

RESTAURANT M&A TICKS UP IN EARLY 2026, AI ADOPTION ACCELERATES AMID LAGGING TRAFFIC

RESTAURANT SECTOR UPDATE | MAY 2026



**CAPSTONE
PARTNERS**

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Capstone's award-winning Market Intelligence Group covers the Consumer industry across the 15 key pillars. To receive email updates with our sector-specific insights into M&A activity, macroeconomic trends, valuation drivers, and equity financing via reports, articles, and proprietary research, [subscribe here](#).

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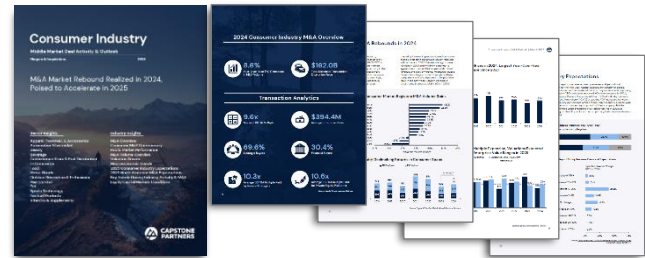
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-  Convenience Stores
-  Pet
-  Automotive Aftermarket
-  E-Commerce
-  Restaurant
-  Beauty
-  Food
-  Sports Technology
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Restaurant

Restaurant M&A Ticks Up in Early 2026, AI Adoption Accelerates Amid Lagging Traffic

KEY SECTOR TAKEAWAYS

Capstone Partners' [Consumer Investment Banking Group](#) is pleased to share its latest Restaurant sector report. Restaurant merger and acquisition (M&A) activity has risen modestly through year-to-date (YTD) 2026, supported by an acquisitive pool of private strategic and private equity (PE) buyers. Turnaround activity, brand portfolio optimization, and privatizations have characterized the sector M&A environment as operators contend with slow dining traffic and a muddled macroeconomic backdrop. Several additional key report takeaways are outlined below.

1. M&A volume in the Restaurant sector has remained strong YTD with 10 transactions announced or completed compared to seven in the prior year period. Motivated and well-capitalized buyers have begun reentering the market, spurring expectations for a gradual rise in deal volume through year end.
2. Strategic buyer activity softened in 2025 but has held steady YTD, rising by one deal year-over-year (YOY) to six transactions.
3. Sponsors have accelerated both platform formations and add-on activity in the Restaurant space, outpacing the prior year period through YTD.
4. Technology efficiencies and the adoption of artificial intelligence (AI) across front-of-house and back-office operations are anticipated to help the sector weather macroeconomic headwinds, mitigate the impacts of declining dining traffic on profitability, and enhance four-wall economics.
5. A wave of take-private transactions and divestitures of non-core assets has defined the recent deal landscape, as public companies seek to shed underperforming brands and sponsors look to reposition concepts under private ownership where longer-horizon turnaround strategies can be executed without quarterly market scrutiny. Capstone expects this dynamic to persist through year end as operators continue to optimize portfolios and as well-capitalized buyers selectively deploy dry powder into high-conviction opportunities.

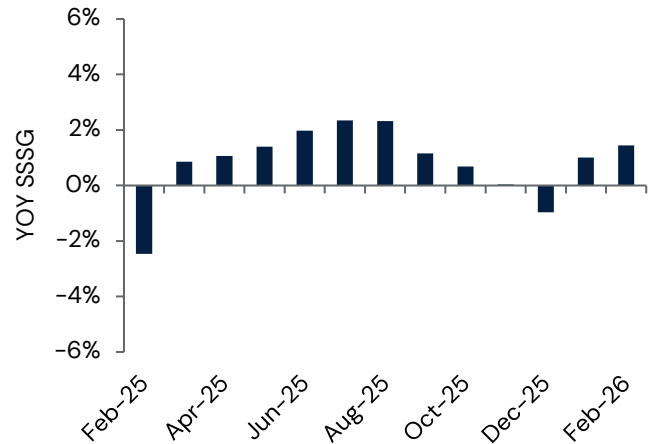
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To learn more about Capstone's wide range of advisory services and Restaurant sector knowledge, please [contact us](#).

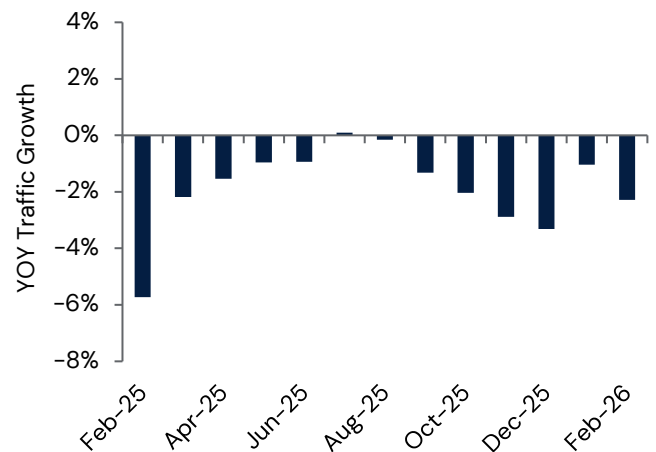
COST CONTROL, DIGITAL ADOPTION KEY AMID SLOWING DINING TRAFFIC

The Restaurant sector has experienced heightened competition for market share due to an increasingly bifurcated consumer base, rapid technological adoption, and evolving segment dynamics. Modest same-store sales growth (SSSG) and slowed dining traffic trends have underscored this complex macroeconomic backdrop. SSSG has remained largely positive in the past 12 months, driven by price increases and larger check sizes rather than purchase volume, evidenced by per person average/per ticket average (PPA/PTA) growth of 2.8% over the period compared to an average 1.9% YOY loss of traffic, according to Black Box Intelligence.¹ The Casual Dining segment has outperformed its counterparts, with its SSSG expanding 2.6% YOY on average since February 2025 accompanied by stable traffic growth (+0.2% YOY). These operators have narrowed the price gap with Quick Service Restaurants (QSR) and Fast Casual segment participants while also differentiating themselves with superior hospitality. Brinker International's (NYSE:EAT) Chili's has emerged as a standout performer in this segment, delivering six straight quarters of double-digit SSSG—including sales growth of 8.6% YOY and traffic growth of 2.7% YOY in fiscal Q2 2026, according to an earnings release.² The chain's clear value messaging and menu simplification served as key drivers of the outperformance. Restaurant owners will likely remain focused on value propositions and menu innovation through 2026. Moreover, technology efficiencies and the adoption of AI across front-of-house and back-office operations are anticipated to help the sector weather pressure on consumer spending, labor costs, and commodity volatility.

