



Restaurant Sector Update

Winter 2022

Executive Summary

The U.S. restaurant industry continued its recovery from the havoc brought on by the COVID-19 pandemic. Sales growth, aided by strong off-premise trends combined with the proliferation of ghost kitchens and virtual brands, continued to improve month-over-month despite ongoing labor challenges. Increased vaccination rates, increasing technology adoption and consumer behavioral shifts position the industry for continued recovery in 2022.

Industry sales continued to post strong growth over pre-pandemic periods (2019), with December sales of \$73 billion up 10.9% on a two-year basis. Continued deployment of vaccines, warmer weather, acceleration in ghost kitchen concepts and restaurateurs' investments in off-premise channels is driving much of this growth. Online food delivery sales were projected to reach \$31 billion in 2021, an annual growth of 14.6% since 2017, despite third-party delivery services reporting flattened sales growth as dining rooms reopen. Restaurant-to-consumer was projected to account for nearly 60% of total online food delivery sales.

Challenging operating conditions persist with labor shortages and prime cost inflation at the forefront of restaurateurs' minds. As of June 2021, 75% of restaurant operators reported that recruiting and retaining talent was their top challenge—the highest level ever recorded by the National Restaurant Association. The U.S. restaurant industry is still nearly one million jobs below its pre-pandemic level, despite adding an average of 137,000 jobs per month in 2021. Food and labor costs continued to rise, squeezing margins just when the restaurant sector was beginning to recover from the pandemic. Operators were largely successful in passing on food and labor costs to consumers, but it remains to be seen how consumers will react to continued pricing action.

M&A activity in the restaurant sector in 2021 improved from 2020, with 183 closed deals in North America. Throughout 2021, the M&A market was predominately driven by strategic buyers (including companies primarily owned by private equity investors), with strategic transactions representing 86% of total deals closed. Of the 183 deals closed over the last 12 months, 79% were completed by privately owned buyers. The restaurant sector IPO market was the most active it has been in 25 years, with five completed IPOs (and 3 more announced) this year.

Despite employment and inflationary challenges that will continue to affect the restaurant industry, market optimism remains high, with most industry participants signaling continued strength in the restaurant equities, lending, and M&A markets. As market challenges and uncertainty gradually subside, we expect recent momentum in the U.S. restaurant M&A market to strengthen throughout 2022.

Table of Contents

- 0
- 2 Executive Summary
- 3 Recent Trends / Market Commentary
- 6 M&A Market Overview
- 13 Same-Store Sales Growth
- 18 Stock Price Performance
- 21 Public Restaurant Valuations
- 26 Kroll Restaurant Qualifications

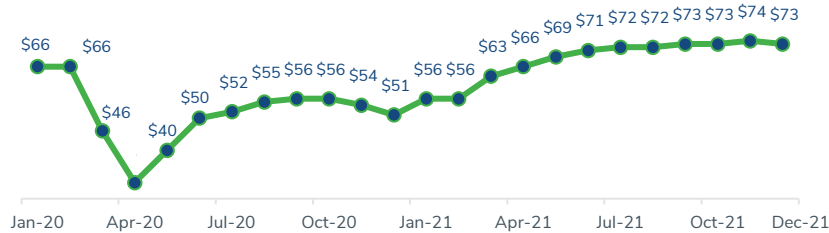
Recent Trends / Market Commentary

Market Update .o

U.S. Restaurant Sales¹

Restaurant sales have steadily increased through 2021 to 13.6% above pre-pandemic levels

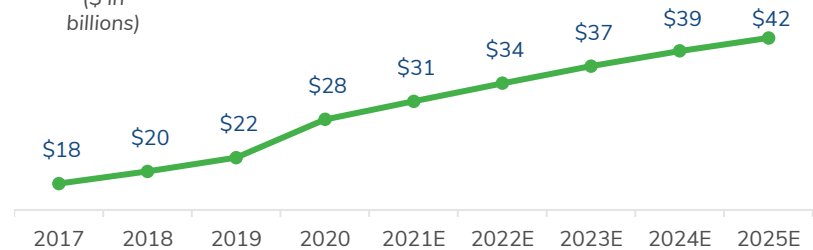
(\$ in billions)



U.S. Food Delivery Sales²

U.S. restaurants continue to grow revenue through off-premise sales channels, building on pandemic-accelerated growth

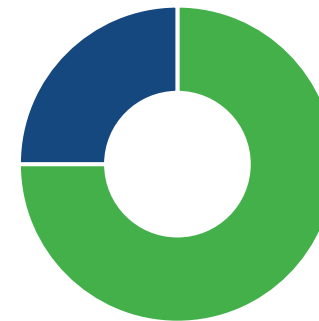
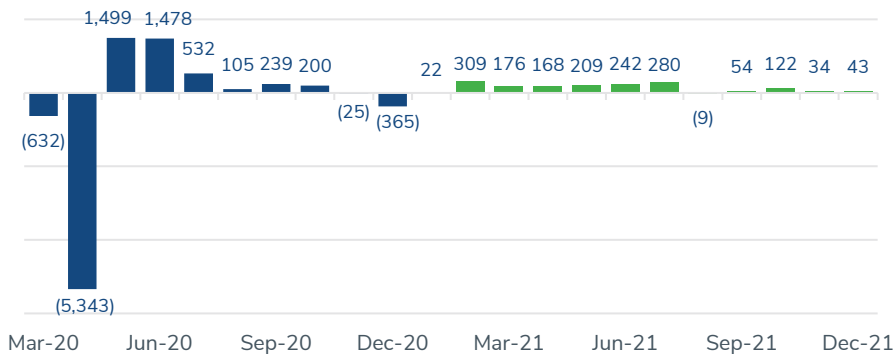
(\$ in billions)



Restaurant Sector Employment in the U.S.³

Despite steady gains in 2021, restaurants and bars are still nearly one million jobs below their pre-pandemic employment level

(In thousands)



75%
of U.S. restaurant operators

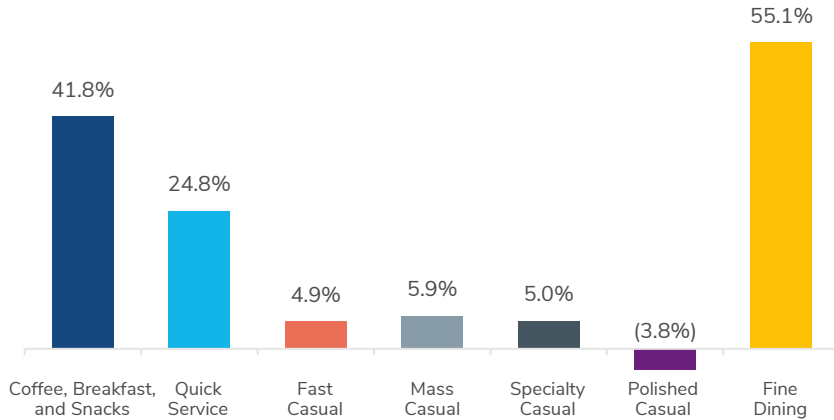
reported that recruiting employees was their top challenge as of June 2021—the highest level ever recorded

1) Source: U.S. Census Bureau
2) Source: Statista; 2021 figure represents future projections

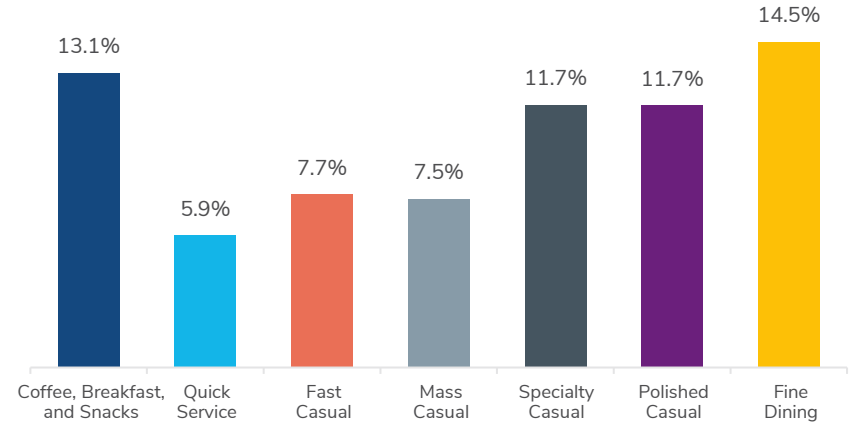
3) Sources: Bureau of Labor Statistics: Eating and Drinking Place Employment
National Restaurant Association 2021 Mid-Year State of Restaurant Industry Report

Market Update

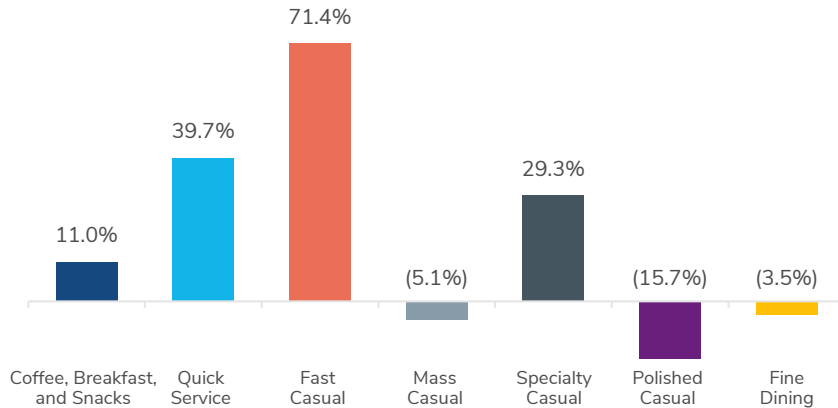
FY2021 Median Revenue Growth by Subsector¹



