to European Wax Center, Inc.	7.2%	6.7%	6.4%	3.2%

Comparison of the Thirteen Weeks Ended July 6, 2024 and July 1, 2023

Revenue

Total revenue increased $0.8 million, or 1.3%, to $59.9 million during the 13 weeks ended July 6, 2024, compared to $59.1 million for the 13 weeks ended July 1, 2023. The increase in total revenue was largely due to 56 net new center openings that became operational during the period from July 2, 2023 through July 6, 2024

Product Sales

Product sales increased $0.2 million, or 0.6%, to $33.9 million during the 13 weeks ended July 6, 2024, compared to $33.7 million for the 13 weeks ended July 1, 2023. The increase in product sales was primarily due to new center openings that became operational during the period from July 2, 2023 to July 6, 2024. This increase was partially offset by the removal of a surcharge to franchisees that was put in place during the COVID pandemic to help offset elevated supply chain costs.

Royalty Fees

Royalty fees increased $0.3 million, or 2.2%, to $14.5 million during the 13 weeks ended July 6, 2024, compared to $14.1 million for the 13 weeks ended July 1, 2023. The increase in royalty fees during the 13 weeks ended July 6, 2024 was the result of the increase in system-wide sales driven by new center openings that became operational during the period from July 2, 2023 to July 6, 2024.

Marketing Fees

Marketing fees increased $0.2 million, or 2.9%, to $8.1 million during the 13 weeks ended July 6, 2024, compared to $7.9 million for the 13 weeks ended July 1, 2023. 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 July 2, 2023 to July 6, 2024.

Other Revenue

Other revenue for the 13 weeks ended July 6, 2024 was largely consistent with the 13 weeks ended July 1, 2023, increasing $38 thousand or 1.2% to $3.3 million for the 13 weeks ended July 6, 2024.

Costs and Expenses

Cost of Revenue

Cost of revenue decreased $0.9 million, or 5.2%, to $16.0 million during the 13 weeks ended July 6, 2024, compared to $16.9 million for the 13 weeks ended July 1, 2023. The decrease in cost of revenue was primarily due to negotiated cost savings. However, this decrease was slightly offset by higher product sales in the current year period driven by new center openings which became operational during the period from July 2, 2023 to July 6, 2024.

Selling, General and Administrative

Selling, general and administrative expenses decreased $1.2 million, or 8.7%, to $12.9 million during the 13 weeks ended July 6, 2024, compared to $14.1 million for the 13 weeks ended July 1, 2023. The decrease in selling, general and administrative expenses was primarily due to a decrease in payroll and benefits expense as well as the collection of cash proceeds from a legal judgment. However, these decreases were partially offset by an increase in technology expense over the same period.

The decrease in payroll and benefits expense was primarily due to a decline in incentive compensation expense during the 13 weeks ended July 6, 2024 compared to the 13 weeks ended July 1, 2023. The decrease in payroll and benefits expense was partially offset by increased headcount in our corporate office to support the Company's growth.

Advertising

Advertising expenses increased $2.9 million, or 33.3%, to $11.6 million during the 13 weeks ended July 6, 2024, compared to $8.7 million for the 13 weeks ended July 1, 2023. The increase in advertising expense was attributable to new marketing initiatives designed to drive more center traffic as well as the timing of expenses associated with seasonal marketing campaigns.

Depreciation and Amortization

Depreciation and amortization for the 13 weeks ended July 6, 2024 was largely consistent with the 13 weeks ended July 1, 2023, decreasing $60 thousand, or 1.2%, to $5.0 million for the 13 weeks ended July 6, 2024.

Interest Expense, net

Interest expense, net decreased $0.4 million, or 5.8%, to $6.4 million during the 13 weeks ended July 6, 2024, compared to $6.8 million for the 13 weeks ended July 1, 2023. The decrease was primarily due to an increase in interest income from the Company's short-term investments during the 13 weeks ended July 6, 2024.

Income Tax Expense

We recorded $1.7 million and $2.8 million of income tax expense for the 13 weeks ended July 6, 2024 and July 1, 2023, respectively. Income tax expense recognized in the 13 weeks ended July 6, 2024 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 26 weeks ended July 1, 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.

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.

Comparison of the Twenty-Six Weeks Ended July 6, 2024 and July 1, 2023

Revenue

Total revenue increased $2.8 million, or 2.5%, to $111.7 million during the 26 weeks ended July 6, 2024, compared to $109.0 million for the 26 weeks ended July 1, 2023. The increase in total revenue was largely due to 56 net new center openings that became operational during the period from July 2, 2023 through July 6, 2024.

Product Sales

Product sales increased $1.9 million, or 3.0% to $63.4 million during the 26 weeks ended July 6, 2024, compared to $61.6 million for the 26 weeks ended July 1, 2023. The increase in product sales was primarily due to new center openings that became operational during the period from July 2, 2023 to July 6, 2024. This increase was partially offset by the removal of a surcharge to franchisees that was put in place during the COVID pandemic to help offset elevated supply chain costs.

