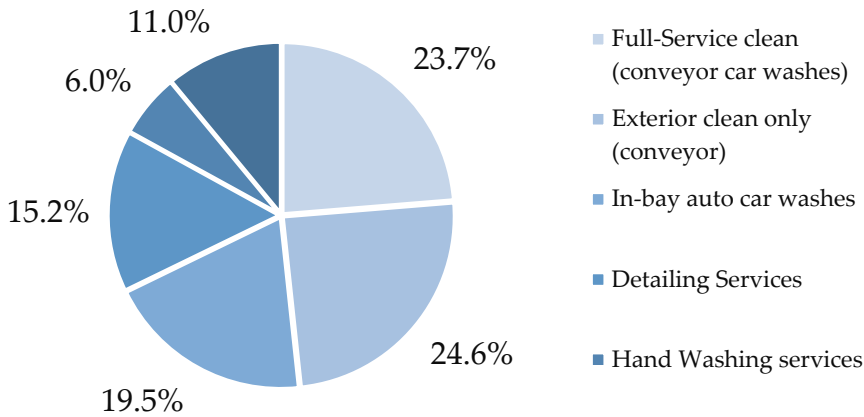


Car Wash & Auto Detailing Services Industry Snapshot August 2021

Executive Summary

In the previous 5 years prior to 2021, lower prices in oil allowed for consumers to use their vehicles, as cheap gas prices leads to greater use of their cars. Car Wash and Auto Detail industry saw strong growth leading into 2019, however COVID-19 brought with it economic challenges that did not leave these industries unscathed. This pandemic brought with it increased unemployment rates and a decrease in consumer spending. Despite the downward pressure from COVID, the economy has steadily recovered and people have been able to begin to return to work. As a result, for the next 5 years after 2021, industry revenue is estimated to increase at an annualized rate of 2.0% to 13.1 billion, including 9.4% growth in 2021 alone. Demand for services provided by the Car Wash and Auto Detailing industry is expected to continue rising during the outlook period. Over the five years to 2026, industry revenue is projected to grow an annualized 1.7% to \$14.2 billion

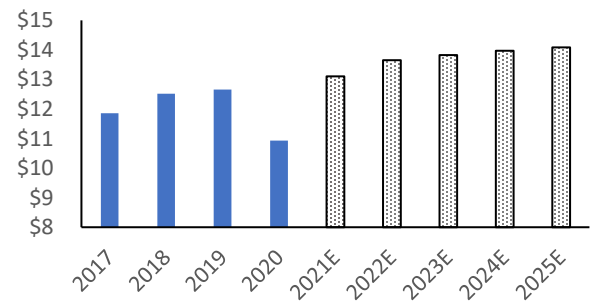
Product and Services Segmentation



Sector Spotlight

- \$13.1B Car Wash revenue Projected Revenue in 2021
- 1.7% Projected CAGR until 2026
- 55,807 Car Wash Businesses

Revenue Growth (\$ in Billions)



Due to COVID-19, many consumers were working from home which meant they weren't driving nearly as much. Consequently, this played a major factor in the drop in total revenue in 2020. However, as businesses recover and people return to work, the industry's revenue is expected to surpass pre-pandemic levels by 2025.

Segment Breakdown

Conveyor Car Washes

Conveyor car washes, also known as tunnel car washes, are the most conventional and consistently used form of car washing provided by the industry. Customers have the option of purchasing a range of services such as express wash, wheel bright, waxes and undercarriage washes. This segment's sales are expected to account for 49.5% of total industry revenue. Amid the COVID-19 pandemic, demand for full-service washes decreased as some industry operators temporarily curtailed the interior cleaning service associated with this wash.

In-Bay Automatic Car Washes

With in-bay automatic car washes, customers usually remain within their automobile. The vehicle remains stationary and is washed by soap and water applied from a rollover mechanism. This segment accounts for an expected 20% of industry revenue. Demand is expected to increase over the next five years as consumers increasingly use in-bay automatic washes as an alternative to full-service car washes. Moreover, this segment is expected to expand amid the pandemic as it involves the least human contact between customers and employees.

Detailing Services

With detailing services, vehicles are washed and waxed manually. Detailing includes careful cleaning of the vehicle's interior panels and upholstery, door jams, and windows. This segment is highly labor-intensive as the whole process is done manually and costs often exceed \$50.00. Sales from this service segment are expected to comprise 13.1% of total industry revenue. Due to the COVID-19 pandemic, many businesses had to curtail detailing services which partially reduced this segment's share of industry revenue.

Industry Outlook

Demand for industry services is expected to recover during the outlook period. Over the five years to 2026, revenue for the Car Wash and Auto Detailing industry is forecast to expand at an annualized rate of 1.7% to \$14.2 billion. Industry operators will benefit from improved consumer spending levels, which will fuel increased spending on discretionary services such as car washing and auto detailing. However, rising oil and gas prices are expected to somewhat hamper stronger industry revenue growth as some consumers will reduce driving and return to money saving habits, such as carpooling and public transit. However, as the COVID-19 (coronavirus) vaccine is being widely distributed, many businesses will suspend work-from-home arrangements for employees, boosting car use to return to the pre-pandemic level.