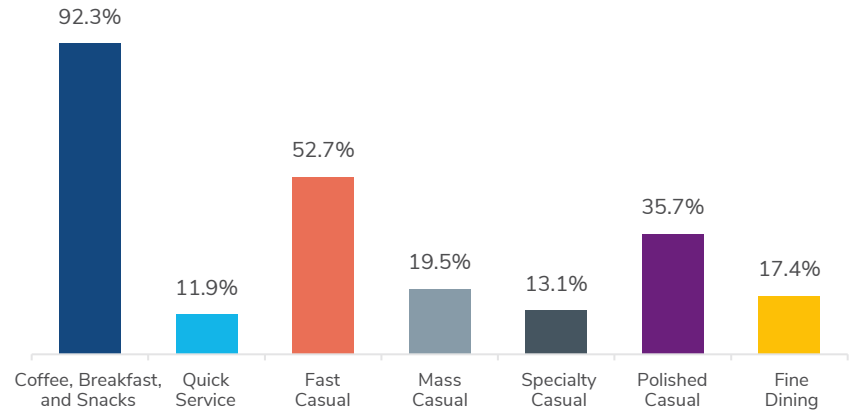
FY2022 Median Expected Revenue Growth by Subsector²



FY2021 Median Diluted EPS Growth by Subsector¹



FY2022 Median Expected Diluted EPS Growth by Subsector²



1) FY2021 financial data is being compared to FY2019 pre-pandemic results. FY2021 figures represent year-end analyst and company-provided projections.

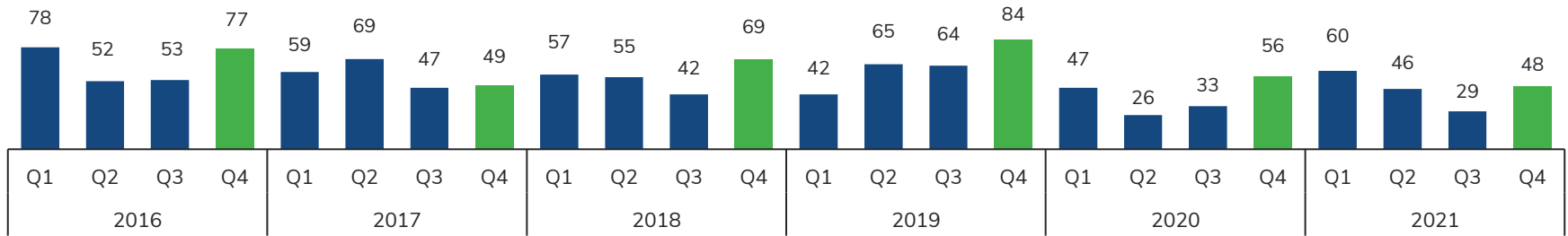
2) FY2022 data reflects subsector medians of analyst projections for those companies that have provided forward-looking guidance.

Sources: S&P Global Market Intelligence and company press releases

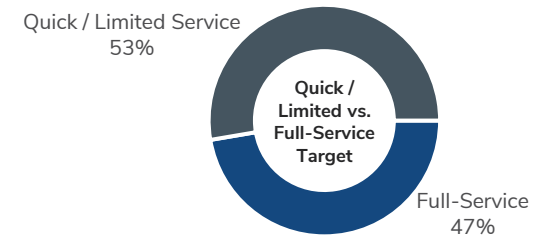
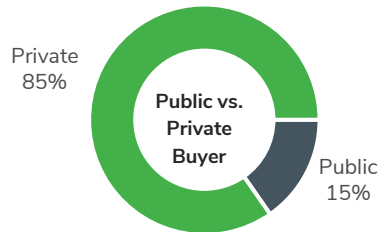
M&A Market Overview

M&A Market Overview

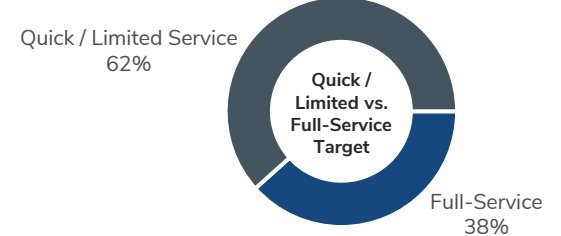
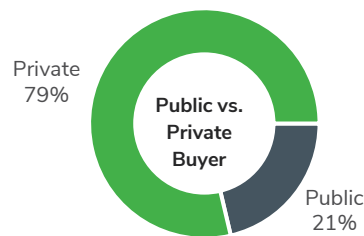
Number of Closed Deals



For the 12 Months Ending December 31, 2020¹



For the 12 Months Ending December 31, 2021¹



1) By number of restaurant sector deals closed within the stated period where the target was based in North America
 Source: S&P Global Market Intelligence. Transactions with more than 50% of the company acquired are included in the analysis.

Select Recent M&A Transactions .ooo

GARNETT STATION PARTNERS, LLC TO ACQUIRE PRIMANTI BROTHERS FROM L CATTERTON PARTNERS



- On January 3, 2022, Garnett Station Partners, LLC announced their acquisition of Primanti Bros. from L Catterton Partners. Primanti Bros., founded and headquartered in Pittsburgh, PA is a chain of 40+ restaurants known for their almost famous sandwiches topped with slaw and fries.

Kroll Securities acted as sell-side advisor.

JACK IN THE BOX INC. TO ACQUIRE DEL TACO RESTAURANTS INC.



- On December 6, 2021, Jack in the Box Inc. announced its upcoming acquisition of Del Taco Restaurants Inc. for a total purchase price of USD \$574 million, 10.5x their TTM EBITDA. Del Taco is the second largest Mexican quick-service chain in the United States with over 600 locations across 16 states. "This is a natural combination of two like-minded, challenger brands with outstanding growth opportunities. Together, Jack in the Box and Del Taco will benefit from a stronger financial model, gaining greater scale to invest in digital and technology capabilities, and unit growth" said Jack in the Box CEO Darin Harris.

RESTAURANT BRANDS INTERNATIONAL INC. TO ACQUIRE FIREHOUSE SUBS



- On November 15, 2021, Restaurant Brands International, Inc. (RBI) announced its upcoming acquisition of Firehouse Restaurant Group Inc., parent company of Firehouse Subs, for a total of USD \$1 billion. The 1200-unit sandwich chain expects system-wide sales of USD \$1.1 billion in 2021 and will become RBI's fourth portfolio company, all of which are franchised quick service restaurant concepts. "Firehouse Subs is a special brand with a talented team, impressive culture and community focus that resonates with guests," said RBI CEO José Cil of their upcoming acquisition.

Select Recent M&A Transactions 0000

ORANGEWOOD PARTNERS TO ACQUIRE PACIFIC BELLS FROM PARTNERS GROUP HOLDING



- On November 11, 2021, Orangetown Partners LLC announced their upcoming acquisition of Pacific Bells, LLC from Partners Group Holding AG. Pacific Bells is one of the largest Taco Bell franchisees in the United States, currently operating over 250 locations. The Pacific Bells founders will maintain a significant minority stake in the franchise and continue to operate the restaurants. “We are proud to be partnering with the Pacific Bells management team who have proven to be a best-in-class operator,” said Orangetown Managing Partner Alan Goldfarb.

FAT BRANDS, INC. TO ACQUIRE FAZOLI'S FROM SENTINEL CAPITAL PARTNERS



- On November 1, 2021, FAT Brands, Inc. announced its upcoming acquisition of Fazoli's System Management from Sentinel Capital Partners for a total of USD \$130 million. The 33-year-old iconic brand of Italian quick service restaurants operates and franchises 215 locations selling scratch-made pasta, pizza, salads, and more. Fazoli's System Management marks FAT Brands's ninth major acquisition since 2017 and will contribute to over USD \$80 million in expected earnings for FAT Brands in 2022.

Kroll Securities acted as sell-side advisor.

MUBADALA CAPITAL ACQUIRED K-MAC ENTERPRISES FROM LEE EQUITY PARTNERS



- On October 14, 2021, Mubadala Capital completed its acquisition of K-MAC Enterprises, Inc. from Lee Equity Partners, LLC. K-MAC is the second largest Taco Bell franchisee in the United States, founded in 1964 and currently operating over 300 Taco Bell locations. The historic acquisition marks one of the largest North American investments by Mubadala, the UAE's sovereign wealth fund with USD \$243 billion in assets under management. “The management team at K-MAC are among the best operators we have come across,” said Mubadala Head of Private Equity Adib Martin Mattar.

Select Recent M&A Transactions ○○○

FAT BRANDS INC. ACQUIRED TWIN PEAKS FROM GARNETT STATION PARTNERS, LLC



- On October 4, 2021, FAT Brands, Inc. completed the acquisition of Twin Peaks Restaurants, LP from Garnett Station Partners, LLC for a total of USD \$300 million. The U.S.-based chain of lodge-themed sports bars has 82 locations known for their scratch-made food and signature 29 degree draft beers. “This is a brand that we can grow globally at a fast pace,” said FAT Brands CEO Andy Wiederhorn of their third recent acquisition.

Kroll Securities acted as sell-side advisor.