Same-Store Sales Growth Across Restaurant Sector Shows Positive Trend in Early 2026



Restaurant Traffic Growth Stalls, Spending Headwinds Pressure Visits







Source: Black Box Intelligence and Capstone Partners

The deployment of AI at the drive-through represents one of the most visible and transformative technological shifts in the Restaurant space. By automating order-taking, brands can reallocate labor, boost throughput, and programmatically drive larger check sizes. Beyond traditional drive-through applications, restaurant operators have increasingly integrated AI into their digital ordering ecosystems to streamline off-premise sales, mitigate language-related barriers, and create more interactive customer touchpoints. In loyalty programs, AI has enhanced hyper-personalized marketing by enabling real-time learning that can optimize customer lifetime value while protecting restaurant margins. In the back office, leading restaurant operators have aggressively deployed AI into their core kitchen and management operations to mitigate persistent labor constraints and improve throughput speed. By shifting focus toward real-time predictive analytics, these technologies protect four-wall margins by reducing food waste, preventing costly out-of-stock scenarios, and optimizing labor costs. Due to the increasing complexity of omnichannel ordering, operators have begun deploying AI directly into the preparation line to orchestrate ticket sequencing, monitor ingredient depletion, and automate physical food preparation. Together, these front- and back-office operational enhancements are anticipated to dictate winners and laggards in the Restaurant space. Initiatives related to technology and AI integration will likely support financial performances as the macroeconomic backdrop remains uncertain and serves as a cornerstone of acquirer diligence in M&A.






TECHNOLOGY AND AI DEVELOPMENTS ACCELERATE AMONG PUBLICS

Leading restaurant brands have taken significant action in recent years to automate inefficient operations and drive profitability via AI. Select initiatives from public Restaurant sector participants are outlined below.

Front-of-House Technology

	<ul style="list-style-type: none"> In February 2026, Chipotle Mexican Grill (NYSE:CMG) announced plans to relaunch its rewards program using AI models to identify lapsed digital users and predict their future value to the brand, according to a press release.³ The AI-enabled enhancements will likely support marketing return-on-investment, increase customer retention, and drive long-term profitability.
	<ul style="list-style-type: none"> In January 2026, Papa John's (Nasdaq:PZZA) announced it will serve as the first participant for Google's (Nasdaq:GOOGL) Gemini-powered Food Ordering AI Agent, a unified voice- and text-based ordering solution that spans mobile applications, websites, phones, kiosks, and in-car systems. This solution aims to boost order conversion and accuracy, improve labor costs and efficiency, and push a unified omnichannel experience.
	<ul style="list-style-type: none"> Wendy's (Nasdaq:WEN) "FreshAI" platform, piloted in 2024 and rolled out in May 2025 in partnership with Google Cloud, is an AI-powered drive-through ordering system. The platform has helped uplift average check sizes, limited human interaction at drive-throughs, and allowed employees to focus on hospitality in 500+ restaurants, according to its Q1 2025 earnings call.⁴
	<ul style="list-style-type: none"> Yum! Brands (NYSE:YUM) partnered with NVIDIA (Nasdaq:NVDA) in March 2025 to advance drive-throughs and call centers with conversational AI, powered by NVIDIA's Riva and NIM microservices. The integration is expected to enable a more natural, seamless ordering experience, optimize drive-through efficiency and labor management, and support personalized action plans for managers.

Back-of-House Technology

	<ul style="list-style-type: none"> In August 2024, Brinker International rolled out Fourth iQ's AI labor forecasting at Chili's locations to reduce time general managers spend writing schedules while structurally improving accuracy. Chili's has successfully automated its forecasting processes with this platform, a move that reportedly saves 600 manager hours per week across the system, according to Fourth.⁵
	<ul style="list-style-type: none"> In March 2026, Jack in the Box (Nasdaq:JACK) entered an agreement with Restaurant365 to deploy its back-office inventory solution systemwide. The AI-powered platform centralizes accounting, inventory, and workforce management to deliver real-time financial and operational visibility across all locations.
	<ul style="list-style-type: none"> Noodles & Company (Nasdaq:NDLS) also deployed Fourth iQ's AI-powered application to optimize its labor deployment. The automated forecasting adjustments resulted in a reported \$4 million in direct labor cost savings for the brand, according to Fourth iQ's 2024 case study.⁶
	<ul style="list-style-type: none"> Wendy's Quality Supply Chain Co-op (QSCC) partnered with Palantir (Nasdaq:PLTR) in August 2024, creating a digital twin of Wendy's to monitor its supply chain network in real-time. This predictive AI system automatically alerts Wendy's to potential out-of-stock scenarios, recommending raw material orders in advance to prevent localized ingredient shortages.
	<ul style="list-style-type: none"> Wingstop's (Nasdaq:WING) technology platform Smart Kitchen, rolled out systemwide in July 2025, combines AI-driven demand forecasting with an intuitive, highly visual kitchen display system. The company has reported a 50% reduction in average ticket times as a result of the integration, according to a press release.⁷
	<ul style="list-style-type: none"> In February 2026, Yum! debuted Byte by Yum!, a platform that integrates point-of-sale, kitchen optimization, inventory, and labor management into a unified AI-driven ecosystem. The Smart Ops bundle within this platform has delivered up to an 85% reduction in stock-outs and 10% increase in customer satisfaction, according to its Q4 2025 earnings call.⁸

