RESTAURANT M&A VOLUME SUPPRESSED, DEMAND REMAINS INTACT FOR ESTABLISHED BRANDS

RESTAURANTS SECTOR UPDATE | JUNE 2025

CAPSTONE PARTNERS

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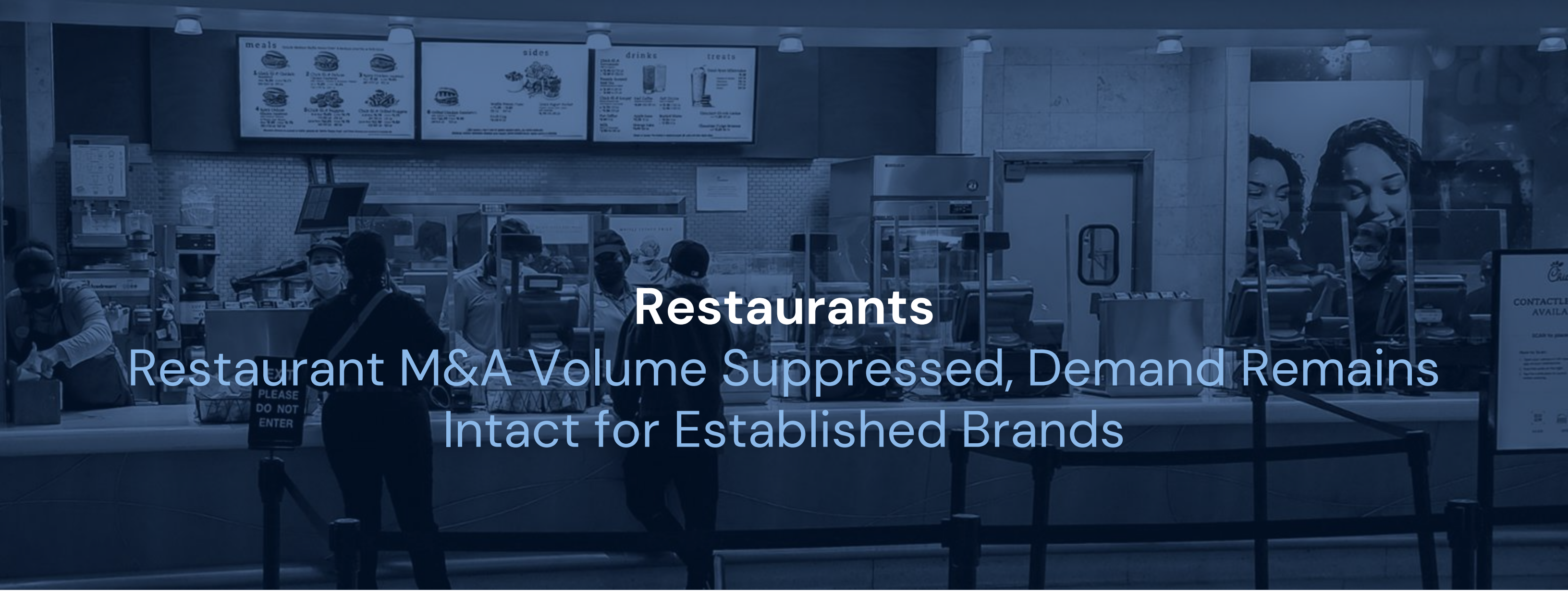


Restaurants

Restaurant M&A Volume Suppressed, Demand Remains Intact for Established Brands

KEY SECTOR TAKEAWAYS

Capstone Partners' Consumer Investment Banking Group is pleased to share its inaugural Restaurants report. Merger and acquisition (M&A) activity in the sector has softened year to date (YTD) amid macroeconomic headwinds, including persistent inflation, tariff uncertainty, labor cost pressures, and capital markets volatility. Despite the pullback, dealmaking is expected to reaccelerate in late 2025 and into 2026 as buyers gain clarity around regulatory changes and cost inflation moderates. Several additional key takeaways are outlined below.

1. **M&A Volume Softens:** Restaurant M&A activity has declined 28.9% year-over-year (YOY) as many operators have delayed acquisitions amid tariff-induced market uncertainty, inflation concerns, and cost of capital pressures.

2. **Distress Builds:** Bankruptcies and distressed situations have risen in YTD 2025. Heightened competition for foot traffic has challenged overdone concepts while other operators have succumbed to unstainable capital structures amid the higher-for-longer rate environment.

3. **Consumer Bifurcation Deepens:** Value-focused chains have outperformed in low-income markets, while premium operators have continued to benefit from affluent consumer demand. Value-players have competed more heavily with convenience store and grocery channels due to low-income consumer trade-down behavior. Alternatively, upscale dining operators have continued to see strength from high-income customers.

4. **Appetite Persists:** Restaurant concepts with scalable models and strong unit economics have continued to attract growth capital as investors look to deploy robust levels of dry powder ahead of a broader market rebound.

5. **Franchise Systems Show Resilience:** Franchise systems have demonstrated greater flexibility by leveraging scale to manage supply chain volatility and support operators with pricing, marketing, and labor strategies amid a challenging macro backdrop.

Capstone Partners has developed a full suite of corporate finance solutions to help privately-owned businesses and private equity firms navigate through each stage of a company's lifecycle. These solutions include financial advisory services, merger and acquisition advisory, debt advisory, equity capital financing and employee stock ownership plan (ESOP) advisory.

To learn more about Capstone's wide range of advisory services and Restaurants sector knowledge, please contact us.