MERITAGE GROUP ACQUIRED MALNATI ORGANIZATION FROM BDT CAPITAL



- On October 1, 2021, Meritage Group LP completed the acquisition of Malnati Organization, Inc. from BDT Capital Partners, LLC, valuing the Chicago-style pizza concept at over USD \$500 million. The Malnati family will retain a significant minority stake in the company and continue to operate the 71 Lou Malnati’s Pizzeria locations. “Our goal has always been to bring people in that are willing to do the relational work necessary to create more than just another company, to create a community,” said founder Marc Malnati.

TENDER GREENS MERGES WITH TOCAYA, FORMING ONE TABLE RESTAURANT BRANDS



- On August 3, 2021, Tender Greens and Tocaya merged their two California-based fast casual restaurant brands to create the 45-unit operating company One Table Restaurant Brands. Both Tender Greens and Tocaya are known for their chef-made menus and locally grown ingredients with a build-your-plate component. “It was such a natural combination that we were so excited that we were able to make it work,” said One Table president and CFO Lina O’Connor.

Select Recent M&A Transactions



HIGH BLUFF CAPITAL PARTNERS AND FS INVESTMENTS TO ACQUIRE CHURCH'S CHICKEN

- On August 2, 2021, High Bluff Capital Partners announced its acquisition of Church's Chicken with additional capital provided by FS Investments. The iconic quick service restaurant brand operates over 1,500 locations in 26 countries with nearly USD \$1.2 billion of annual sales. "At a time when the entire restaurant industry has faced unprecedented challenges, Church's has stood out as a notable bright spot," said High Bluff Capital founder Anand Gowda.



FAT BRANDS, INC. ACQUIRED GLOBAL FRANCHISE GROUP, LLC

- On July 23, 2021, FAT Brands, Inc. completed the acquisition of Global Franchise Group, LLC from Serruya Private Equity and Lion Capital for a total of USD \$443 million. The U.S.-based company operates five quick service restaurant concepts including Round Table Pizza, Great American Cookies, Marble Slab Creamery, Hot Dog on a Stick and Pretzelmaker and is expected to increase FAT Brands' annual EBITDA by USD \$40 million. "FAT Brands is [now] poised to better position itself as a multi-concept operator in the franchise restaurant business," said FAT Brands CEO Andy Wiederhorn.

Kroll Securities acted as sell-side advisor.



AMPEX BRANDS, LLC ACQUIRED AU BON PAIN FROM PANERA BREAD CO.

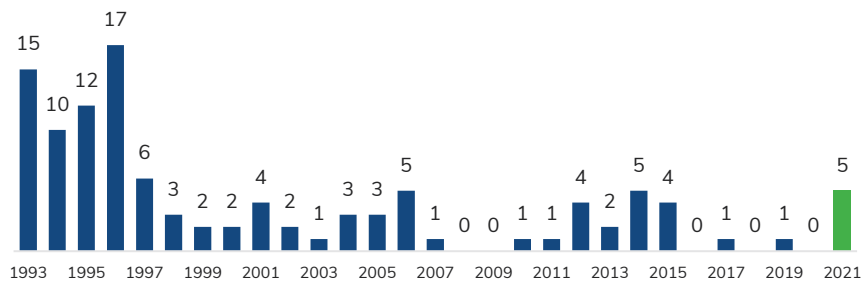
- On June 29, 2021, ABP Corporation ("Au Bon Pain"), a leading, internationally franchised bakery-café chain, and subsidiary of Panera Bread, was acquired by Ampex Brands. The U.S.-based fast casual brand has 187 locations offering fresh and portable breads and baked goods, coffee beverages and chef-inspired sandwiches, soups and salads. "The bakery café category will rebound, and Au Bon Pain is well-positioned to grow," said Ampex Brands CEO Tabbassum Mumtaz.

Kroll Securities acted as sell-side advisor.

Restaurant Sector Public Offerings

Completed Restaurant Industry IPOs By Year

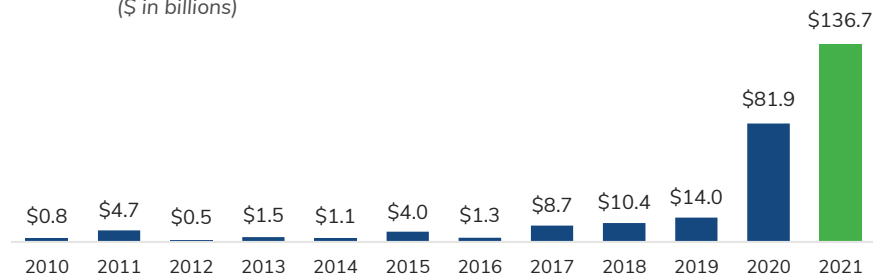
As public equity investors shy away from restaurant investments, five U.S.-based restaurant companies went public in 2021, one IPO short of becoming the largest wave in restaurant industry public offerings in 25 years



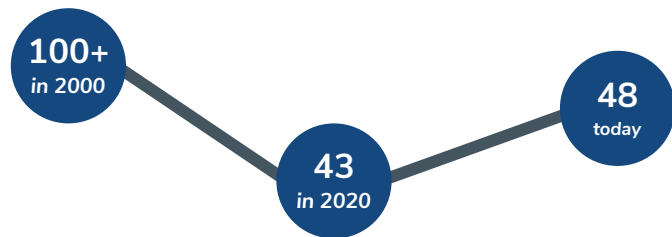
SEC-Registered SPAC IPO Issuance

There has been a resurgence in U.S. SPAC issuance in recent years, reaching a record high in 2021

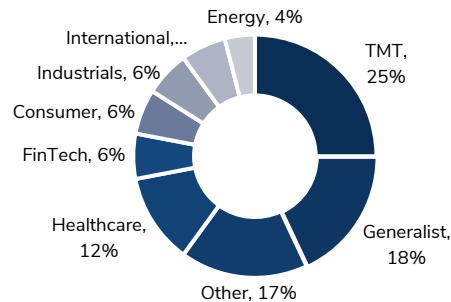
(\$ in billions)



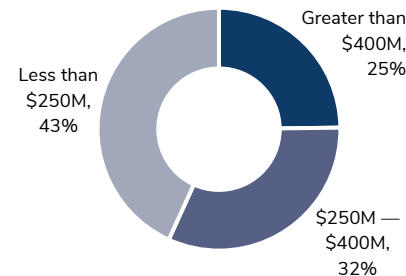
Public Restaurant Companies¹



SPACs By Industry



SPACs By Size



Completed 2021 IPOs

Announced IPOs

COMPANY								
IPO SIZE (in millions)	\$500	\$500	\$170	\$405	\$364			
IPO DATE	Jul 1	Sept 15	Oct 1	Oct 20	Nov 18			

U.S. Restaurant Focused SPACs

SPAC					
SIZE (in millions)	\$276	\$250	\$200	\$175	\$125

1) The number of publicly traded U.S.-based restaurants using end of year figures

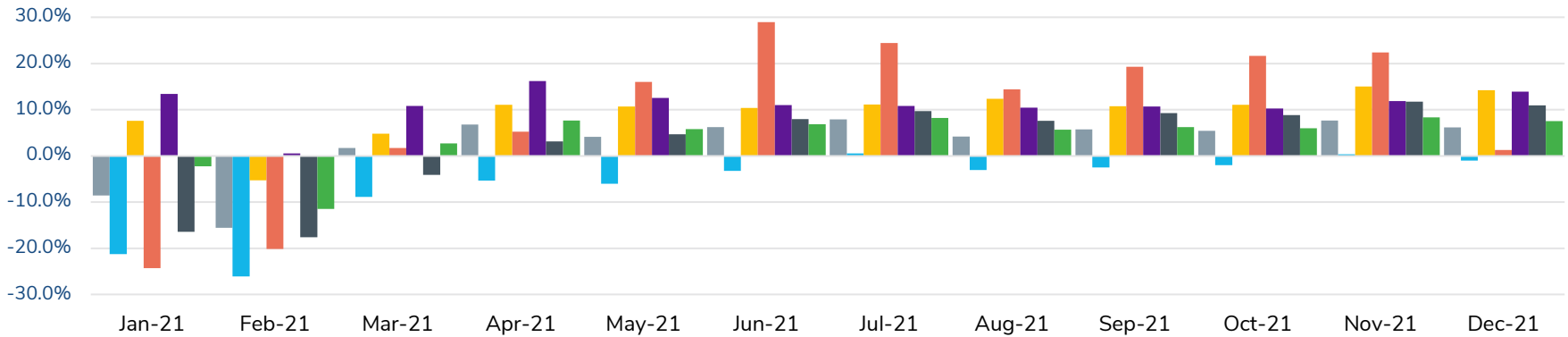
Sources: S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., Newswire, PR Newswire, GlobeNewswire)

Same-Store Sales Growth

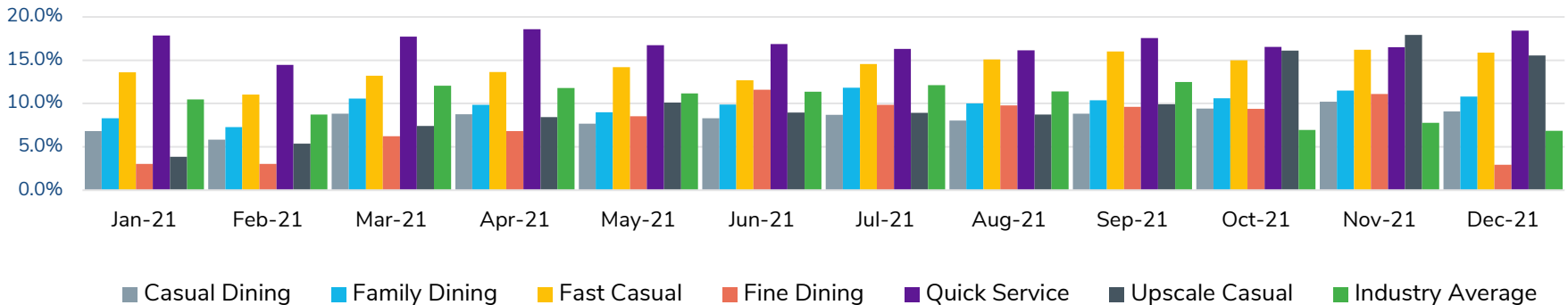
Restaurant Sector Monthly SSS Trends

SSS performance has continued to trend in positive directions compared to the trailing 24 months as states ease dine-in restrictions, vaccinations increase in supply, and warmer weather returns to most of the U.S.