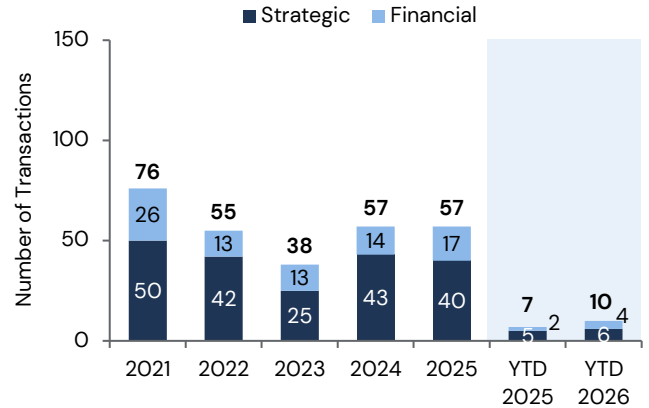
RESTAURANT M&A RISES AS OPERATORS REALIGN PORTFOLIOS

M&A volume in the Restaurant sector has remained strong to date with 10 deals announced or completed (+42.9% YOY). Increased attention towards debt reduction, asset-light operating models, and technology adoption has bolstered the volume of companies pursuing turnarounds, divestments of underperforming operations, and take-private transactions, bringing a larger pool of assets to market. Buyers have become more selective amid the abundance of available targets as holding periods for sponsor-backed companies have extended, resulting in a more buyer-friendly M&A market. However, high-quality businesses have continued to attract competitive bidding as buyers reentering the market have been motivated and well capitalized.

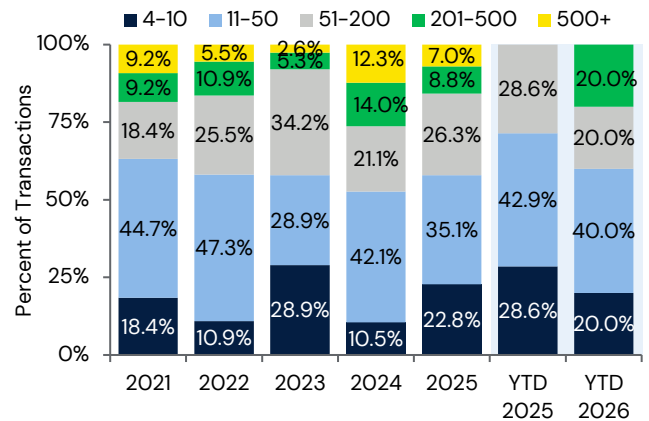
Strategic activity softened in 2025 but has held steady YTD, rising by one deal YOY to six transactions—all of which have been private company-led acquisitions. Strategic deals to date have skewed toward higher unit counts as buyers pursue selective, more impactful transactions for economies of scale, with the average acquired location count rising 54.4% YOY to 97 units. In contrast to the group’s historical preference for franchisee acquisitions, strategic M&A to date has been evenly distributed across the Independent Brand, Franchisee, and Franchisor segments as buyers look for growth optionality and system-level influence. PE dealmaking has also notched a small increase in M&A activity to date, gaining one additional platform and one add-on transaction YOY. Sponsors have favored acquisitions of operators with smaller footprints. Notably, 50% of PE M&A targets YTD have four to 10 locations. Prioritization of smaller operations is attributable to a shift in sponsor investments away from franchisors (54.3% of PE deals in 2020-2025) toward independent brands (50% YTD).

Disclosed sector valuations have compressed to an average of 10.6x EV/EBITDA in the 2024-YTD period from 12.3x in 2021-2023. While this figure still represents healthy pricing, it also reveals how conservative underwriting practices and dealmaking caution have continued to impact the Consumer industry. Notably, the average consumer EBITDA multiple declined to 9.4x in the 2024-2025 period from 11.8x in 2022-2023. Top-tier assets have sustained premium M&A pricing and Capstone expects more widespread valuation strength as consumer confidence improves.

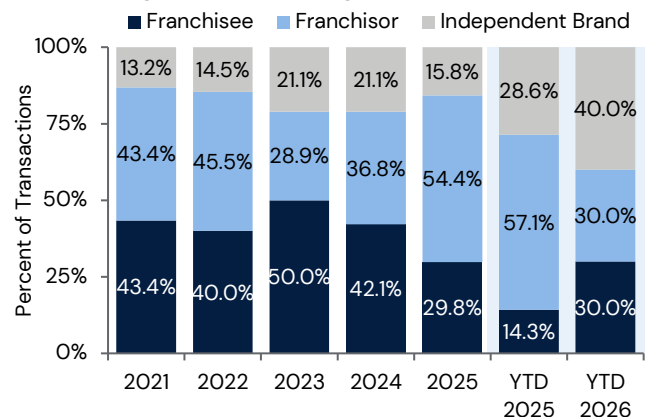
Strategic and PE Sector M&A Activity Rises in Early 2026



Acquired Restaurant Count Rebalances, 11-50 Locations Retain Lion’s Share



Independent Brands and Franchisees Take Larger Share of Target Universe to Date



Year to date (YTD) ended March 10
Only includes deals where four or more locations are acquired
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

NOTABLE TRANSACTIONS



In March 2026, JRI Hospitality acquired the restaurant operations of HCI Hospitality, including HCI's 43-unit Freddy's Frozen Custard & Steakhburgers portfolio, for an undisclosed sum. The deal expands JRI's total Freddy's portfolio to more than 130 locations across 18 states, according to a press release.⁹ Kansas-based JC's BBQ and Grill and Powercat Sports Grill were also included in the transaction. JRI's portfolio now comprises more than 145 restaurants, with Freddy's and Mokas Coffee & Eatery serving as key growth concepts.



Kenny Green,
Director

"The sector M&A market is entering a rebound. Buyers are well capitalized and more decisive, but selective, focusing on concepts with proven unit economics, defensible brands, and clear scalability. Take-privates, divestitures, and franchisee-led acquisitions are reshaping ownership, creating opportunities in the middle market."



PE firm 4x4 Capital acquired Bob Evans Restaurants from Golden Gate Capital for an undisclosed sum in February 2026. Bob Evans operates a family-style chain offering farm-fresh ingredients across more than 400 locations in 18 states, according to a press release.¹⁰ Golden Gate acquired the chain in January 2017 for an enterprise value of \$565 million. Bob Evans posted \$761.2 million in revenue in 2024 or approximately \$1.8 million per restaurant and has slowly reduced its unit count by 75 locations over the past seven years, according to a press release.¹¹



Pork processor Smithfield Foods (Nasdaq:SFD) announced its acquisition of Nathan's Famous (Nasdaq:NATH) (January 2026, \$452.7 million, 2.9x EV/Revenue, 12.5x EV/EBITDA). Nathan's Famous operates across three business units: Branded Products, Product Licensing, and Restaurant Operations. Nathan's owns and franchises branded restaurants with roughly 160 domestic locations that produced \$80.5 million in sales at the end of 2024, according to a press release.¹² Smithfield expects to realize \$9 million of annual cost synergies by the second year post-close.