Royalty Fees

Royalty fees increased $0.4 million, or 1.5%, to $26.9 million during the 26 weeks ended July 6, 2024, compared to $26.5 million for the 26 weeks ended July 1, 2023. The increase in royalty fees during the 26 weeks ended July 6, 2024 was the result of the increase in system-wide sales driven by new center openings that became operational during the period from July 2, 2023 to July 6, 2024.

Marketing Fees

Marketing fees increased $0.4 million, or 2.8%, to $15.2 million during the 26 weeks ended July 6, 2024, compared to $14.8 million for the 26 weeks ended July 1, 2023. 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 July 2, 2023 to July 6, 2024.

Other Revenue

Other revenue for the 26 weeks ended July 6, 2024 was largely consistent with the 26 weeks ended July 1, 2023, increasing $0.1 million or 1.4% to $6.2 million for the 26 weeks ended July 6, 2024.

Costs and Expenses

Cost of Revenue

Cost of revenue decreased $1.8 million, or 5.8%, to $29.5 million during the 26 weeks ended July 6, 2024, compared to $31.4 million for the 26 weeks ended July 1, 2023. The decrease in cost of revenue was primarily due to negotiated cost savings. However, this decrease was slightly offset by higher product sales in the current year period driven by new center openings which became operational during the period from July 2, 2023 to July 6, 2024.

Selling, General and Administrative

Selling, general and administrative expenses decreased $5.0 million, or 16.0%, to $26.4 million during the 26 weeks ended July 6, 2024, compared to $31.4 million for the 26 weeks ended July 1, 2023. The decrease in selling, general and administrative expenses was primarily due to a decrease in payroll and benefits expense as well as the collection of cash proceeds from a legal judgment. However, these decreases were partially offset by an increase in technology expense over the same period.

The decrease in payroll and benefits expense was primarily due to additional expense recognized during the 26 weeks ended July 1, 2023 resulting from the modification of certain equity awards in that period as well as a decline in incentive compensation expense in the first half of 2024 compared to the first half of 2023. These decreases in payroll and benefits expense were partially offset by increased headcount in our corporate office to support the Company's growth.

Advertising

Advertising expenses increased $3.8 million, or 22.9%, to $20.3 million during the 26 weeks ended July 6, 2024, compared to $16.5 million for the 26 weeks ended July 1, 2023. The increase in advertising expense was attributable to new marketing initiatives designed to drive more center traffic as well as the timing of expenses associated with seasonal marketing campaigns.

Depreciation and Amortization

Depreciation and amortization for the 26 weeks ended July 6, 2024 was largely consistent with the 26 weeks ended July 1, 2023, decreasing $0.1 million, or 1.2%, to $10.0 million for the 26 weeks ended July 6, 2024.

Interest Expense, net

Interest expense, net decreased $0.9 million, or 6.8%, to $12.7 million during the 26 weeks ended July 6, 2024, compared to $13.6 million for the 26 weeks ended July 1, 2023. The decrease was primarily due to an increase in interest income from the Company's short-term investments during the 26 weeks ended July 6, 2024.

Income Tax Expense

We recorded $3.0 million and $2.3 million in income tax expense for the 26 weeks ended July 6, 2024 and July 1, 2023, respectively. Income tax expense recognized in the 26 weeks ended July 6, 2024 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 26 weeks ended July 1, 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.

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 non-cash equity-based compensation expense, non-cash gains and losses on remeasurement of our tax receivable agreement liability, contractual cash interest on our tax receivable agreement liability, transaction costs and other one-time expenses and/or gains. 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.

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

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
	July 6, 2024	July 1, 2023	July 6, 2024	July 1, 2023
(in thousands)				
Net income	$ 6,000	$ 5,594	$ 9,729	$ 4,541
Interest expense, net	6,367	6,762	12,703	13,624
Income tax expense	1,739	2,763	2,971	2,254
Depreciation and amortization	4,985	5,045	9,985	10,108
EBITDA	$ 19,091	$ 20,164	$ 35,388	$ 30,527
Share-based compensation (1)	1,941	1,826	3,323	7,757
Remeasurement of tax receivable agreement liability (2)	269	(792)	249	(792)
Gain on sale of center (3)	—	—	(81)	—
Gain from legal judgment proceeds (4)	(659)	—	(739)	—
Adjusted EBITDA	$ 20,642	$ 21,198	$ 38,140	$ 37,492

(1) Represents non-cash equity-based compensation expense.

(2) Represents non-cash adjustments related to the remeasurement of our tax receivable agreement liability.

(3) Represents gain on the sale of a corporate-owned center.

(4) Represents the collection of cash proceeds from a legal judgment.

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 stockholders. We had cash and cash equivalents of $55.7 million as of July 6, 2024.