2-Year Same-Store Sales Growth



Implied Pricing Actions



Source: Nation's Restaurant News and Black Box Intelligence report
 Note: 2021 performance has been compared to 2019's pre-COVID sales.

Quarterly SSS Performance

	2019						2020						2021		
	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4			Q1	Q2	Q3
Coffee, Breakfast and Snacks															
Starbucks Corporation	4.0%	7.0%	6.0%	6.0%			(3.0%)	(40.0%)	(9.0%)	(5.0%)			9.0%	83.0%	22.0%
Dunkin' Brands Group, Inc.															
Dunkin' Donuts	2.4%	1.7%	1.5%	2.1%			(2.0%)	(18.7%)	NR	NR			NR	NR	NR
Baskin-Robbins	(2.8%)	1.4%	3.6%	0.8%			1.8%	(6.0%)	NR	NR			NR	NR	NR
Median	2.4%	1.7%	3.6%	2.1%			(2.0%)	(18.7%)	(9.0%)	(5.0%)			9.0%	83.0%	22.0%
Mean	1.2%	3.4%	3.7%	3.0%			(1.1%)	(21.6%)	(9.0%)	(5.0%)			9.0%	83.0%	22.0%
Quick Service															
McDonald's Corporation	4.5%	5.7%	4.8%	5.1%			0.1%	(8.7%)	4.6%	5.5%			13.6%	25.9%	9.6%
Yum! Brands, Inc.															
KFC	2.0%	2.0%	(1.0%)	1.0%			(3.0%)	7.0%	9.0%	8.0%			14.0%	11.0%	4.0%
Pizza Hut	0.0%	2.0%	(3.0%)	(4.0%)			(7.0%)	5.0%	6.0%	8.0%			16.0%	4.0%	2.0%
Taco Bell	4.0%	7.0%	4.0%	4.0%			1.0%	(8.0%)	3.0%	1.0%			9.0%	21.0%	5.0%
Restaurant Brands International Inc.															
Burger King	0.4%	0.5%	5.0%	0.6%			(6.5%)	(9.9%)	(3.2%)	(2.9%)			6.6%	13.0%	(1.6%)
Tim Hortons	(0.6%)	0.5%	(1.4%)	(4.3%)			(10.3%)	(29.3%)	(12.5%)	(11.0%)			(2.3%)	27.6%	8.9%
Popeyes	0.4%	2.9%	10.2%	37.9%			29.2%	28.5%	19.7%	(6.4%)			0.9%	(2.5%)	(4.5%)
Domino's Pizza, Inc.	3.9%	3.0%	2.4%	3.4%			1.6%	16.1%	17.5%	11.2%			13.4%	3.5%	(1.9%)
The Wendy's Company	1.2%	1.3%	4.5%	4.5%			0.0%	(4.4%)	7.0%	5.5%			13.5%	16.1%	2.1%
Jack in the Box Inc.	0.2%	2.7%	3.0%	1.7%			(4.2%)	6.6%	12.2%	12.5%			20.6%	10.2%	0.1%
Carrols Restaurant Group, Inc.	2.4%	0.1%	4.5%	2.2%			(5.7%)	(5.6%)	1.0%	(11.0%)			14.7%	8.2%	11.5%
Papa John's International, Inc.	(6.9%)	(5.7%)	1.0%	3.5%			5.3%	28.0%	23.8%	13.5%			26.2%	5.2%	6.9%
Del Taco Restaurants, Inc.	(0.1%)	2.2%	1.0%	0.4%			(3.1%)	(10.1%)	4.1%	3.8%			9.1%	17.8%	1.8%
Median	0.4%	2.1%	3.5%	2.7%			(1.5%)	(4.4%)	6.0%	5.5%			13.5%	11.0%	2.1%
Mean	0.8%	2.7%	3.0%	4.2%			0.1%	1.2%	7.1%	2.9%			11.9%	12.4%	3.4%

Note: NR indicates figures have not been reported.

Represents most actively traded public restaurant companies.

Sources: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., The New York Times DealBook, The Deal, The Wall Street Journal)

Quarterly SSS Performance

	2019						2020						2021									
	Q1	Q2	Q3	Q4			Q1	Q2	Q3	Q4			Q1	Q2	Q3							
Fast Casual																						
Chipotle Mexican Grill, Inc.	9.9%	↑	10.0%	↑	11.0%	↑	13.4%	↑	3.3%	↑	(9.8%)	↓	8.3%	↑	5.7%	↑	17.2%	↑	31.2%	↑	15.1%	↑
Wingstop Inc.	7.1%	↑	12.8%	↑	12.3%	↑	12.2%	↑	9.9%	↑	31.9%	↑	25.4%	↑	18.2%	↑	20.7%	↑	2.1%	↑	3.9%	↑
Shake Shack Inc.	3.6%	↑	3.6%	↑	2.0%	↑	(3.6%)	↓	(12.8%)	↓	(49.0%)	↓	(31.7%)	↓	(17.4%)	↓	5.7%	↑	52.7%	↑	24.8%	↑
El Pollo Loco Holdings, Inc.	2.4%	↑	0.7%	↔	1.1%	↑	3.9%	↑	(1.5%)	↓	(9.7%)	↓	1.8%	↑	(0.2%)	↔	7.4%	↑	21.0%	↑	9.3%	↑
Fiesta Restaurant Group, Inc.																						
Pollo Tropical	(2.6%)	↓	(1.3%)	↓	(3.8%)	↓	0.6%	↔	(7.3%)	↓	(31.6%)	↓	(11.1%)	↓	(8.2%)	↓	4.3%	↑	43.5%	↑	13.8%	↑
Taco Cabana	(0.5%)	↔	(3.0%)	↓	(4.8%)	↓	(4.1%)	↓	(13.5%)	↓	(19.2%)	↓	(14.2%)	↓	(10.0%)	↓	(15.9%)	↓	NR		15.6%	↑
Potbelly Corporation	(4.7%)	↓	(4.0%)	↓	(3.0%)	↓	0.1%	↔	(10.1%)	↓	(41.5%)	↓	(21.0%)	↓	(19.7%)	↓	(3.1%)	↓	70.0%	↑	33.7%	↑
Noodles & Company	3.0%	↑	4.6%	↑	2.1%	↑	1.5%	↑	(7.2%)	↓	(30.9%)	↓	(3.8%)	↓	(4.7%)	↓	10.7%	↑	56.8%	↑	16.3%	↑
Median	2.7%	↑	2.2%	↑	1.6%	↑	1.1%	↑	(7.3%)	↓	(25.1%)	↓	(7.5%)	↓	(6.5%)	↓	6.6%	↑	43.5%	↑	15.4%	↑
Mean	2.3%	↑	2.9%	↑	2.1%	↑	3.0%	↑	(4.9%)	↓	(20.0%)	↓	(5.8%)	↓	(4.5%)	↓	5.9%	↑	39.6%	↑	16.6%	↑
Mass Casual																						
Cracker Barrel Old Country Store, Inc.	1.3%	↑	3.8%	↑	2.1%	↑	3.8%	↑	(41.7%)	↓	(39.2%)	↓	(16.4%)	↓	(21.9%)	↓	(8.6%)	↓	(8.6%)	↓	19.0%	↑
Brinker International, Inc.																						
Chili's Grill & Bar	2.7%	↑	1.3%	↑	2.3%	↑	1.7%	↑	(5.4%)	↓	(33.0%)	↓	(7.0%)	↓	(6.1%)	↓	0.6%	↔	62.1%	↑	13.4%	↑
Maggiano's Little Italy	0.4%	↔	(0.2%)	↔	(1.8%)	↓	(1.4%)	↓	(9.9%)	↓	(66.7%)	↓	(38.6%)	↓	(47.0%)	↓	(29.6%)	↓	147.9%	↑	62.6%	↑
Bloomin' Brands, Inc.																						
Bonfish Grill	1.9%	↑	0.1%	↔	(2.2%)	↓	0.5%	↔	(13.9%)	↓	(56.8%)	↓	(22.5%)	↓	(27.1%)	↓	(2.9%)	↓	141.2%	↑	36.6%	↑
Carrabba's Italian Grill	0.3%	↔	(1.6%)	↓	0.1%	↔	1.4%	↑	(8.7%)	↓	(36.7%)	↓	(9.0%)	↓	(11.4%)	↓	8.9%	↑	84.3%	↑	28.8%	↑
Fleming's Prime Steakhouse & Wine Bar	0.6%	↔	1.6%	↑	0.4%	↔	0.9%	↔	(13.2%)	↓	(56.3%)	↓	(20.3%)	↓	(29.7%)	↓	(2.3%)	↓	182.6%	↑	59.6%	↑
Outback Steakhouse (U.S. only)	3.5%	↑	1.3%	↑	0.2%	↔	2.7%	↑	(9.5%)	↓	(32.9%)	↓	(10.4%)	↓	(15.2%)	↓	4.1%	↑	65.8%	↑	18.3%	↑
Dine Brands Global, Inc.																						
Applebee's	1.8%	↑	(0.5%)	↔	(1.6%)	↓	(2.5%)	↓	(10.6%)	↓	(49.4%)	↓	(13.3%)	↓	(17.6%)	↓	11.9%	↑	102.2%	↑	27.7%	↑
IHOP	1.2%	↑	2.0%	↑	0.0%	↔	1.1%	↑	(14.7%)	↓	(59.1%)	↓	(30.2%)	↓	(30.1%)	↓	(0.9%)	↔	120.1%	↑	40.1%	↑
Denny's	1.3%	↑	3.8%	↑	1.1%	↑	1.7%	↑	(6.3%)	↓	(56.9%)	↓	(33.6%)	↓	(32.9%)	↓	(9.7%)	↓	117.0%	↑	50.2%	↑
Red Robin	(3.3%)	↓	(1.5%)	↓	1.6%	↑	1.3%	↑	(20.8%)	↓	(41.4%)	↓	(25.1%)	↓	(29.0%)	↓	10.0%	↑	66.3%	↑	34.3%	↑
BBQ Holdings, Inc.																						
Famous Dave's	(0.7%)	↔	0.5%	↔	1.9%	↑	0.9%	↔	(13.1%)	↓	(30.0%)	↓	(10.0%)	↓	(5.5%)	↓	16.0%	↑	51.0%	↑	18.7%	↑
Granite City																						
Median	1.3%	↑	0.9%	↔	0.3%	↔	1.2%	↑	(11.9%)	↓	(49.4%)	↓	(20.3%)	↓	(27.1%)	↓	(2.3%)	↓	117.0%	↑	36.6%	↑
Mean	0.9%	↔	0.9%	↔	0.3%	↔	1.0%	↑	(14.0%)	↓	(48.0%)	↓	(20.2%)	↓	(24.2%)	↓	(0.4%)	↔	116.2%	↑	37.3%	↑