Treville Capital Group, Triartisan Capital Advisors, and Yadav Enterprises took Denny's private for an enterprise value of \$763.7 million, equivalent to 1.7x EV/Revenue and 10.2x EV/EBITDA (November 2025). The 78-unit Keke's Breakfast Cafe was also included in the transaction, which Denny's acquired in May 2022 for \$82.5 million, equivalent to 12.0x EV/EBITDA. The Denny's chain comprises more than 1,400 locations, which generated \$2.6 billion in U.S. sales during 2024, according to a press release.¹³ The brand was working on a turnaround plan prior to the transaction.



In October 2025, franchisee Yadav Enterprises acquired Del Taco from Jack in the Box (Nasdaq:JACK) for an enterprise value of \$115 million. Jack in the Box originally acquired Del Taco for \$575 million (December 2021). The divestment comes as part of Jack in the Box's turnaround strategy centered on improving its balance sheet and shifting toward an asset-light business model. Del Taco's footprint spans roughly 550 locations across 18 states concentrated on the West Coast. Yadav's acquisition underscores rising franchisee interest in owning and building brand portfolios.

SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV/LTM	
					Revenue	EBITDA
04/06/26	Buddy's Rendezvous-Pizzeria	Group of Local Investors	Operates a fast food pizza chain with 19 units.	-	-	-
03/25/26	Nothing Bundt Cakes	KKR (NYSE:KKR)	Owns and operates a ~700-unit bakery chain.	~\$2,000.0	-	-
03/02/26	43 Freddy's Restaurants	JRI Hospitality	Comprises the restaurant operations of HCI Hospitality, including 43 Freddy's locations.	-	-	-
02/24/26	78 Drive-in Sonic Locations	KBP Brands	Consists of 78 drive-in Sonic Locations from Inspire Brands.	-	-	-
02/10/26	Five Lee's Restaurants	Weston Lee	Comprises five existing Lee's locations in Indiana.	-	-	-
02/05/26	Bob Evans Restaurants	4x4 Capital	Operates more than 400 full-service independent dining restaurants.	-	-	-
01/21/26	Mr. Gatti's Pizza	OneRyan Global	Owns and franchises a pizzeria concept with ~200 locations.	-	-	-
01/21/26	Nathan's Famous (Nasdaq:NATH)	Smithfield Foods (Nasdaq:SFD)	Operates and franchises fast food restaurants; sells branded hotdogs.	\$452.7	2.9x	12.5x
01/20/26	Big Table Restaurants	Hargett Hunter Capital Management	Engages in the operation of seven units across different independent dining brands.	-	-	-
01/15/26	PB Restaurants	Founders Table Restaurant Group	Owns and franchises the Protein Bar & Kitchen chain, totaling 19 units.	-	-	-
01/14/26	Clutch Coffee	Dutch Bros (NYSE:BROS)	Operates as an independent brand of coffee bars with 20 locations.	-	-	-
12/29/25	Razzo's	M Crowd Restaurant Group	Comprises an independent casual dining chain with 11 restaurants.	\$18.8	-	-
12/16/25	California Pizza Kitchen	Consortium Brand Partners	Owns and franchises 120 branded restaurants.	\$300.0	-	-
12/08/25	115 Arby's Restaurants	AES Restaurant Group	Includes 115 Arby's locations across nine states.	-	-	-
12/04/25	Artisanal Expressions	Sugarfina	Operates as an independent café brand with seven locations.	-	-	-
11/18/25	Keing	OIC Group	Owns and franchises a 12-unit chain of ramen restaurants.	-	-	-
11/17/25	Eight Twin Peaks Franchised units	Twin Hospitality Group (Nasdaq:TWNP)	Comprises eight Twin Peaks franchised locations in Florida.	\$47.0	-	-
11/06/25	Tijuana Flats Restaurants	&PIZZA	Owns and franchises 95 Mexican-inspired fast casual restaurants.	-	-	-
11/04/25	128 Taco Bell Restaurants	Yum! Brands (NYSE:YUM)	Comprises 128 Taco Bell locations in Southeast U.S.	\$670.0	-	~9.6x
11/03/25	Denny's	Yadav Enterprises; Treville Capital; TriArtisan Capital	Owns and operates franchised chains under the Denny's and Keke's Breakfast Café brands.	\$763.7	1.7x	10.2x
11/03/25	Hooters of America	Hooters	Comprises ~140 company-owned Hooters units.	-	-	-
10/29/25	HopCat-Detroit	Uncommon Equity; Saxonwold Capital	Operates as a 13-location gastropub chain.	-	-	-
10/16/25	Del Taco	Yadav Enterprises	Owns and franchises a Mexican-inspired quick service concept with ~600 locations.	\$115.0	-	-
10/15/25	20 Qdoba Restaurants	B Wild Investments (via 7 Star Restaurants)	Comprises 20 Qdoba restaurants in Colorado (16) and Alaska (4).	-	-	-

Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

SELECT TRANSACTIONS (CONTINUED)