Future payments under the TRA with respect to the purchase of EWC Ventures Units which occurred as part of the IPO and through July 6, 2024 are currently expected to be $200.8 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 26 weeks ended July 6, 2024 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 January 6, 2024.

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.

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 as of July 6, 2024. 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 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 January 6, 2024 in the section entitled “Risks Relating 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.

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	
	July 6, 2024	July 1, 2023
Net cash provided by (used in):		
Operating activities	$ 25,131	$ 21,220
Investing activities	(80)	(623)
Financing activities	(22,130)	(10,003)
Net increase in cash	$ 2,921	$ 10,594

Operating Activities

During the 26 weeks ended July 6, 2024 and July 1, 2023, net cash provided by operating activities was $25.1 million and $21.2 million, respectively, an increase of $3.9 million. This increase was primarily due to less cash used to fund working capital in the current year compared to the prior year as well as an improvement in our operating results.

The increase in working capital in 2024 was primarily attributable to increases of $1.2 million and $1.0 million in inventory and accounts receivable, respectively, as well as a decrease of $0.8 million in accounts payable and accrued liabilities. The increase in inventory was largely due to the timing of inventory receipts from our vendors as well as the purchase of new product offerings. The increase in accounts receivable was mostly the result of higher billings at the end of the second fiscal quarter of 2024 relative to those at the end of the fourth fiscal quarter of 2023. The decrease in accounts payable and accrued liabilities was largely driven by the payment of accrued bonuses partially offset by an increase in accrued advertising expenses.

Investing Activities

In the first 26 weeks of fiscal year 2024 we received proceeds of $0.1 million from the sale of a corporate-owned center. During the 26 weeks ended July 6, 2024 and July 1, 2023, we used $0.2 million and $0.6 million of cash for capital expenditures, respectively.

Financing Activities

Cash used in financing activities was $22.1 million and $10.0 million during the 26 weeks ended July 6, 2024 and July 1, 2023, respectively. Financing activities during the first 26 weeks of 2024 consisted of the following payments:

- $10.0 million used to repurchase 919,551 shares of Class A common stock
- $6.5 million in payments made pursuant to the TRA
- $2.5 million in tax distribution payments to EWC Ventures members
- $2.0 million repayment on the Class A-2 Notes
- $0.7 million in dividend equivalents paid to holders of EWC Ventures Units and
- $0.4 million in taxes on vested RSUs paid by withholding shares.

Financing activities during the first 26 weeks of 2023 consisted of the following payments:

- $3.2 million in payments made pursuant to the TRA
- $2.6 million in dividend equivalents paid to holders of EWC Ventures Units
- $2.0 million repayment on the Class A-2 Notes
- $1.2 million in tax distributions to EWC Ventures members
- $0.8 million used to repurchase 51,592 shares of Class A common stock and
- $0.1 million in taxes on vested RSUs paid by withholding shares.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with GAAP. The preparation of these consolidated 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 January 6, 2024.

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—Summary of significant accounting policies 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 6, 2024 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.

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.

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 6, 2024, 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 6, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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 January 6, 2024. 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, 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 quarter of fiscal year 2024.

Period:	Total Number Shares Purchased[(1)]	Average Price Paid per Share (including fees)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs
April 7, 2024 — May 4, 2024	—	$ —	—	$ 50,000,000
May 5, 2024 — June 1, 2024	919,551	10.88	919,551	39,998,870
June 2, 2024 — July 6, 2024	—	—	—	39,998,870
Total	919,551	$ —	919,551	$ 39,998,870

(1) In the second quarter of fiscal year 2024, 919,551 shares of Class A common stock were repurchased pursuant to the $50.0 million share repurchase plan authorized by our board of directors on May 13, 2024. 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 quarter of fiscal year 2024, 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 Number	Description
3.1	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).
3.2	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).
3.3	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).
31.1*	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.
31.2*	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.
32.1**	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.
32.2**	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.
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 With Embedded Linkbases 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, our Chief Executive Officer and Stacie Shirley, our Chief Financial Officer.

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 14, 2024	By:	/s/ DAVID P. BERG
		David P. Berg
		Chief Executive Officer
		(Principal Executive Officer)
Date: August 14, 2024	By:	/s/ STACIE SHIRLEY
		Stacie Shirley
		Chief Financial Officer
		(Principal Financial Officer)

Exhibit 31.1

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, 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, not 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 in 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 14, 2024

By: /s/ DAVID P. BERG
David P. Berg
Chief Executive Officer

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, not 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 in 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 14, 2024

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

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 6, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David P. Berg, 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 of operations of the Company.

Date: August 14, 2024	By:	/s/ DAVID P. BERG
		David P. Berg
		Chief Executive Officer

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 6, 2024 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 of operations of the Company.

Date: August 14, 2024	By: /s/ STACIE SHIRLEY
	Stacie Shirley
	Chief Financial Officer