Note: NR indicates figures have not been reported.

Represents most actively traded public restaurant companies.

Sources: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., The New York Times DealBook, The Deal, The Wall Street Journal)

Quarterly SSS Performance

	2019				2020				2021			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Specialty Casual												
Darden Restaurants Inc.												
LongHorn Steakhouse	3.8%	3.3%	2.6%	6.7%	3.9%	(45.3%)	(18.1%)	(11.1%)	(12.6%)	107.5%	47.0%	
Olive Garden	4.3%	2.4%	2.2%	1.5%	2.1%	(39.2%)	(28.2%)	(19.9%)	(25.8%)	61.9%	37.1%	
Bahama Breeze	(3.7%)	1.9%	(4.2%)	(3.4%)	(0.5%)	(66.1%)	(39.0%)	(28.6%)	(36.9%)	160.7%	84.6%	
The Capital Grille	4.3%	2.9%	1.5%	1.8%	4.2%	(62.5%)	(39.1%)	(31.0%)	(45.2%)	143.6%	84.6%	
Cheddar's Scratch Kitchen	(2.7%)	(3.2%)	(5.4%)	(1.2%)	(1.6%)	(58.5%)	(39.0%)	(28.6%)	(36.9%)	160.7%	65.8%	
Eddie V's	3.7%	2.0%	1.2%	0.5%	3.9%	(65.2%)	(39.1%)	(31.0%)	(45.2%)	143.6%	84.6%	
Seasons 52	(1.3%)	(2.1%)	(4.2%)	(3.5%)	3.0%	(69.9%)	(39.0%)	(28.6%)	(36.9%)	160.7%	84.6%	
Yard House	(2.1%)	(1.4%)	(1.9%)	0.7%	1.8%	(70.7%)	(39.0%)	(28.6%)	(36.9%)	160.7%	65.8%	
Texas Roadhouse Inc.	5.2%	4.7%	4.4%	4.4%	(8.4%)	(32.8%)	(6.3%)	(8.9%)	18.5%	80.2%	30.2%	
Dave & Buster's Entertainment, Inc.	2.9%	(0.3%)	(1.8%)	(4.1%)	(4.7%)	(58.6%)	(87.0%)	(66.0%)	(70.0%)	(35.0%)	697.0%	
BJ's Restaurants Inc.	2.0%	2.0%	(0.3%)	0.4%	(15.5%)	(57.2%)	(30.2%)	(32.3%)	(13.0%)	121.9%	41.8%	
Chuy's Holdings Inc.	3.2%	1.9%	2.6%	2.9%	(9.7%)	(39.0%)	(19.8%)	(18.3%)	(3.2%)	60.0%	20.5%	
Median	3.1%	2.0%	0.5%	0.6%	0.7%	(58.6%)	(39.0%)	(28.6%)	(36.9%)	121.9%	65.8%	
Mean	1.6%	1.2%	(0.3%)	0.6%	(1.8%)	(55.4%)	(35.3%)	(27.7%)	(29.5%)	99.7%	112.0%	
Polished Casual												
The Cheesecake Factory Incorporated	1.3%	1.0%	0.4%	0.6%	(12.9%)	(56.9%)	(23.3%)	(19.5%)	2.8%	150.0%	41.1%	
J. Alexander's Holdings Inc.												
Redlands Grill	0.3%	0.3%	(2.0%)	(0.4%)	(12.8%)	(55.2%)	(18.1%)	(21.4%)	3.1%	135.7%	NR	
Stoney River Steakhouse and Grill	2.2%	0.3%	(0.7%)	0.0%	(14.6%)	(55.9%)	(18.2%)	(24.9%)	4.0%	156.6%	NR	
Median	1.3%	0.3%	(0.7%)	0.0%	(12.9%)	(55.9%)	(18.2%)	(21.4%)	3.1%	150.0%	41.1%	
Mean	1.3%	0.5%	(0.8%)	0.1%	(13.4%)	(56.0%)	(19.9%)	(21.9%)	3.3%	147.4%	41.1%	
Fine Dining												
Ruth's Hospitality Group, Inc.	1.8%	(0.5%)	0.6%	1.4%	(13.5%)	(74.1%)	(36.7%)	(39.7%)	(14.8%)	286.6%	66.8%	
The ONE Group Hospitality, Inc.												
STK Steakhouse	8.6%	6.4%	9.3%	8.9%	(12.8%)	(81.4%)	(24.2%)	(20.7%)	20.8%	725.7%	130.6%	
Kona Grill	NR	NR	NR	3.9%	(15.5%)	(52.8%)	(7.3%)	(8.0%)	26.6%	160.6%	36.8%	
Median	5.2%	3.0%	5.0%	3.9%	(13.5%)	(74.1%)	(24.2%)	(20.7%)	20.8%	286.6%	66.8%	
Mean	5.2%	3.0%	5.0%	4.7%	(13.9%)	(69.4%)	(22.7%)	(22.8%)	10.9%	391.0%	78.1%	