Date	Target	Acquirer	Target Business Description	Enterprise	EV/LTM	
				Value (mm)	Revenue	EBITDA
10/08/25	Bar Louie	Sun Holdings	Operates as a franchisor of a gastropub chain with 39 locations.	-	-	-
09/22/25	120 Bojangles Locations	Eyas Capital	Comprises 120 Bojangles units across six states, largely in Western North Carolina.	-	-	-
09/19/25	Nine former QSR sites	Fast Stop	Includes former Dairy Queen, Jack in the Box, and Hwy 55 locations relaunched under a new concept.	-	-	-
09/17/25	Nine 7 Brew Locations	Talaca	Comprises nine 7 Brew cafes in Tennessee.	-	-	-
09/16/25	7Crew Enterprises	Franchise Equity Partners	Operates as a franchise owner of 7 Brew Drive-Thru Coffee.	-	-	-
09/10/25	Potbelly (Nasdaq:PBPB)	RaceTrac	Owns, operates, and franchises Potbelly sandwich shops with more than 445 locations.	\$688.8	1.5x	8.6x
09/04/25	Freddy's	Rhone Group	Operates and franchises Freddy's Frozen Custard & Steakhburgers with more than 550 locations.	\$700.0	0.7x	-
09/04/25	Five Chicken Salad Chick Locations	Meauxmentum Strategies & Investments	Comprises five Chicken Salad Chick locations in the Dallas, Texas market.	-	-	-
09/03/25	15 Pizza Hut Locations	Horizon River Restaurants	Consists of 15 Pizza Hut locations in Southwest U.S.	-	-	-
08/06/25	12 Applebee's Restaurants	Dine Brands Global (NYSE:DIN)	Comprises 12 Applebee's locations across Kentucky, Indiana, Arkansas, and Oklahoma.	\$1.3	-	-
08/01/25	Philz Coffee	Freeman Spogli Management	Owns and franchises cafés across California and Chicago with ~77 units.	\$145.0	-	-
07/28/25	Shiopley Do-Nut Flour And Supply	Levine Leichtman Capital Partners	Operates and franchises a donut and kolache chain with more than 375 locations across 14 states.	-	-	-
07/28/25	18 Burger King Restaurants	MJG Enterprises (dba Burger King)	Consists of 18 Burger King locations around Grand Rapids, Michigan.	-	-	-
07/22/25	BRIX	Legacy Brands; JAMCO Interests	Operates more than 250 franchised locations including Friendly's and Clean Juice.	-	-	-
07/14/25	Eight Olive Garden Restaurants	Recipe Unlimited	Includes all eight existing Olive Garden locations in Canada.	-	-	-
07/09/25	BreWingZ	GPC Investments	Operates as an independent casual dining restaurant chain.	-	-	-
06/18/25	Bubbakoo's Burritos	Thompson Street Capital Managers	Owns and franchises a Mexican restaurant concept with more than 130 locations.	-	-	-

Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

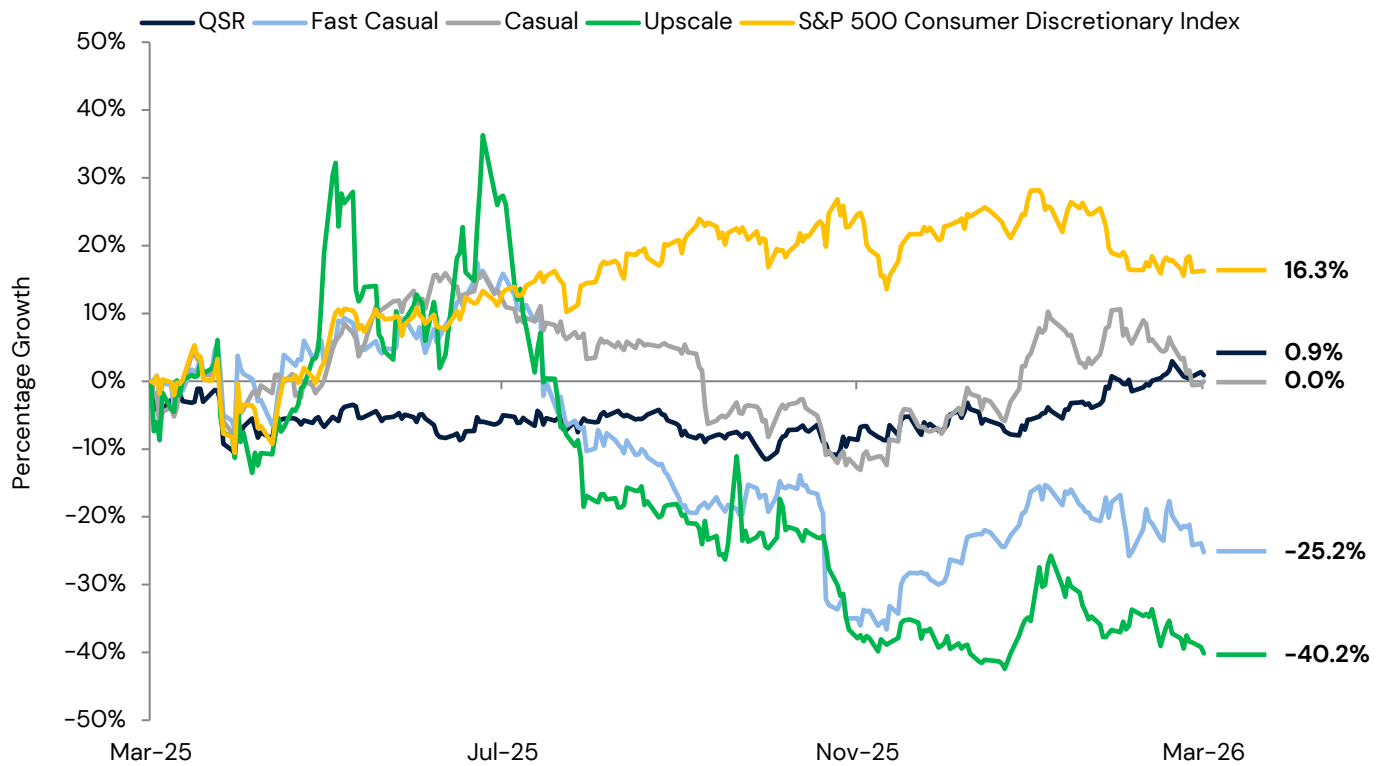


PUBLIC RESTAURANT BRANDS CONTEND WITH CHALLENGING BACKDROP

Segment	% 52 Wk High	EV/LTM		EBITDA Margin	EV/NTM	
		Revenue	EBITDA		Revenue	EBITDA
QSR	74.4%	3.1x	17.4x	24.5%	4.2x	16.0x
Fast Casual	58.4%	2.0x	19.6x	14.5%	3.3x	15.9x
Casual	66.7%	1.4x	12.3x	11.5%	1.3x	11.3x
Upscale	38.6%	0.9x	10.8x	5.7%	0.9x	11.5x

EV = enterprise value; LTM = last twelve months; NTM = next twelve months
 \$ in millions, except per share data

One-Year Share Price Performance Across Segments Underperforms Broader Discretionary Trends