SPENDING SHIFTS ACROSS PRICING TIERS AMID PRECARIOUS MARKET

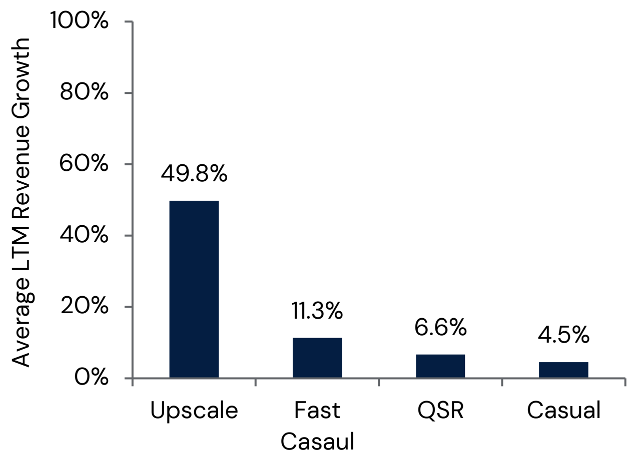
The Restaurants sector experienced significant volatility following the global pandemic, but normalization of consumer traffic, preferences, and business operations has continued at a steady pace. Select restaurant operators have recorded upticks in revenue despite a precarious macroeconomic backdrop. Prospective tariffs have injected uncertainty in the market, lowering sentiment among business owners and consumers alike. Inflation has remained top of mind in the sector, with operators closely watching rising labor and food costs while consumers weigh the spread between grocery prices and the cost of eating out. Quick Service Restaurants (QSR) have increasingly promoted value offerings amid heightened trade-down behavior—where lower middle- and lower-class consumers have looked towards grocery and convenience stores—resulting from prolonged inflation, geopolitical uncertainty, and higher-for-longer interest rates.

Kenny Green, Director

"Consumer wallets have splintered—value-driven concepts are fighting for share against grocery trends while upscale operators are proving resilient as high-income diners remain active. Brands that can navigate this bifurcation with pricing discipline and operational agility will outperform in 2025."

Notably, all four of Capstone's public company Restaurants indices—QSR, Fast Casual, Casual, and Upscale—recorded revenue growth in the last-twelve months (LTM). Fast Casual (11.3%) concepts and Upscale (49.8%) dining have recorded the highest average LTM revenue growth in the sector, underscoring consumer bifurcation. Limited-service restaurants have fared better in 2024 and through YTD as convenience trends continue to grow. Full-service, fine dining venues have continued to see traffic as higher income consumers remain more insulated from inflationary headwinds. With spending pushing to either end of the pricing tier spectrum, casual, full-service restaurants have struggled to capture traffic.

Fast Casual, Upscale Concepts Lead Sector Public Company Revenue Growth

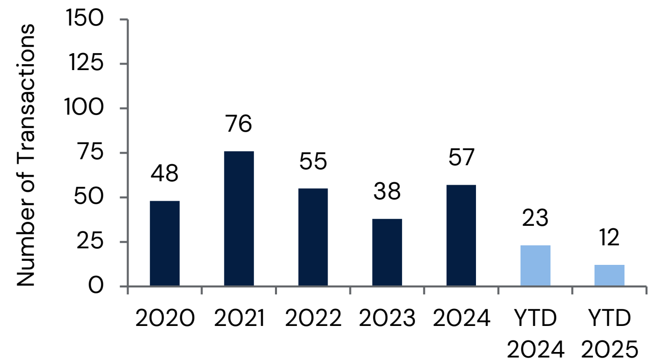


Note: Full segment breakdown included on pages 14-15
LTM as of May 8, 2025
Source: Capital IQ and Capstone Partners

Dutch Bros (NYSE:BROS), owner and franchisor of drive-through coffee shops, has led the QSR segment with 30.4% LTM revenue growth. Dutch Bros plans to capitalize on consumer trends towards convenience and the stickiness of mobile ordering. The company has begun testing its mobile ordering capability in Arizona with rollout to additional markets expected throughout the year. The brand has also deployed successful paid media campaigns to drive sales, achieved strong unit-level profitability, and displayed robust geographic portability. This performance has helped Dutch Bros share price appreciate 102.9% over the past year. Mediterranean restaurant chain CAVA (NYSE:CAVA) has led the Fast Casual segment with 32.1% LTM revenue growth. Benefiting from a more niche, high-growth concept compared to legacy players in the space, CAVA's above-market sales growth reflects a wider trend towards global cuisine. These well-performing, exciting brands have continued to draw consumer and M&A interest in an increasingly competitive sector and remain eager for growth. Construction costs and labor and material availability will likely normalize moving through 2025, enabling businesses to accelerate new unit expansion organically. M&A is expected to remain a cornerstone of growth playbooks. However, the shifting consumption landscape, higher competition for foot traffic, and persistent inflation have created an increased number of distressed situations, a trend expected to continue through year end.

RESTAURANTS M&A DECLINES, BANKRUPTCIES CONTINUE TO RISE

Restaurants M&A Falls As Consumer Confidence Wavers in Early 2025



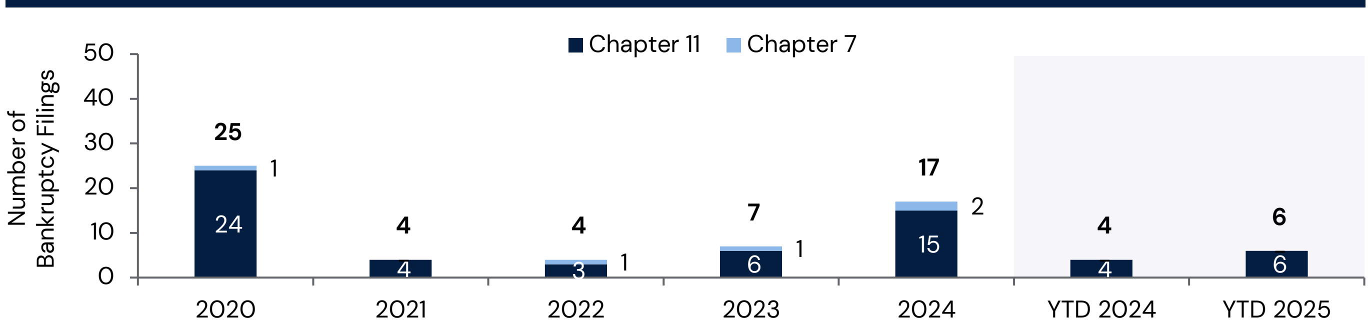
Year to date (YTD) ended May 5
Only includes deals where four or more locations are acquired
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Restaurants M&A has experienced a decline in activity, with 12 transactions announced or completed YTD, a 28.9% decrease YOY. Many operators have elected to wait out the current market uncertainty pertaining to tariff policy from the new U.S. administration. Franchisors have accounted for the majority (66.7%) of deal volume YTD as buyers prioritize comfortability with brand longevity, often targeting tier 1 brands. Notably, private equity firm Roark Capital announced its acquisition of Dave's Hot Chicken in March 2025 for an enterprise value of $1 billion, equivalent to 1.0x EV/Revenue (more on page 10). Franchisees and Independent Brands have each accounted for 16.7% of total sector deal volume. Applebee's parent company Dine Brands (NYSE:DIN) acquired 47 Applebee's locations from two franchisees in March 2025 (undisclosed). The deal marks progress in Dine's goal to drive same store sales growth and profitability. Its strategy includes new marketing efforts, menu changes, and location remodeling. Growing its company-owned stores is expected to provide the control needed for the brand turnaround and provide an optimization guide for franchisees.