Market Concentration

Although the number of new companies has increased over the past five years, market share concentration has remained low and is expected to remain that way over the next five years. In 2020, the top four companies combined will generate less than 10.0% of industry revenue. The industry is characterized by a large number of small-scale operators, with the majority of companies operating on a local basis and owning just one establishment. However, consolidation is common in this industry, as many prominent industry players undertook a series of acquisitions to improve the size of their customer base. For instance, Mister Car Wash showed substantial growth, largely through its acquisition activity. Key factors for success in this industry include proximity to key markets, having a loyal customer base, and ability to accommodate environmental requirements.

Acquisition Financial Data

| Financials | Low | Median | Average | High |
|---------------------|-----------|-----------|-----------|-----------|
| Revenue | \$327,894 | \$787,945 | \$710,795 | \$977,083 |
| Gross Profit | 291,906 | 523,724 | 558,136 | 908,566 |
| EBITDA | 40,029 | 79,703 | 146,406 | 157,026 |
| EBIT | 34,628 | 58,579 | 109,266 | 115,023 |
| Margins | Low | Median | Average | High |
| Gross Profit Margin | 68.88% | 85.41% | 80.05% | 92.50% |
| EBITDA Margin | 5.50% | 16.09% | 14.48% | 22.08% |
| EBIT Margin | 5.59% | 9.77% | 13.00% | 18.27% |

Private Transactions

| Deal Date | Target Business Description | Deal Value | Net Sales | EBITDA | Operating Profit | Deal Value / EBITDA | Deal Value / |
|------------|------------------------------|-------------|-------------|-----------|------------------|---------------------|--------------|
| 05/07/2021 | Auto Car Wash | \$315,000 | \$800,653 | \$137,818 | \$133,708 | 2.3x | 0.39x |
| 04/16/2021 | Auto Detail Shop | \$200,000 | \$540,937 | \$58,904 | \$32,810 | 3.4x | 0.37x |
| 11/19/2020 | Car Wash Company | \$530,000 | \$1,607,291 | \$42,451 | \$169,710 | 12.5x | 0.33x |
| 09/29/2020 | Self-Service Car Wash | \$52,500 | \$86,745 | \$58,472 | \$54,374 | 0.9x | 0.61x |
| 09/20/2020 | Car Wash Company | \$52,500 | \$86,745 | \$58,505 | \$58,505 | 0.9x | 0.61x |
| 07/31/2020 | Car Wash Company | \$175,000 | \$350,094 | \$55,374 | \$41,536 | 3.2x | 0.50x |
| 07/10/2020 | Auto Detailing | \$245,000 | \$187,367 | \$25,010 | \$21,638 | 9.8x | 1.31x |
| 05/30/2020 | Auto Detailing Business | \$12,000 | \$25,760 | \$20,565 | \$20,565 | 0.6x | 0.47x |
| 10/11/2019 | Automotive Car Wash | \$250,000 | \$937,990 | \$76,384 | \$46,600 | 3.3x | 0.27x |
| 04/30/2019 | Automotive Washing Services | \$550,000 | \$924,389 | \$174,168 | \$75,696 | 3.2x | 0.60x |
| 04/22/2019 | Car Wash Company | \$1,114,750 | \$1,064,182 | \$78,004 | \$61,750 | 14.3x | 1.05x |
| 01/18/2018 | Mobile Truck Wash | \$1,600,000 | \$1,592,547 | \$543,839 | \$534,875 | 2.9x | 1.00x |
| 01/05/2018 | Car Wash Company | \$500,000 | \$606,086 | \$19,767 | (\$23,622) | 25.3x | 0.83x |
| 08/18/2017 | Car Wash Company | \$240,000 | \$409,536 | \$78,707 | \$64,653 | 3.1x | 0.59x |
| 06/01/2017 | Self-Service Car Wash | \$70,000 | \$157,553 | \$8,786 | \$4,802 | 8.0x | 0.44x |
| 05/31/2017 | Car Wash and Detailing | \$2,300,000 | \$1,184,247 | \$353,405 | \$55,408 | 6.5x | 1.94x |
| 03/01/2017 | Franchised Detailing Company | \$197,500 | \$456,000 | \$105,600 | \$99,300 | 1.9x | 0.43x |
| 05/20/2016 | Express Car Wash | \$1,000,000 | \$667,074 | \$254,061 | \$166,306 | 3.9x | 1.50x |
| 02/08/2016 | Self Service Carwash | \$575,000 | \$197,578 | \$27,201 | \$9,414 | 21.1x | 2.91x |
| | Median | \$250,000 | \$540,937 | \$58,904 | \$55,408 | 3.27x | 0.60x |