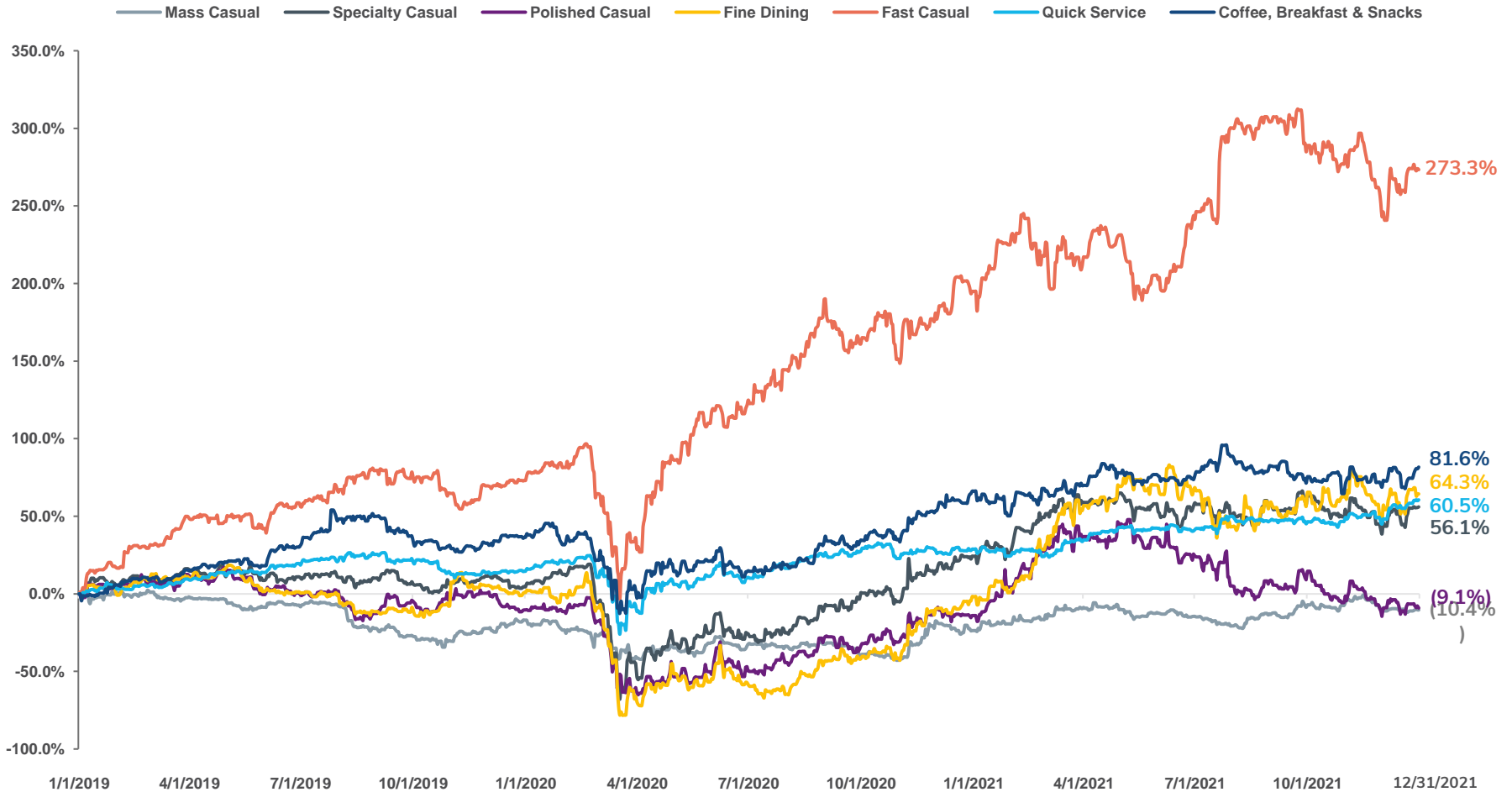
Note: NR indicates figures have not been reported.

Represents most actively traded public restaurant companies.

Sources: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., The New York Times DealBook, The Deal, The Wall Street Journal)

Stock Price Performance

Indexed Stock Price Performance



Sector index weight is based on company market capitalization at valuation date.
Source: S&P Global Market Intelligence—data as of December 31, 2021

Sector Stock Price Performance

(\$ in millions, except per share data)

Market Sector	Number of Companies	Avg. Equity		Avg. % Change in Market Value				Median EV /EBITDA Multiple		
		Market Value	12/31/21	1 Month	3 Months	6 Months	12 Months	LTM	CY21E	CY22E
Mass Casual	11	\$	998	(0.6%)	(2.2%)	5.4%	17.6%	10.3x	9.0x	7.1x
Specialty Casual	5		5,806	12.0%	(1.0%)	(0.6%)	27.4%	14.8x	10.9x	8.7x
Polished Casual	2		1,024	2.3%	(21.5%)	(41.1%)	7.5%	13.0x	10.6x	8.4x
Fine Dining	2		538	13.9%	8.3%	(2.7%)	72.2%	12.1x	9.6x	7.8x
Fast Casual	9		7,035	7.4%	(3.9%)	10.1%	27.2%	12.6x	10.0x	9.5x
Quick Service	10		29,347	11.5%	12.1%	15.7%	25.5%	14.8x	15.2x	14.4x
Coffee, Breakfast and Snacks	3		47,644	6.9%	6.3%	4.9%	10.4%	27.6x	21.6x	20.0x
Median		\$	5,806	7.4%	(1.0%)	4.9%	25.5%	13.0x	10.6x	8.7x
Mean		\$	13,199	7.6%	(0.3%)	(1.2%)	26.8%	15.0x	12.4x	10.8x

Market Indices

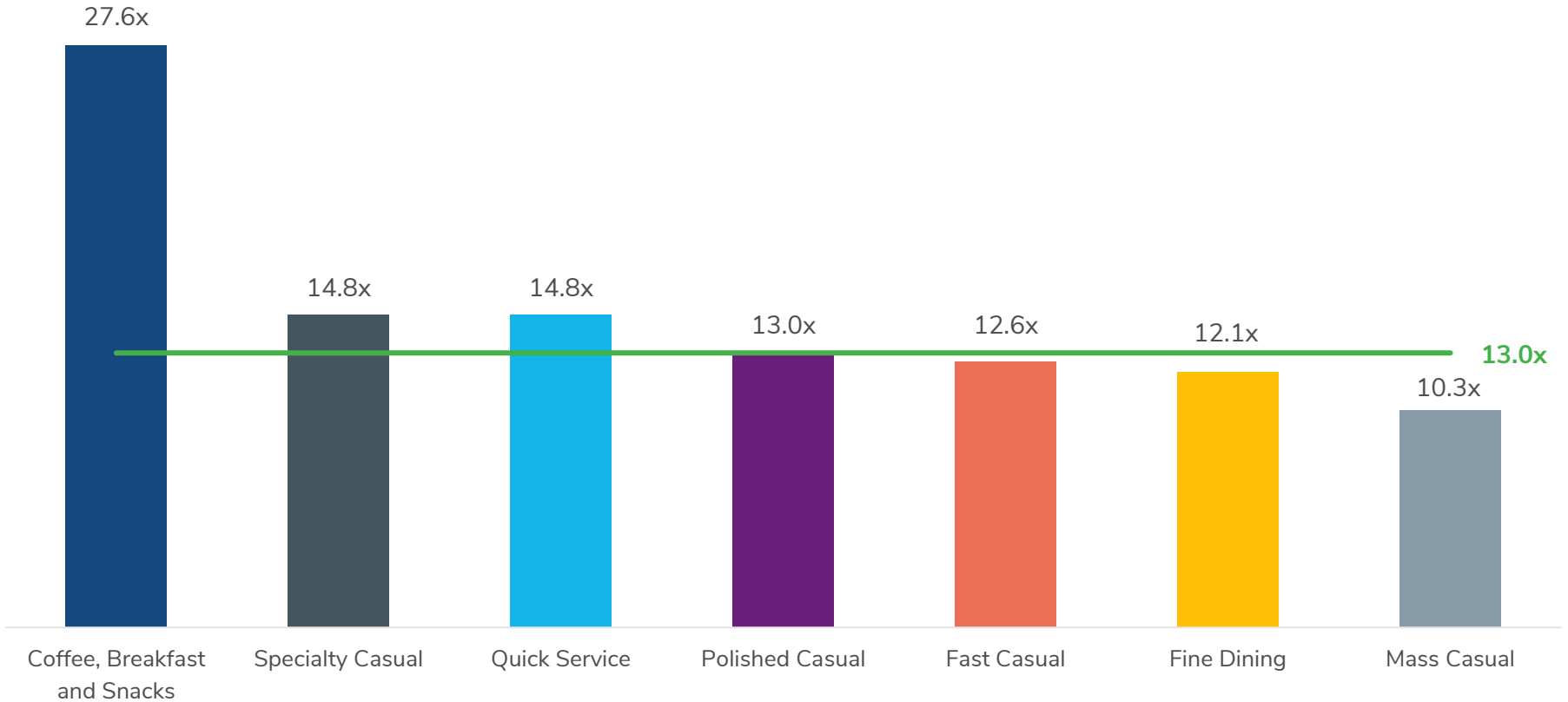
S&P 500 Index	\$	4,793	0.6%	9.9%	11.5%	21.1%
Dow Jones Industrial Average	\$	36,489	0.4%	6.1%	5.8%	10.3%
Russell 2000 Index	\$	2,249	0.2%	1.1%	(2.7%)	2.4%
S&P Restaurant Index	\$	2,650	(0.2%)	6.2%	11.9%	16.3%

Sector index weight is based on company market capitalization at valuation date.
Source: S&P Global Market Intelligence—data as of December 31, 2021