Strategic buyers have led deal activity, accounting for eight of the 12 deals announced or closed to date. Private strategics have continued to drive dealmaking in the Restaurants sector, accounting for 50% of transactions. Public strategics have also remained active, comprising 16.7% of sector transactions. Financial sponsors have announced or completed four deals to date (33.3% of sector deal volume), all being platform transactions. Private equity's contribution to sector-wide deal flow has only been surpassed by 2021, where low interest rates made leveraged acquisitions highly attractive. Capital deployment in restaurant platforms YTD has mirrored the early signs of a private equity dealmaking rebound in the broader middle market, a trend Capstone expects to continue into the latter half of 2025 and 2026. Middle market private equity platform transactions—irrespective of target industry—increased 4.7% YOY in 2024, the first uptick in these deals since 2021, according to Capstone's Q4 2024 Capital Markets Update.

Bankruptcy filings have risen YOY as restaurants continue to vie for increasingly competitive foot traffic. Overdone concepts have failed to offer enough differentiation to achieve strong growth while other chains succumbed to unsustainable capital structures. Chapter 11 filings have increased from four in YTD 2024 to six in YTD 2025, indicating a continuation of the dramatic increase in bankruptcies in 2024. After remaining relatively stable post-pandemic (2021-2023), Chapter 7 and Chapter 11 filings rose 142.9% during 2024.

Restaurant Bankruptcy Filings Climb, Underscoring Market Bifurcation

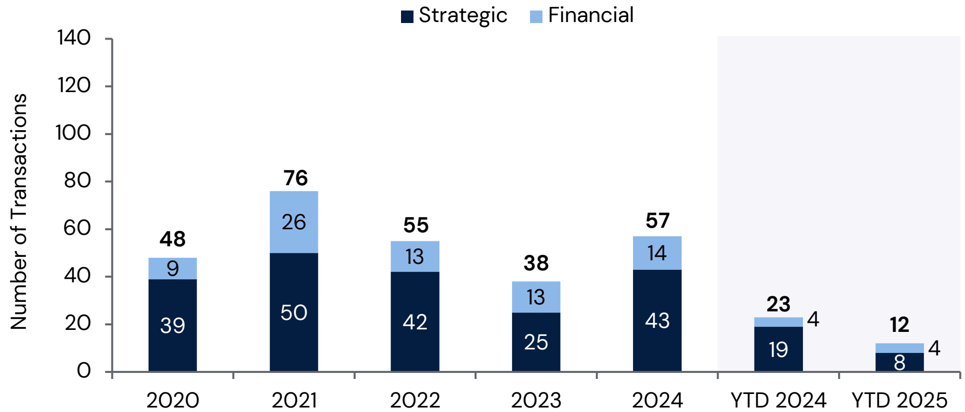


Year to date (YTD) ended May 5; Only includes filings of restaurant operations with four or more locations
Source: PitchBook and Capstone Partners

BUYERS TARGET MID-SIZE OPERATORS & FRANCHISORS

Year to Date M&A Volume Falls, Strategic Buyers Pull Back Amid Turbulent Market

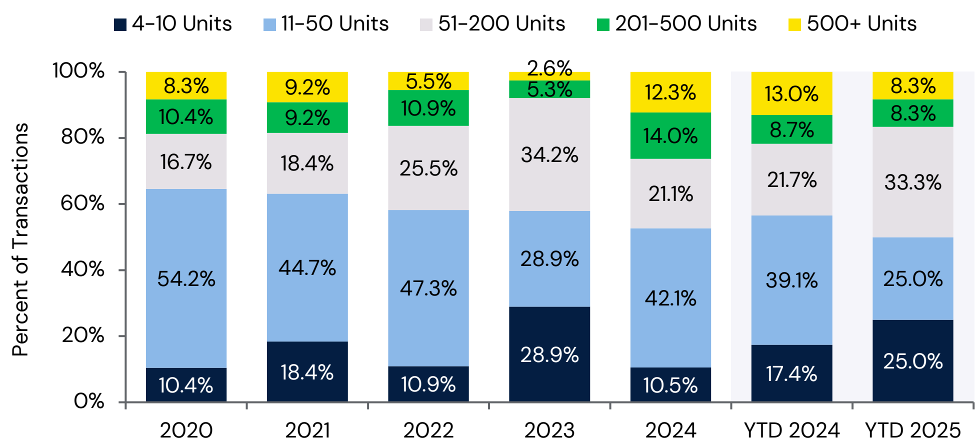
Strategics have historically accounted for the majority of buyers in the Restaurants sector. Deal activity from this cohort has declined 57.9% YOY as business owners focus on internal operations amid heightened geopolitical and consumer spending uncertainty.