QSR Segment Index includes: BROS, DPZ, JACK, MCD, PZZA, QSR, SBUX, WEN, YUM; Fast Casual Segment Index includes: CAVA, CMG, LOCO, NDLS, PTLO, SG, SHAK, WING; Casual Segment Index includes: BJRI, BLMN, CAKE, CBRL, DIN, DRI, EAT, FWRG, PLAY, RRGB, TXRH; Upscale Segment Index includes: ARKR, GENK, STKS
 Source: CapitalIQ and Capstone Partners as of March 10, 2026

SECTOR PUBLIC COMPANY DATA BY SEGMENT

QSR

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM		
	03/10/26	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA	
Domino's Pizza, Inc.	\$400.52	80.3%	\$13,469.0	\$18,391.7	\$4,940.0	\$1,009.2	20.4%	3.7x	18.2x	
Dutch Bros Inc.	\$52.21	67.0%	\$6,633.5	\$7,669.7	\$1,638.2	\$284.6	17.4%	4.7x	27.0x	
Jack in the Box Inc.	\$13.67	36.4%	\$260.2	\$2,818.2	\$1,443.8	\$242.0	16.8%	2.0x	11.6x	
McDonald's Corporation	\$327.94	96.0%	\$232,968.1	\$287,024.1	\$26,885.0	\$14,594.0	54.3%	NM	19.7x	
Papa John's International, Inc.	\$32.54	58.4%	\$1,067.7	\$1,979.9	\$2,053.8	\$201.8	9.8%	1.0x	9.8x	
Restaurant Brands International Inc.	\$72.00	96.8%	\$24,948.3	\$40,981.3	\$9,434.0	\$2,794.0	29.6%	4.3x	14.7x	
Starbucks Corporation	\$100.77	96.1%	\$114,803.4	\$136,700.7	\$37,701.7	\$5,297.3	14.1%	3.6x	25.8x	
The Wendy's Company	\$6.98	44.6%	\$1,328.7	\$5,172.9	\$2,176.9	\$491.4	22.6%	2.4x	10.5x	
Yum! Brands, Inc.	\$159.20	94.0%	\$44,007.7	\$56,487.7	\$8,214.0	\$2,910.0	35.4%	NM	19.4x	
							Mean	24.5%	3.1x	17.4x
							Median	20.0%	3.6x	18.2x
							Harmonic Mean	19.4%	2.4x	15.4x

EV = enterprise value; LTM = last twelve months
\$ in millions, except per share data
NM = not meaningful

FAST CASUAL

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM		
	03/10/26	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA	
CAVA Group, Inc.	\$80.02	78.8%	\$9,312.5	\$9,385.8	\$1,179.7	\$133.9	11.3%	NM	NM	
Chipotle Mexican Grill, Inc.	\$34.72	59.4%	\$45,220.1	\$49,246.8	\$11,925.6	\$2,381.9	20.0%	4.1x	20.7x	
El Pollo Loco Holdings, Inc.	\$11.10	94.5%	\$332.5	\$574.0	\$490.0	\$58.2	11.9%	1.2x	9.9x	
Noodles & Company	\$6.00	55.6%	\$35.1	\$306.5	\$494.1	\$18.5	3.7%	0.6x	16.6x	
Portillo's Inc.	\$5.04	35.7%	\$363.2	\$1,043.0	\$732.1	\$80.6	11.0%	1.4x	12.9x	
Shake Shack Inc.	\$95.40	66.0%	\$3,840.6	\$4,411.0	\$1,445.3	\$174.4	12.1%	3.1x	25.3x	
Sweetgreen, Inc.	\$5.70	21.0%	\$677.1	\$942.5	\$679.5	NM	NA	1.4x	NM	
Wingstop Inc.	\$217.37	56.0%	\$5,974.3	\$7,048.2	\$696.9	\$217.2	31.2%	NM	32.4x	
							Mean	14.5%	2.0x	19.6x
							Median	11.9%	1.4x	18.6x
							Harmonic Mean	10.1%	1.3x	16.8x

EV = enterprise value; LTM = last twelve months
\$ in millions, except per share data
NM = not meaningful
NA = not available

Source: Capital IQ and Capstone Partners as of March 10, 2026

SECTOR PUBLIC COMPANY DATA BY SEGMENT (CONTINUED)

CASUAL

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM		
	03/10/26	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA	
BJ's Restaurants, Inc.	\$36.48	77.6%	\$773.3	\$1,240.3	\$1,399.1	\$126.6	9.1%	0.9x	9.8x	
Bloomin' Brands, Inc.	\$5.93	55.4%	\$505.5	\$2,471.0	\$3,956.0	\$294.8	7.5%	0.6x	8.4x	
Brinker International, Inc.	\$139.82	74.7%	\$6,089.2	\$7,837.5	\$5,688.4	\$809.9	14.2%	1.4x	9.7x	
Cracker Barrel Old Country Store, Inc.	\$28.22	39.2%	\$630.7	\$1,828.6	\$3,361.2	\$130.9	3.9%	0.5x	14.0x	
Darden Restaurants, Inc.	\$203.47	89.1%	\$23,427.4	\$31,551.3	\$12,576.5	\$1,987.7	15.8%	2.5x	15.9x	
Dave & Buster's Entertainment, Inc.	\$13.68	38.5%	\$474.4	\$4,047.3	\$2,107.7	\$417.0	19.8%	1.9x	9.7x	
Dine Brands Global, Inc.	\$29.11	73.4%	\$379.8	\$1,851.5	\$879.3	\$186.5	21.2%	2.1x	9.9x	
First Watch Restaurant Group, Inc.	\$12.52	60.9%	\$765.4	\$1,753.8	\$1,222.5	\$108.8	8.9%	1.4x	16.1x	
Red Robin Gourmet Burgers, Inc.	\$3.90	49.5%	\$70.5	\$571.2	\$1,210.2	\$64.4	5.3%	0.5x	8.9x	
Texas Roadhouse, Inc.	\$172.14	86.1%	\$11,348.4	\$12,211.3	\$5,878.1	\$681.7	11.6%	2.1x	17.9x	
The Cheesecake Factory Incorporated	\$62.52	89.7%	\$3,117.2	\$5,031.3	\$3,751.8	\$333.2	8.9%	1.3x	15.1x	
							Mean	11.5%	1.4x	12.3x
							Median	9.1%	1.4x	9.9x
							Harmonic Mean	8.9%	1.0x	11.5x