Public Restaurant Valuations

Public Restaurant Valuations .o

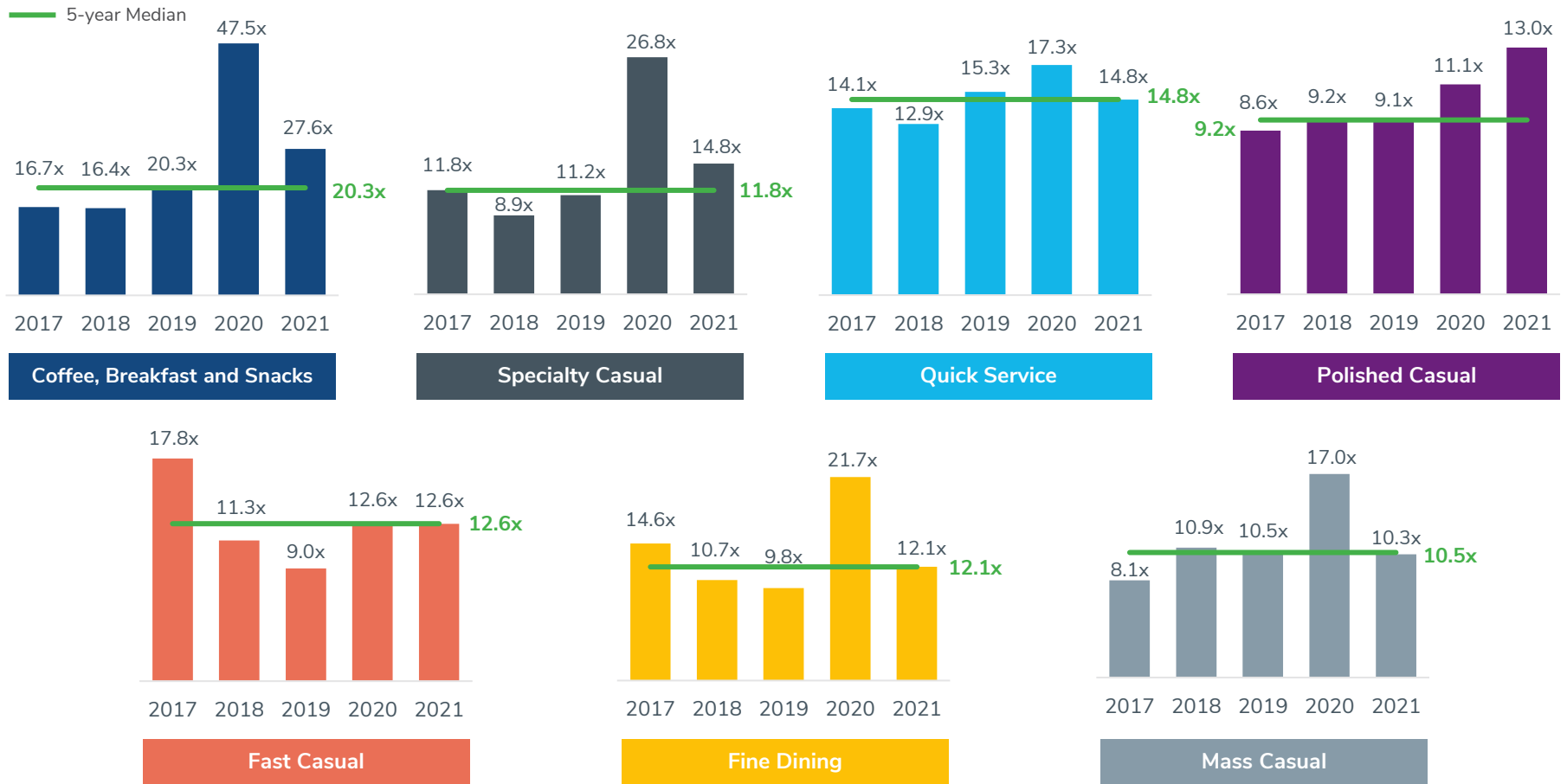
EV / TTM EBITDA Median Multiples By Subsector as of December 31, 2021



Note: Sector constituents based on selected comparable companies; EBITDA does not reflect adjustments for extraordinary items.
EV = enterprise value = market capitalization + total debt + preferred equity – cash and short-term investments. TTM = last 12 months. Source: S&P Global Market Intelligence

Public Restaurant Valuations

EV / TTM EBITDA Median Multiples – Restaurant Subsectors as of December 31



Note: Sector constituents based on selected comparable companies; EBITDA does not reflect adjustments for extraordinary items. EV = enterprise value = market capitalization + total debt + preferred equity – cash and short-term investments. TTM = last 12 months. Source: S&P Global Market Intelligence

Public Company Trading Statistics

(\$ in millions, except per share data)

	Stock Price 12/31/21	% of 52-Wk High	Market Capitalization	Adjusted Net Debt	Enterprise Value	Operating Metrics				Enterprise Value as Multiple of			
						Revenue		LTM EBITDA	Net Debt to	Revenue		EBITDA	
						LTM	5-Year CAGR	Margin	EBITDA	LTM	LTM	CY21E	CY22E
Coffee, Breakfast and Snacks													
Starbucks Corporation	\$ 116.97	92.6%	\$ 137,229	\$ 8,161.4	\$ 145,391	\$ 27,291	7.5%	22.8%	1.3x	5.33x	23.4x	21.3x	20.0x
Krispy Kreme, Inc.	18.92	87.2%	3,164	673.5	3,838	1,339	NA	9.0%	5.6x	2.87x	31.8x	21.6x	NA
Dutch Bros, Inc.	50.91	62.5%	2,539	8.8	2,548	448	NA	NM	NA	5.69x	NA	32.6x	NA
Median	\$ 50.91	87.2%	\$ 3,164	\$ 673.5	\$ 3,838	\$ 1,339	7.5%	15.9%	3.4x	5.33x	27.6x	21.6x	20.0x
Mean	\$ 62.27	80.8%	\$ 47,644	\$ 2,947.9	\$ 50,592	\$ 9,693	7.5%	15.9%	3.4x	4.63x	27.6x	25.2x	20.0x
Quick Service													
McDonald's Corporation	\$ 268.07	99.0%	\$ 200,314	\$ 30,822.4	\$ 231,136	\$ 22,161	(2.7%)	50.6%	2.7x	10.43x	20.6x	19.1x	18.0x
Yum! Brands, Inc.	138.86	99.3%	40,704	10,306.0	51,010	6,437	0.1%	35.3%	4.5x	7.92x	22.4x	21.8x	20.3x
Restaurant Brands International, Inc.	60.68	85.3%	19,119	10,952.0	30,071	5,551	6.5%	37.2%	5.3x	5.42x	14.5x	13.5x	12.3x
Domino's Pizza, Inc.	564.33	99.4%	20,534	4,709.7	25,244	4,371	14.5%	19.4%	5.5x	5.78x	29.7x	28.5x	26.3x
The Wendy's Company	23.85	81.0%	5,262	1,822.0	7,084	1,516	(4.1%)	31.2%	3.8x	4.67x	15.0x	15.2x	14.4x
Papa John's International, Inc.	133.47	94.9%	4,853	309.1	5,163	1,768	1.6%	12.1%	1.4x	2.92x	24.1x	22.7x	21.1x
Jack in the Box, Inc.	87.48	70.2%	1,838	1,216.7	3,055	1,144	(0.3%)	28.8%	3.7x	2.67x	9.3x	9.5x	9.9x
Carrols Restaurant Group, Inc.	2.96	36.6%	148	425.4	573	1,657	14.0%	5.2%	4.9x	0.35x	6.6x	7.2x	6.0x
Del Taco Restaurants, Inc.	12.45	99.1%	453	102.2	555	521	4.2%	10.4%	1.9x	1.06x	10.2x	9.4x	8.6x
Nathan's Famous, Inc.	58.39	74.0%	240	60.4	301	101	0.0%	28.9%	2.1x	2.99x	10.3x	NA	NA
Median	\$ 74.08	90.1%	\$ 5,058	\$ 1,519.4	\$ 6,123	\$ 1,713	0.8%	28.9%	3.8x	3.83x	14.8x	15.2x	14.4x
Mean	\$ 135.05	83.9%	\$ 29,347	\$ 6,072.6	\$ 35,419	\$ 4,523	3.4%	25.9%	3.6x	4.42x	16.3x	16.3x	15.2x
Fast Casual													
Chipotle Mexican Grill, Inc.	\$ 1,748.25	89.3%	\$ 49,188	\$ (721.1)	\$ 48,467	\$ 7,194	9.8%	14.5%	NA	6.74x	46.6x	41.5x	32.2x
Wingstop, Inc.	172.80	92.2%	5,154	419.0	5,573	274	28.6%	28.0%	5.5x	NM	NM	NM	NM
Sweetgreen, Inc.	32.00	56.9%	3,424	(137.0)	3,287	303	5.1%	NM	1.6x	10.86x	NA	NA	NA
Shake Shack, Inc.	72.16	52.1%	2,824	(78.1)	2,746	694	29.5%	6.2%	NA	3.96x	NM	NM	30.0x
Portillo's Inc.	37.54	65.0%	1,344	420.7	1,765	515	0.0%	17.6%	4.7x	3.43x	19.5x	19.9x	NA
El Pollo Loco Holdings, Inc.	14.19	64.6%	519	16.1	535	456	5.1%	13.3%	0.3x	1.17x	8.8x	8.8x	8.6x
Noodles & Company	9.07	66.9%	414	19.1	434	468	0.5%	7.3%	0.6x	0.93x	12.6x	10.0x	7.8x
Fiesta Restaurant Group, Inc.	11.01	59.4%	286	(51.1)	235	595	(2.8%)	6.3%	NA	0.39x	6.2x	7.9x	6.5x
Potbelly Corporation	5.58	61.5%	160	6.0	166	352	(1.1%)	NM	NA	0.47x	NM	NM	9.5x
Median	\$ 32.00	64.6%	\$ 1,344	\$ 6.0	\$ 1,765	\$ 468	5.1%	13.3%	1.6x	2.30x	12.6x	10.0x	9.0x
Mean	\$ 233.62	67.6%	\$ 7,035	\$ (11.8)	\$ 7,023	\$ 1,206	8.3%	13.3%	2.5x	3.49x	18.8x	17.6x	15.8x

Source: S&P Global Market Intelligence—data as of December 31, 2021

Public Company Trading Statistics

(\$ in millions, except per share data)