Year to date (YTD) ended May 5; Only includes deals where four or more locations are acquired
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Buyers Target Mid-Size Chains, Continuation of Trend Towards Scale in 2024

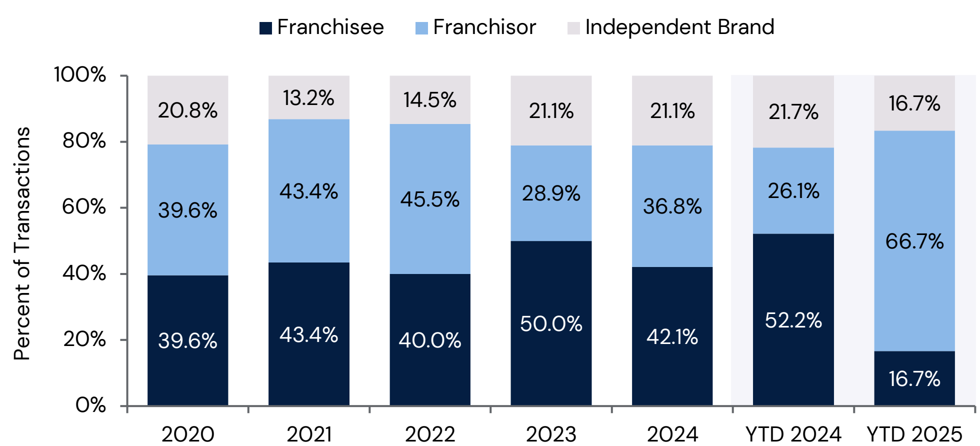
Targets with 51 to 200 units have garnered a third of total deal volume to date, the largest portion second only to full year 2023. Buyers have moved up market to acquire robust growth in the current environment where organic growth has been challenged.



Year to date (YTD) ended May 5; Only includes deals where four or more locations are acquired
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Franchisors with Strong Customer Loyalty and Market Fit Garner Robust Acquisition Interest

Franchisors have comprised the majority of targets YTD. Strategics already in the Restaurants space as a franchisee have shown increasing interest to own brands while sponsors have targeted franchisors with high exit visibility.



Year to date (YTD) ended May 5; Only includes deals where four or more locations are acquired
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

KEY CHARACTERISTICS DRAW PREMIUM VALUATIONS IN 2025

M&A valuations for privately owned businesses in the middle market are often not disclosed, making pricing transparency difficult. However, Capstone has deep knowledge of the sector, relevant buyers, and the key drivers of premium valuations for privately owned companies in the Restaurants sector. To learn more about the value of your company, contact Kenny Green.

KEY VALUATION DRIVERS

- **Unit Economics**
  Buyers have continued to prioritize concepts with strong same-store sales growth, stable four-wall margins, and consistent cash-on-cash returns—providing confidence in scalability and synergy realization.

- **Traffic and Ticket Growth**
  Operators demonstrating both guest traffic momentum and average ticket expansion have been rewarded with elevated valuations. Marketing return on investment (ROI), loyalty programs, and upsell mechanics signal market fit and pricing power beyond cost inflation.

- **Portability of Concept**
  Scalable brands with proven success across geographies, formats, and customer demographics have commanded a premium. Portability reduces execution risk and supports rapid expansion via franchising or corporate development.

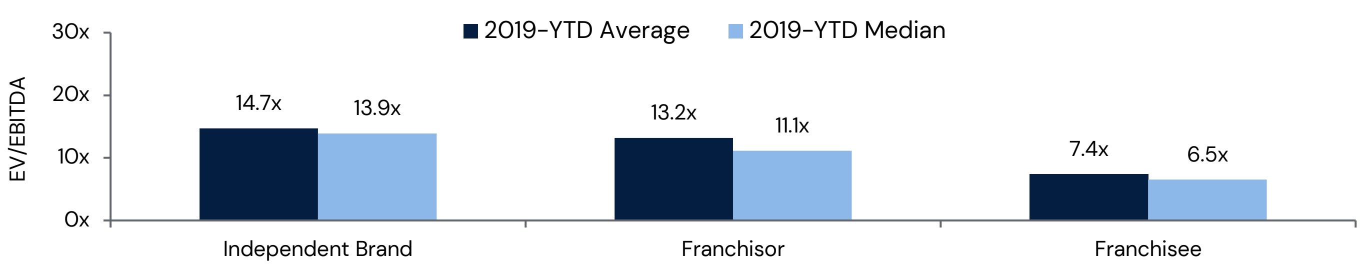
- **Brand & Reputation**
  High consumer affinity, differentiated positioning, and third-party accolades (e.g., top QSR rankings, guest satisfaction scores) enhance perceived value. A strong brand mitigates churn and supports premium pricing and repeat traffic.

- **Omnichannel, Tech-enabled Platforms**
  Concepts with established digital infrastructure—mobile ordering, loyalty integration, delivery optimization—offer future-proofed revenue channels and margin expansion potential. Buyers have been paying up for omnichannel readiness.

- **Store Condition & Whitespace for New Store Development**
  Well-maintained assets with low capital expenditure needs and a clear new unit playbook appeal to acquirers focused on operational efficiency and white space growth. Visibility into pipeline execution adds conviction in post-close value creation.

Capstone helps clients articulate these value drivers through focused positioning, data-backed narratives, and tailored buyer targeting to maximize outcomes.

Additional Growth Levers Boost M&A Pricing for Brands and Franchisors



Year to date (YTD) ended May 5
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

SOLUTIONS FOR DISTRESSED RESTAURANT BUSINESSES

Most, if not all, restaurant businesses will experience periods of stress and distress across their lifecycle. Cost of produce and other materials, cost and availability of labor, cost of real estate, increases in credit card processing fees, and changing consumer preferences and budgetary concerns are just a few of the external pressures that can take a toll on profitability. Add to this macroeconomic events such as a pandemic or a recession, and situations can go from strained to dire very quickly. Additionally, Chapter 11 filings have increased by 50% in YTD 2025 vs. YTD 2024, and that distress is increasingly concentrated among single-brand operators with high general and administrative (G&A) burdens and flat / declining comps. Fortunately, there is an expansive menu of options available to help improve and repair businesses, if owners, operators, and investors take decisive action as soon as challenges are detected.

CAPSTONE PARTNERS FINANCIAL ADVISORY SERVICES

Capstone's Financial Advisory Services (FAS) group has extensive experience supporting businesses in the Restaurants 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

Our experts have the experience and skills to help identify the root causes of distress, evaluate potential solutions, and implement plans to obtain the best possible outcome for the business' stakeholders whether that is a turnaround process, a transaction, or an orderly wind down of operations.

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. Their performance YOY suffered due to increased competition and pricing pressures from vendors. EBITDA decreased by approximately 15%. Unit level performance had considerable deterioration. The company had 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.