EV = enterprise value; LTM = last twelve months
\$ in millions, except per share data

UPSCALE

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM		
	03/10/26	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA	
Ark Restaurants Corp.	\$6.78	53.8%	\$24.4	\$98.3	\$161.5	\$2.1	1.3%	0.6x	NM	
GEN Restaurant Group, Inc.	\$1.68	25.4%	\$8.8	\$203.8	\$217.4	NM	NA	0.9x	NM	
The ONE Group Hospitality, Inc.	\$1.93	36.7%	\$60.0	\$875.7	\$805.7	\$81.0	10.1%	1.1x	10.8x	
							Mean	5.7%	0.9x	10.8x
							Median	5.7%	0.9x	10.8x
							Harmonic Mean	2.3%	0.8x	10.8x

EV = enterprise value; LTM = last twelve months
\$ in millions, except per share data
NM = not meaningful
NA = not available

RESTAURANT REPORT CONTRIBUTORS



Kenny Green

Director

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Kenny Green is a Director in Capstone Partners’ Consumer Investment Banking Group, where he leads M&A and capital raising efforts across the Restaurant and Multi-unit Retail sectors. He has more than a decade of experience advising founder-owned businesses, franchisors, franchisees, and PE-backed operators on strategic transactions. His work spans QSR, fast casual, casual / family dining, and emerging growth concepts.

Prior to joining Capstone, Kenny was at The Cypress Group, a boutique investment bank focused on the Restaurant and Franchise space. He was previously at Morgan Stanley, advising on middle market debt financings. Kenny began his career as a Financial Management Officer in the U.S. Air Force.



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Andrew serves as a Market Intelligence Associate at Capstone Partners covering the Consumer industry. Prior to joining the Market Intelligence Team at Capstone, Andrew was a Senior Research Associate at Corporate Insight, where he provided digital banking competitive intelligence, user experience research, and consulting services to leading financial institutions. Andrew graduated with a Bachelor of Arts degree in Economics from Union College.

FIRM AWARDS & ACCOLADES

Capstone Partners is consistently recognized as an elite middle market firm by multiple leading industry organizations. This has afforded our clients with immediate market credibility in the acquirer and investor communities. From 2016 to 2024, Capstone has received 22 “investment banking firm of the year” awards from organizations such as The M&A Atlas Awards, The M&A Advisor, M&A Today, and ACQ5. A sampling of Capstone’s recent awards is shown below.



FIRM TRACK RECORD AND TRANSACTIONS IN MARKET

Capstone's [Consumer Investment Banking Group](#) has represented numerous companies in the Consumer & Retail industry and has an extensive track record, with the Restaurant sector serving as a key area of focus. A sampling of Capstone's live and closed engagements is included below.

<p>CONFIDENTIAL (Pre-Market)</p> <p>CORPORATE SALE</p> <p>REGIONAL BRUNCH CONCEPT</p>	<p></p> <p>HAS BEEN ACQUIRED BY</p> <p>THRIVE RESTAURANT group</p>	<p>Hallrich Incorporated</p> <p></p> <p>HAS BEEN ACQUIRED BY</p> <p></p>	<p></p> <p>HAS BEEN ACQUIRED BY</p> <p>Four Oaks Partners</p>
<p></p> <p>HAS BEEN ACQUIRED BY</p> <p>The Munson Group</p>	<p></p> <p>HAS BEEN ACQUIRED BY</p> <p>GRUPO A.J. VIERCI</p>	<p></p> <p>HAS BEEN ACQUIRED BY</p> <p></p>	<p></p> <p>STRATEGIC ADVISORY</p>
<p></p> <p>HAS BEEN ACQUIRED BY</p> <p>FLYNN RESTAURANT GROUP A PORTFOLIO COMPANY OF</p> <p></p>	<p></p> <p>HAS BEEN ACQUIRED BY</p> <p></p> <p>Dobbs Equity Partners LLC</p>	<p>MULTI-STATE CASUAL SEAFOOD RESTAURANT CHAIN</p> <p>TURNAROUND & RESTRUCTURING ADVISORY SERVICES</p>	<p></p> <p>CORPORATE REFRANCHISING INITIATIVE</p>
<p></p> <p>HAS BEEN ACQUIRED BY</p> <p>QFRM HOLDINGS</p>	<p></p> <p>HAS BEEN ACQUIRED BY</p> <p>FLYNN RESTAURANT GROUP</p>	<p></p> <p>HAS BEEN ACQUIRED BY</p> <p></p>	<p></p> <p>HAS SOLD THE RIGHTS TO OPERATE STARBUCKS PUERTO RICO TO BARISTAS DEL CARIBE</p>

Note: Transactions also include those completed by Capstone Advisors prior to joining the Capstone Partners platform

SOLUTIONS FOR DISTRESSED RESTAURANT BUSINESSES

Restaurant owners and investors have been navigating an increasingly complex operating environment defined by rising food and labor costs and ongoing staffing and supply chain challenges that continue to compress already thin margins and heighten financial risk. Industry data shows that cost pressures across key inputs have surged materially in recent years, while consumer demand—though resilient—has become more value-driven, forcing operators to balance pricing, traffic, and profitability in real time. At the same time, labor shortages, wage inflation, and evolving customer expectations are requiring increased investment in technology, marketing, and operational capabilities—often straining liquidity for underperforming businesses. In this environment, experienced advisors can play a critical role in helping distressed restaurants stabilize operations, preserve liquidity, and restore profitability through a combination of cash flow management, cost optimization, operational restructuring, and strategic repositioning. [Capstone’s Financial Advisory Services \(FAS\)](#) professionals work closely with management teams and stakeholders to diagnose root causes of underperformance, implement actionable turnaround plans, and, where necessary, guide debt restructuring, capital raising, or strategic alternatives to protect and enhance enterprise value.