	Stock Price 12/31/21	% of 52-Wk High	Market Capitalization	Adjusted Net Debt	Enterprise Value	Operating Metrics			Enterprise Value as Multiple of				
						Revenue		LTM EBITDA	Net Debt to	Revenue		EBITDA	
						LTM	5-Year CAGR	Margin	EBITDA	LTM	LTM	CY21E	CY22E
Mass Casual													
Cracker Barrel Old Country Store, Inc.	\$ 128.64	71.9%	\$ 3,026	\$ 251.1	\$ 3,277	\$ 2,960	0.3%	9.5%	0.9x	1.11x	11.7x	10.0x	9.3x
Bloomin' Brands, Inc.	20.98	63.9%	1,851	769.7	2,620	3,888	(2.3%)	10.0%	2.0x	0.67x	6.7x	4.9x	5.2x
Brinker International, Inc.	36.59	46.7%	1,662	867.1	2,529	3,474	1.3%	10.6%	2.4x	0.73x	6.9x	6.1x	5.8x
Dine Brands Global, Inc.	75.81	75.3%	1,305	974.9	2,280	858	5.1%	26.2%	4.3x	2.66x	10.1x	9.1x	8.5x
First Watch Restaurant Group, Inc.	16.76	65.8%	990	237.3	1,227	548	0.0%	9.4%	4.6x	2.24x	23.8x	19.9x	NA
Denny's	16.00	79.9%	1,014	203.0	1,217	371	(5.5%)	14.9%	3.7x	3.28x	22.1x	14.7x	12.4x
FAT Brands	10.59	66.2%	177	462.5	640	51	0.0%	14.8%	61.0x	12.51x	NM	NA	NA
Biglari Holdings, Inc.	695.00	73.2%	439	(27.8)	411	309	(18.2%)	19.3%	NA	1.33x	6.9x	NA	NA
Red Robin	16.53	40.0%	260	139.4	399	1,074	(3.0%)	3.6%	3.6x	0.37x	10.3x	6.1x	4.6x
Luby's, Inc.	2.86	55.8%	89	75.8	165	161	(16.4%)	NM	NA	1.02x	NM	NA	NA
BBQ Holdings, Inc.	15.84	80.2%	166	(20.2)	146	173	8.6%	5.8%	NA	0.85x	14.7x	8.8x	1.0x
Median	\$ 16.76	66.2%	\$ 990	\$ 237.3	\$ 1,217	\$ 548	0.0%	10.3%	1.5x	1.11x	10.3x	9.0x	5.8x
Mean	\$ 94.15	65.4%	\$ 998	\$ 357.5	\$ 1,356	\$ 1,261	(2.7%)	12.4%	10.3x	2.43x	12.6x	10.0x	6.7x
Specialty Casual													
Darden Restaurants, Inc.	\$ 150.64	91.7%	\$ 19,551	\$ 182.7	\$ 19,734	\$ 8,590	4.4%	15.5%	0.1x	2.30x	14.8x	14.7x	12.0x
Texas Roadhouse, Inc.	89.28	80.6%	6,218	(246.6)	5,971	3,206	12.1%	11.8%	NA	1.86x	15.7x	14.3x	13.5x
Dave & Buster's Entertainment, Inc.	38.40	74.2%	1,859	464.1	2,323	1,078	4.4%	21.1%	2.0x	2.16x	10.2x	6.9x	6.3x
BJ's Restaurants, Inc.	34.55	54.5%	805	12.0	817	993	1.5%	4.9%	0.2x	0.82x	16.8x	10.9x	6.5x
Chuy's Holdings, Inc.	30.12	60.3%	596	(105.1)	491	377	5.6%	14.4%	NA	1.30x	9.1x	7.7x	8.7x
Median	\$ 38.40	74.2%	\$ 1,859	\$ 12.0	\$ 2,323	\$ 1,078	4.4%	14.4%	0.2x	1.86x	14.8x	10.9x	8.7x
Mean	\$ 68.60	72.3%	\$ 5,806	\$ 61.4	\$ 5,867	\$ 2,849	5.6%	13.6%	0.8x	1.69x	13.3x	10.9x	9.4x
Polished Casual													
The Cheesecake Factory Incorporated	\$ 39.15	59.5%	\$ 2,042	\$ 334.5	\$ 2,377	\$ 2,705	5.2%	6.7%	1.8x	0.88x	13.0x	10.6x	8.4x
Median	\$ 39.15	59.5%	\$ 2,042	\$ 334.5	\$ 2,377	\$ 2,705	5.2%	6.7%	1.8x	0.88x	13.0x	10.6x	8.4x
Mean	\$ 39.15	59.5%	\$ 2,042	\$ 334.5	\$ 2,377	\$ 2,705	5.2%	6.7%	1.8x	0.88x	13.0x	10.6x	8.4x
Fine Dining													
Ruth's Hospitality Group, Inc.	\$ 19.90	69.3%	\$ 672	\$ (13.8)	\$ 658	\$ 372	0.2%	17.0%	NA	1.77x	10.4x	9.6x	8.1x
The ONE Group Hospitality, Inc.	12.61	76.7%	405	4.6	409	238	31.5%	12.5%	0.2x	1.72x	13.8x	9.7x	7.5x
Median	\$ 16.26	73.0%	\$ 538	\$ (4.6)	\$ 534	\$ 305	15.9%	14.7%	0.2x	1.74x	12.1x	9.6x	7.8x
Mean	\$ 16.26	73.0%	\$ 538	\$ (4.6)	\$ 534	\$ 305	15.9%	14.7%	0.2x	1.74x	12.1x	9.6x	7.8x

Source: S&P Global Market Intelligence—data as of December 31, 2021

Kroll Restaurant Qualifications

About Our Corporate Finance Practice

Our Restaurant practice specializes in M&A, capital raising and liquidity transactions for operators in the restaurant, foodservice and franchising sectors. We are consistently ranked as one of the leading M&A advisors to middle-market companies in the restaurant sector.

Top Ranked U.S. Middle-Market M&A Advisor

#5 Ranked U.S. Middle-Market M&A Advisor over the Past Ten Years		
Firm	No. of Deals	Rank
Firm A	1,829	1
Firm B	1,123	2
Firm C	851	3
Firm D	701	4
Duff & Phelps, A Kroll Business	613	5
Firm E	591	6
Firm F	578	7
Firm G	565	8
Firm H	539	9
Firm I	535	10

Key Services

- Buy-side and Sell-side M&A
- Fairness and Solvency Opinions
- Transaction Advisory Services
- Restructuring
- ESOP and ERISA Advisory

Key Differentiators

- #1 Fairness Opinions in the U.S. and Globally Over the Last 10 Years¹
- #5 U.S. Middle-Market Transactions Over The Past 10 Years²
- 129 fairness and 93 solvency opinions valued at nearly \$1.2 trillion in 2021
- Over 1,100 transactions for over 200 Private Equity firms in 2021

1. Source: Refinitiv' cumulative data 2012-2021

2. Source: Refinitiv Data (U.S. deals \$10M < \$170M, including deals without a disclosed value.) Full years 2012 through 2021.

Recent Kroll Restaurant Transaction Experience

<p>SELL-SIDE ADVISOR</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>FINANCIAL ADVISOR</p>   <p>has received an investment from</p> 	<p>FINANCIAL ADVISOR</p>  <p>has sold</p>  <p>to</p> 
<p>SELL-SIDE ADVISOR</p>  <p>the largest franchise of</p>  <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>  <p>a portfolio company of</p>   <p>has been acquired by</p> 	<p>SELL-SIDE ADVISOR</p>  <p>a portfolio company of</p>  <p>has been acquired by</p> 	<p>PLACEMENT AGENT</p>  <p>a portfolio company of</p>  <p>has completed a minority recapitalization transaction</p>	<p>SELL-SIDE ADVISOR</p>  <p>a portfolio company of</p>   <p>has been acquired by</p> 



For more information, please contact:

Mergers & Acquisitions

Joshua Benn

Global Head of Consumer & Restaurant
Corporate Finance
+1 212 450 2840
joshua.benn@kroll.com

Farzad Mukhi

Managing Director
Consumer M&A and Corporate Finance
+1 424 249 1661
farzad.mukhi@kroll.com

Vijay Sampath

Director
Consumer & Restaurant Corporate Finance
+1 212 871 0316
vijay.sampath@kroll.com

Transaction Advisory Services

Ray Newman

Global Head of Transaction
Advisory Services
+1 212 871 7144
raphael.newman@kroll.com

Transaction Opinions

Chris Janssen

Global Head of Transaction Opinions
+1 312 697 4643
chris.janssen@kroll.com

Valuation Advisory Services

Jeremy Sacks

Managing Director
+1 424 249 1770
jeremy.sacks@kroll.com

Debt Advisory

Howard Lanser

Head of U.S. Private Capital Markets
+1 312 980 9521
howard.lanser@kroll.com

About Kroll

Kroll is the world's premier provider of services and digital products related to valuation, governance, risk and transparency. We work with clients across diverse sectors in the areas of valuation, expert services, investigations, cyber security, corporate finance, restructuring, legal and business solutions, data analytics and regulatory compliance. Our firm has nearly 5,000 professionals in 30 countries and territories around the world. For more information, visit www.kroll.com. M&A advisory, capital raising and secondary market advisory services in the United States are provided by Kroll Securities, LLC (member FINRA/SIPC).

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Kroll Securities, LLC (member FINRA/SIPC). M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Kroll Securities Ltd., which is authorized and regulated by the Financial Conduct Authority (FCA). Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

The material in this report is for information purposes only and is not intended to be relied upon as financial, accounting, tax, legal or other professional advice. This report does not constitute, and should not be construed as soliciting or offering any investment or other transaction, identifying securities for you to purchase or offer to purchase, or recommending the acquisition or disposition of any investment. Kroll does not guarantee the accuracy or reliability of any data provided from third party resources. Although we endeavor to provide accurate information from third party sources, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.