NOTABLE RESTAURANT M&A TRANSACTIONS

Bain Capital announced its acquisition of franchisee Sizzling Platter from CapitalSpring for an estimated enterprise value of more than $1 billion (April 2025). Sizzling Platter operates more than 750 restaurants across Little Ceasars, Jamba, Wingstop, Dunkin', Jersey Mike's, Cinnabon, Red Robin, and Sizzler brands, according to QSR.[1] Its portfolio centers around the Little Ceasars (450 units), Wingstop (140+ units), and Jamba (90+ units) brands. The deal follows Bain's acquisition of 76-unit steakhouse franchisor Fogo de Chão in August 2023 ($1.1 billion).

Kenny Green, Director

"Despite macro headwinds, today's most active buyers—strategics and private equity alike—are more selective than ever, zeroing in on scale, brand resilience, and operational leverage. The deals moving fastest are those with proven unit-level margins, culturally relevant brands, and credible pathways to multi-unit growth."

In March 2025, private equity firm Roark Capital announced its acquisition of Dave's Hot Chicken, a fried chicken restaurant franchisor, for $1 billion, equivalent to 1.0x EV/Revenue. The deal adds ~300 Dave's Hot Chicken units to Roark's restaurants portfolio, which already includes brands such as Subway, Arby's, and Buffalo Wild Wings, according to a deal press release.[2] Founded in 2017, Dave's Hot Chicken's annual sales have reached $1 billion. Dave's franchise royalties, recurring revenue, brand strength, and scaled operations exemplify the key characteristics driving valuations in the Restaurants space.

In November 2024, alternative asset manager Blackstone (NYSE:BX) announced its acquisition of sub sandwich brand Jersey Mike's ($8 billion, 2.4x EV/Revenue). Jersey Mike's—which began franchising units in 1987—has more than 3,000 U.S. units open or in development and aims to accelerate expansion in and beyond the U.S. and invest in technology and digital transformation under the new ownership, according to a press release.[4] Blackstone also acquired 1,489-unit franchisor Tropical Smoothie Café in April 2024 for an enterprise value of ~$2 billion, equivalent to ~20x EV/EBITDA, according to Reuters.[3]

In September 2024, Thrive Restaurant Group acquired Modern Market from Butterfly Equity for an undisclosed sum. Thrive Restaurant Group became the first franchisee of Modern Market in 2022, signing a 41-unit franchising deal with the chain. The transaction adds 24 company-owned units and five franchised locations to Thrive's portfolio. The acquiror aims to expand Modern Market through both franchisee partners and new company-owned developments. Thrive operates more than 190 restaurants across multiple brands, including Applebee's and Qdoba.

Sycamore Partners acquired fruit bowls franchisor Playa Bowls from Tamarix Capital (September 2024, undisclosed). Playa Bowls plays on better-for-you trends with more than 250 units across 22 states, according to a press release.[5] Brand equity was key to the deal rationale. "Playa Bowls has built a unique category leadership position with passionate customers, a loyal franchise base, and a great brand, which has allowed the company to scale rapidly in its first decade since inception," noted Stefan Kaluzny, Managing Director at Sycamore, in the press release.[5]

SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV/LTM Revenue	EV/LTM EBITDA
04/10/25	Sizzling Platter	Bain Capital	Comprises 500+ units across Little Caesars, Jersey Mike's, Wing Stop, and Jamba brands.	~$1,000.0	–	~5.7x
03/21/25	Dave's Hot Chicken Franchise	Roark Capital	Owns and franchises a fried chicken concept with ~300 locations.	$1,000.0	1.0x	–
03/05/25	47 Applebee's units	Dine Brands (NYSE:DIN)	Comprises 47 Applebee's restaurants in the U.S.	–	–	–
03/04/25	Lenwich	Pacific General Capital	Owns and franchises a sandwich and salad concept with 18 locations.	–	–	–
02/17/25	TGI Friday's	G5ive Restaurant Group	Comprises 124 TGI Friday's locations acquired out of bankruptcy.	–	–	–
01/14/25	Pizza Factory	Wonder Franchises	Owns and franchises a pizzeria concept with 114 locations.	–	–	–
12/23/24	10 Tim Hortons units	Kelton Enterprises	Comprises 10 Tim Hortons locations.	–	–	–
12/12/24	11 KFC units	Value Foodservice	Consists of 11 KFC locations.	–	–	–
12/03/24	TICE Chicken	AIM Associates Capital	Operates 16 Popeyes franchise locations.	–	–	–
11/26/24	Papa Johns Las Vegas	Maxx Crosby Foundation	Comprises 19 Papa Johns franchise locations.	–	–	–
11/21/24	32 Wendy's units	Flynn Group	Consists of 32 Wendy's locations in Indianapolis, Indiana.	–	–	–
11/19/24	Jersey Mike's	Blackstone (NYSE:BX)	Owns and franchises 3,000+ branded sub sandwich shops.	$8,000.0	~2.4x	–
11/11/24	16 Daytime Dining units	First Watch Restaurant (Nasdaq:FWRG)	Comprises 16 franchise-owned Daytime Dining locations in North and South Carolina.	$49.0	–	–
10/17/24	Roti Restaurants	BroadPeak Capital	Operates a 17-unit fast-casual mediterranean grill concept, acquired out of bankruptcy.	$3.5	–	–
09/12/24	13 Panera Bread units	Flynn Group	Comprises 13 of Blue Ridge Bread's Panera Bread locations in Virginia and West Virginia.	–	–	–
09/04/24	85 Sonic units	KBP Brands	Consists of 85 Sonic locations.	–	–	–
09/04/24	Modern Market	Thrive Restaurant Group	Comprises 24 company-owned and five franchised Modern Market locations.	–	–	–
09/03/24	Playa Bowls	Sycamore Partners	Owns and franchises 250+ healthy fruit bowl QSR locations.	–	–	–
08/15/24	83 Wendys units	Flynn Group	Comprises 83 Wendy's locations in New Jersey and Pennsylvania.	–	–	–
08/14/24	Tavistock Freebirds	Sun Holdings	Owns and franchises fast casual burrito concept with 64 locations.	–	–	–
08/13/24	28 KFC units	KBP Brands	Comprises 28 KFC locations.	–	–	–
08/06/24	Wildflower	Create Restaurants	Operates a 16-unit independent bakery café concept.	$28.2	0.6x	–