CAPSTONE PARTNERS FINANCIAL ADVISORY SERVICES

Capstone’s FAS group has extensive experience supporting businesses in the Restaurant sector with a range of services, including:

- Transaction Advisory Services
- Valuation Services
- Performance Improvement Services
- Turnaround Advisory
- Out-of-Court Restructuring
- Special Situations M&A Advisory
- Bankruptcy and Insolvency Service

MULTI-STATE CASUAL RESTAURANT CHAIN

TURNAROUND & RESTRUCTURING ADVISORY SERVICES

CASE STUDY: TURNAROUND AND RESTRUCTURING ADVISORY SERVICES

The client was a \$230 million East Coast-based chain of casual-dining restaurants with more than 30 locations. YOY performance suffered due to increased competition and pricing pressures from vendors. EBITDA decreased by approximately 15%. Unit-level performance deteriorated considerably. The company faced leverage covenant concerns and considerable liquidity challenges.

Subsequently, the COVID-19 pandemic crippled the company, shutting down all operations.

Capstone’s [Turnaround & Restructuring Advisory Team](#) prepared a detailed 13-week cash flow to quantify the short-term needs of the company and negotiated payment holidays and extended terms. Capstone worked directly with the company to develop an out-of-court restructuring plan and successfully negotiated terms with the secured lender to advance rescue funding.

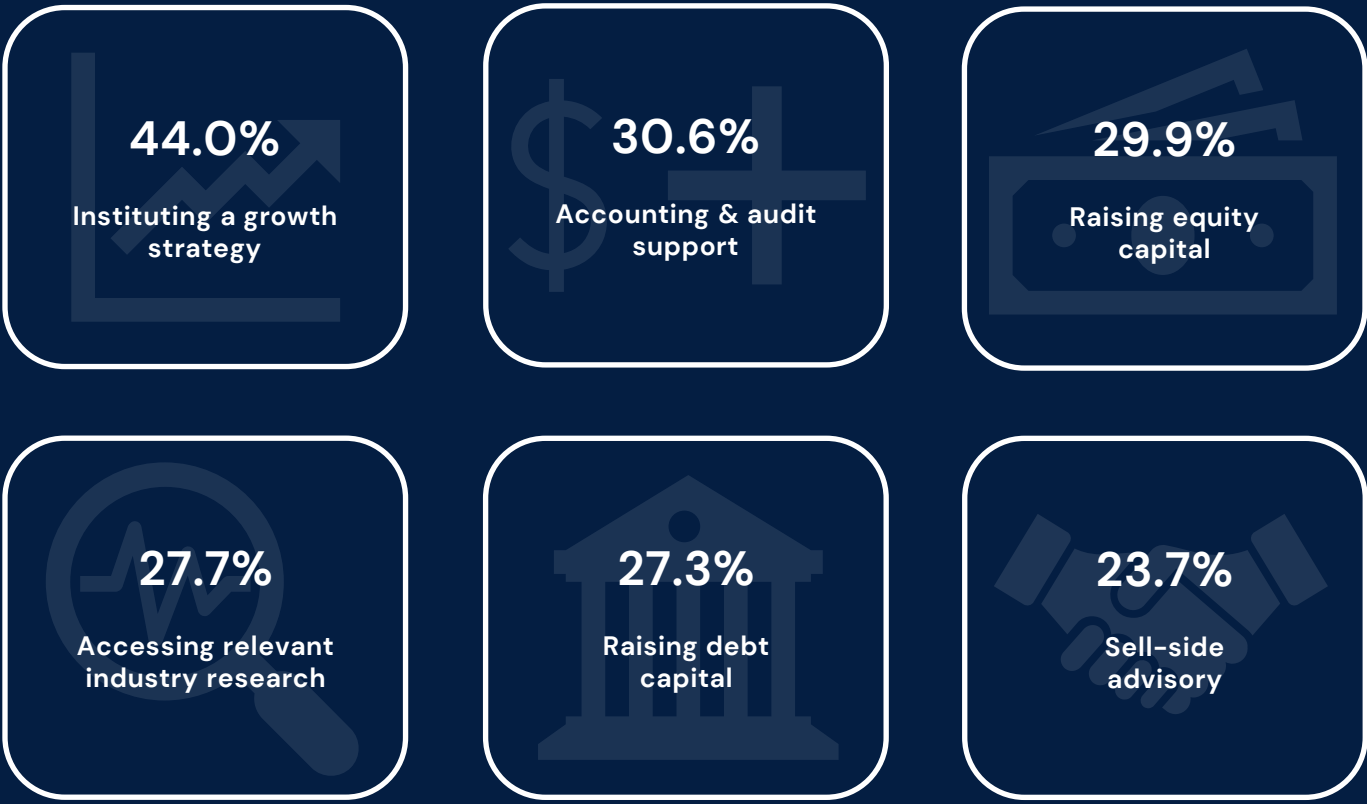
The restructuring plan set in motion strategies for a successful emergence from the COVID-19 shutdown. The plan included a reduction in the number of units by 40%, a G&A reduction of approximately \$10 million annually, a phased in re-opening strategy, and a robust treasury management plan. The result was expected to stabilize the operations and increase EBITDA by more than 10%. The business is operational today.

CAPSTONE’S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The stage and initiatives of a business often dictate which financial services are in demand. As the bulk of CEOs polled in Capstone’s 2025 Middle Market Business Owners Survey indicated growth strategies are a priority for 2026, the lion’s share (44.0%) of owners anticipate a need for growth strategy support services. Similarly, nearly one-third of CEOs require equity capital advisory services to support operational initiatives and business expansion. Notably, 27.7% of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space. In addition, 23.7% of business owners have sought sell-side advisory support as they plan for retirement or position themselves for a liquidity event.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company’s lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed specialty advisory practices to provide financial performance, buy-side, employee stock ownership plan (ESOP), and equity and debt services. All of these capabilities are supported by 12 industry banking groups, an active sponsor coverage group, and a dedicated Market Intelligence Team.

Top Financial Services Required by Business Owners in 2026



*Question: Have you ever had, or do you anticipate having, a need for any of the following services?
Source: Capstone Partners’ Middle Market Business Owner Survey, Rebased Sample Size (N): 300*

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CAPSTONE PARTNERS

Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~300+ professionals in the U.S. with 550+ professionals across 51 countries.



~300+ professionals
9 offices

Atlanta · Boston · Denver ·
Chicago · Dallas · Detroit · Irvine ·
New York · Tampa

~550+ professionals
60+ offices in 51 countries

Asia: China · India · Japan

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Uganda · Zimbabwe

Americas: USA · Canada · Argentina · Brazil · Chile · Colombia · Mexico · Panama & Central
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