Highlighted deals have been announced but not closed at the time of publication
Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

SELECT TRANSACTIONS (CONTINUED)

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV/LTM Revenue	EV/LTM EBITDA
07/22/24	Insomnia Cookies	Mistral Capital; Verlinvest	Operates a bakery chain with ~300 locations across three countries.	$427.8	-	-
07/17/24	Chuy's	Darden Restaurants (NYSE:DRI)	Owns and franchises tex-mex restaurant concept with 100+ locations across 15 states.	$789.9	1.7x	9.7x
07/10/24	MOD Super Fast Pizza	Elite Restaurant Group	Comprises a fast-casual pizza restaurant chain with 500+ locations.	-	-	-
06/19/24	Big Fish Restaurant Group	Atlas Restaurant Group	Operates as an independent, multi-concept operator with 16 restaurants.	-	-	-
05/21/24	64 KFC units	Tasty Chick'n	Comprises 64 KFC locations in Central and Southeastern U.S.	-	-	-
04/24/24	Tropical Smoothie Cafe	Blackstone (NYSE:BX)	Owns and franchises a chain of cafes, with 1,400 locations.	~2,000.0	-	~20.0x
04/22/24	26 Applebee's units	Flynn Group	Comprises Doherty Enterprises' 26 Applebee's restaurants in Florida and Georgia.	-	-	-
04/19/24	Tijuana Flats Restaurants	Flatheads	Owns and franchises a fast casual Mexican concept with 91 locations.	-	-	-
04/18/24	20 Zaxby's units	Guernsey	Comprises 20 Zaxby's locations in South Carolina.	-	-	-
04/09/24	33 Little Ceasars units	Pizza Partners	Consists of 33 Little Ceasars locations.	-	-	-
04/02/24	65 Wendy's units	Delight Restaurant Group	Comprises 65 Wendy's locations in Pennsylvania, Ohio, and West Virginia.	-	-	-
04/01/24	50 Popeyes units	TICE Florida Chicken	Consists of 50 Popeyes locations.	-	-	-
02/21/24	Nine Del Taco units	Jack in the Box (Nasdaq:JACK)	Comprises nine Del Taco locations.	-	-	-
02/16/24	10 Burger King units	MJG Enterprises	Consists of 10 Burger King Locations in Illinois.	-	-	-
01/18/24	21 Applebee's units	Doherty Enterprises	Comprises Apple-Metro's 21 Applebee's locations.	-	-	-
01/18/24	Caribou Coffee	JDE Peet's	Owns and franchises a coffeehouse chain with ~750 locations.	$260.0	0.5x	3.4x
01/16/24	Carrols Restaurant Group	Restaurant Brands (NYSE:QSR)	Operates more than 1,000 Burger King franchise locations.	$1,747.6	0.9x	6.5x
01/11/24	The Veggie Grill	Next Level Burger	Owns and franchises a chain of vegetarian restaurants with 20+ locations.	-	-	-
01/08/24	21 Franchise units	First Watch Restaurants (Nasdaq:FWRG)	Comprises 21 franchise-owned Daytime Dining locations in North Carolina.	$75.0	-	-

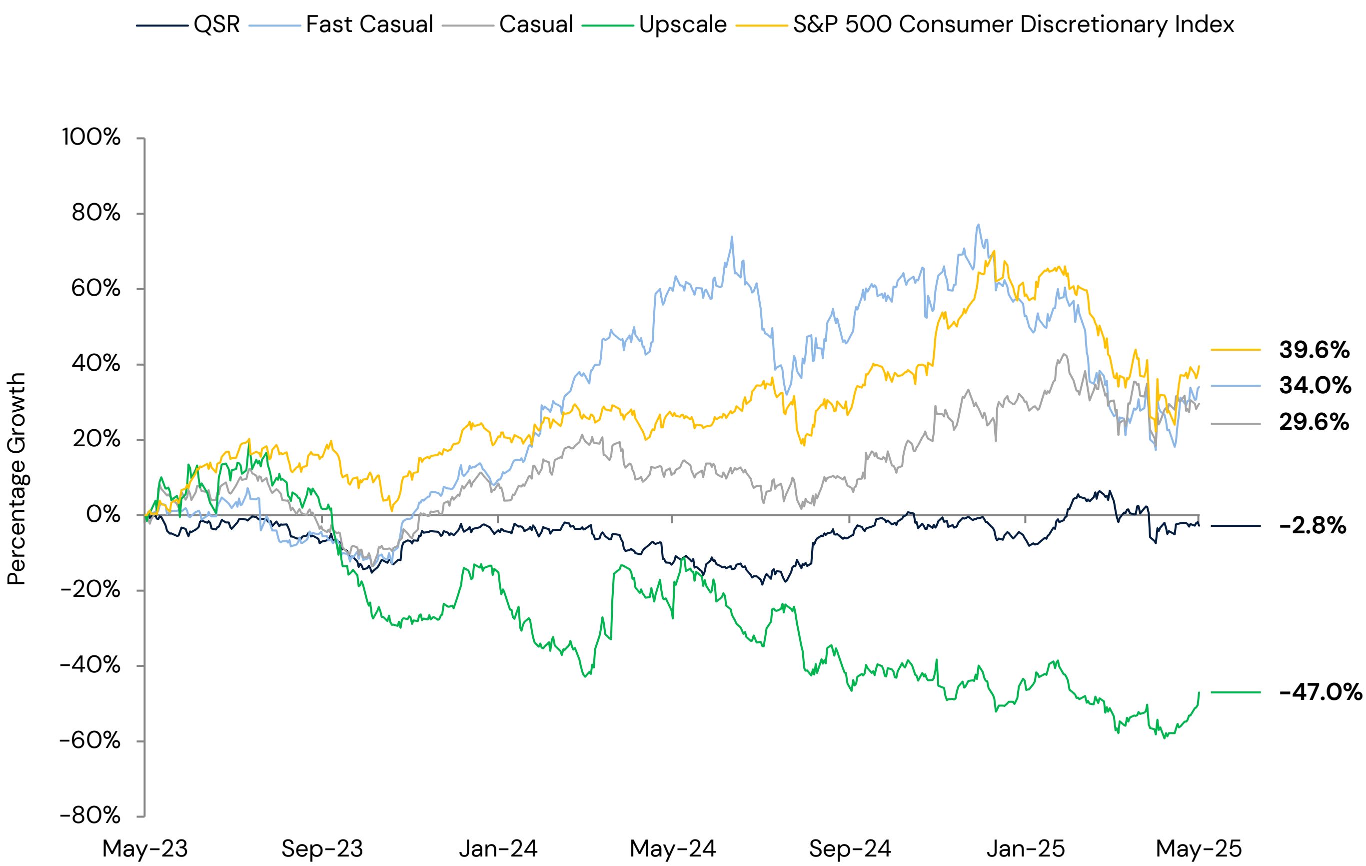
Highlighted deals have been announced but not closed at the time of publication
Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

PUBLIC RESTAURANT BRANDS SEE SHARE PRICE VOLATILITY

Segment	% 52 Wk High	EV / LTM Revenue	EV / LTM EBITDA	EBITDA Margin	EV / NTM Revenue	EV / NTM EBITDA
QSR	75.2%	3.0x	16.0x	25.3%	4.4x	17.1x
Fast Casual	61.6%	1.9x	20.8x	13.1%	4.0x	28.7x
Casual	64.3%	1.5x	12.8x	12.2%	1.4x	10.9x
Upscale	51.6%	0.9x	22.6x	5.5%	0.9x	10.6x

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

Two-Year Share Price Performance Across Segments Mirrors 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, PBPB, PTLO, SG, SHAK, WING; Casual Segment Index includes: BJRI, BLMN, CAKE, CBRL, DENN, DIN, DRI, EAT, FWRG, PLAY, RRGB, TXRH; Upscale Segment Index includes: ARKR, GENK, STKS
Source: Capital IQ and Capstone Partners as of May 8, 2025

SECTOR PUBLIC COMPANY DATA BY SEGMENT

QSR

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	05/08/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Domino's Pizza, Inc.	$476.82	88.6%	$16,327.0	$21,229.2	$4,733.8	$935.0	19.8%	4.5x	22.7x
Dutch Bros Inc.	$64.45	74.2%	$8,180.3	$9,081.4	$1,361.1	$226.2	16.6%	NM	NM
Jack in the Box Inc.	$27.22	44.8%	$513.3	$3,611.5	$1,524.6	$305.0	20.0%	2.4x	11.8x
McDonald's Corporation	$313.49	96.1%	$224,168.0	$275,037.0	$25,707.0	$13,896.0	54.1%	NM	19.8x
Papa John's International, Inc.	$38.60	63.5%	$1,263.7	$2,220.0	$2,063.8	$248.8	12.1%	1.1x	8.9x
Restaurant Brands International Inc.	$67.53	90.0%	$22,125.8	$38,851.8	$8,776.0	$2,601.0	29.6%	4.4x	14.9x
Starbucks Corporation	$82.19	70.0%	$93,400.7	$116,428.1	$36,347.3	$6,058.2	16.7%	3.2x	19.2x
The Wendy's Company	$12.12	58.8%	$2,327.3	$6,074.7	$2,235.2	$516.3	23.1%	2.7x	11.8x
Yum! Brands, Inc.	$147.98	90.6%	$41,133.2	$52,752.2	$7,738.0	$2,747.0	35.5%	NM	19.2x

	Margin	EV / LTM Revenue	EV / LTM EBITDA
Mean	**25.3%**	**3.0x**	**16.0x**
Median	**20.0%**	**3.0x**	**17.1x**
Harmonic Mean	**21.1%**	**2.4x**	**14.6x**

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

FAST CASUAL

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	05/08/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
CAVA Group, Inc.	$95.94	55.6%	$11,090.1	$11,102.7	$1,036.5	$119.1	11.5%	NM	NM
Chipotle Mexican Grill, Inc.	$51.45	74.3%	$69,321.9	$72,540.2	$11,487.3	$2,342.9	20.4%	NM	31.0x
El Pollo Loco Holdings, Inc.	$9.01	63.2%	$270.8	$528.0	$476.0	$55.3	11.6%	1.1x	9.5x
Noodles & Company	$0.85	36.0%	$39.1	$327.9	$495.7	$19.0	3.8%	0.7x	17.2x
Portillo's Inc.	$11.42	72.4%	$731.8	$1,419.0	$721.2	$85.0	11.8%	2.0x	16.7x
Potbelly Corporation	$10.11	75.0%	$305.0	$442.9	$465.1	$25.0	5.4%	1.0x	17.7x
Shake Shack Inc.	$103.32	73.9%	$4,155.7	$4,701.6	$1,283.0	$143.3	11.2%	3.7x	32.8x
Sweetgreen, Inc.	$18.17	40.3%	$2,138.3	$2,283.8	$685.3	NM	NA	3.3x	NM
Wingstop Inc.	$276.15	63.6%	$7,705.4	$8,721.8	$651.1	$192.0	29.5%	NM	NM

	Margin	EV / LTM Revenue	EV / LTM EBITDA
Mean	**13.1%**	**1.9x**	**20.8x**
Median	**11.6%**	**1.5x**	**17.4x**
Harmonic Mean	**9.1%**	**1.3x**	**17.5x**

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 May 8, 2025

SECTOR PUBLIC COMPANY DATA BY SEGMENT (CONTINUED)

CASUAL

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	05/08/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
BJ's Restaurants, Inc.	$38.82	93.0%	$858.5	$1,346.1	$1,367.9	$115.0	8.4%	1.0x	11.7x
Bloomin' Brands, Inc.	$7.33	29.9%	$623.5	$2,758.8	$3,931.0	$360.0	9.2%	0.7x	7.7x
Brinker International, Inc.	$136.64	71.1%	$6,073.8	$7,775.2	$5,130.5	$688.8	13.4%	1.5x	11.3x
Cracker Barrel Old Country Store, Inc.	$47.29	72.3%	$1,052.8	$2,225.2	$3,506.1	$186.6	5.3%	0.6x	11.9x
Darden Restaurants, Inc.	$199.00	94.3%	$23,288.2	$30,947.0	$11,762.3	$1,855.3	15.8%	2.6x	16.7x
Dave & Buster's Entertainment, Inc.	$21.04	36.8%	$727.1	$4,123.1	$2,132.7	$478.4	22.4%	1.9x	8.6x
Denny's Corporation	$4.36	52.5%	$223.5	$636.7	$454.0	$62.8	13.8%	1.4x	10.1x
Dine Brands Global, Inc.	$22.57	49.4%	$352.7	$1,803.0	$820.9	$201.0	24.5%	2.2x	9.0x
First Watch Restaurant Group, Inc.	$15.99	70.4%	$975.3	$1,794.2	$1,055.7	$95.9	9.1%	1.7x	18.7x
Red Robin Gourmet Burgers, Inc.	$2.80	30.4%	$49.7	$604.1	$1,248.6	$37.3	3.0%	0.5x	16.2x
Texas Roadhouse, Inc.	$172.55	83.7%	$11,462.1	$12,134.1	$5,499.8	$704.6	12.8%	2.2x	17.2x
The Cheesecake Factory Incorporated	$49.92	87.1%	$2,472.4	$4,439.0	$3,617.7	$307.6	8.5%	1.2x	14.4x

	Margin	EV / LTM Revenue	EV / LTM EBITDA
Mean	**12.2%**	**1.5x**	**12.8x**
Median	**11.0%**	**1.5x**	**11.8x**
Harmonic Mean	**8.9%**	**1.1x**	**11.8x**

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

UPSCALE

	Price	% 52 Wk	Market	Enterprise	LTM			EV / LTM	
Company	05/08/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Ark Restaurants Corp.	$11.16	62.8%	$40.2	$120.1	$178.5	$5.4	3.0%	0.7x	22.3x
GEN Restaurant Group, Inc.	$4.51	34.4%	$24.2	$195.0	$215.0	$5.5	2.6%	0.9x	35.4x
The ONE Group Hospitality, Inc.	$3.52	57.7%	$109.3	$890.7	$799.5	$87.3	10.9%	1.1x	10.2x

	Margin	EV / LTM Revenue	EV / LTM EBITDA
Mean	**5.5%**	**0.9x**	**22.6x**
Median	**3.0%**	**0.9x**	**22.3x**
Harmonic Mean	**3.7%**	**0.9x**	**17.5x**

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

Source: Capital IQ and Capstone Partners as of May 8, 2025

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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 private equity-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 the Restaurant and Franchise space. He previously was 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.

2024	2023	2022	2022
INVESTMENT BANKING FIRM OF THE YEAR	INVESTMENT BANKING FIRM OF THE YEAR	INVESTMENT BANKING FIRM OF THE YEAR	INVESTMENT BANKING FIRM OF THE YEAR
THE M&A ATLAS AWARDS	THE M&A ATLAS AWARDS	THE M&A ADVISOR	M&A TODAY GLOBAL AWARDS 2022 WINNER

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 2024 Middle Market Business Owners Survey indicated growth strategies are a priority for 2025, the lion's share (40.7%) of owners anticipate a need for growth strategy support services. Similarly, 38.1% of CEOs require equity capital advisory services to support operational initiatives and business expansion. Nearly one-third of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, 30.2% 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.

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 2025

40.7%
Instituting a growth strategy

38.1%
Raising equity capital

32.4%
Accounting & audit support

30.2%
Accessing relevant industry research

20.2%
Raising debt capital

19.8%
Corporate restructuring

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): 278

ENDNOTES

1. QSR, "Report: Bain Capital Agrees to Buy 750-Unit Franchisee Sizzling Platter for Over $1 Billion," https://www.qsrmagazine.com/story/report-bain-capital-agrees-to-buy-750-unit-franchisee-sizzling-platter-for-over-1b/, accessed May 9, 2025.
2. Forbes, "Hot Chicken is on the Menu with Dave's Billion Dollar Buyout," https://www.forbes.com/sites/shimiteobialo/2025/03/21/hot-chicken-is-on-the-menu-with-daves-billion-dollar-buyout/, accessed May 9, 2025.
3. Reuters, "Tropical Smoothie Café to Explore $2 Billion Sale-Sources," https://www.reuters.com/markets/deals/tropical-smoothie-cafe-explore-2-billion-sale-sources-2023-12-21/, accessed May 9, 2025.
4. Blackstone, "Jersey Mike's to Partner with Blackstone to Accelerate Leading Franchisor's Continued Growth," https://www.blackstone.com/news/press/jersey-mikes-to-partner-with-blackstone-to-accelerate-leading-franchisors-continued-growth/, accessed May 9, 2025.
5. PR Newswire, "Sycamore Partners Acquires Playa Bowls, the Nation's Leading Superfruit Bowl Shop," https://www.prnewswire.com/news-releases/sycamore-partners-acquires-playa-bowls-the-nations-leading-superfruit-bowl-shop-302237143.html, accessed May 9, 2025.

CAPSTONE PARTNERS

Common Goals. Uncommon Results.

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 ~200 professionals in the U.S. with 450+ professionals across 49 countries.

252
M&A Transactions in 2024

$30B+
Transaction Value in 2024

33%
Cross-Border Deals

6th
Globally Ranked for Deals < $500M

450+
Team of IMAP Professionals Worldwide

14
Industry Verticals with Global Expertise

2,200+
Historical Completed Transactions

United States

~200 professionals
8 offices

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

International

450+ professionals
60+ offices in 51 countries

Asia: China · India · Japan · Thailand
Africa: Congo · Cameroon · Ghana · Mauritius · Morocco · Senegal · South Africa · Uganda · Zimbabwe
Americas: USA · Canada · Argentina · Brazil · Chile · Colombia · Mexico · Panama & Central America · Paraguay · Peru
Europe: Belgium · Bosnia & Herzegovina · Croatia · Czech Republic · Denmark · Finland · France · Germany · Hungary · Ireland · Italy · Netherlands · Poland · Portugal · Romania · Serbia · Slovakia · Slovenia · Spain · Sweden · United Kingdom
Middle East: Egypt · Oman · Qatar · Saudi Arabia · United Arab Emirates