

Restaurant Industry Update

October 2022



CALABASAS CAPITAL

DISCLOSURE

- *This presentation should not be considered in any way an offer to buy or sell a security.*
- *Buying or selling a security involves substantial risk and may be worth more or less than the original investment.*
- *This presentation is for informational purposes only.*
- *Securities offered through Fallbrook Capital Securities Corp. Member FINRA/SIPC.*

INTRODUCTION TO CALABASAS CAPITAL

Investment banking firm primarily servicing clients with \$10 to \$100 million in revenues

Mergers & Acquisitions

- Business sales
- Subsidiary dispositions
- Businesses purchases
- Mergers and JVs

Capital Raising

- Private Equity
- Subordinated Debt
- Senior Debt
- Venture Capital

Historically, our business has been split about 50/50 between M&A and Capital Raising

Securities offered through Fallbrook Capital Securities Corp., Member FINRA/SIPC

RESTAURANT INDUSTRY EXPERTISE

Six Holdings, LLC

has acquired the assets of



FRESH ASIAN
FLAVORS

from



CARLSON

with financing provided by



Calabasas Capital served as financial advisor to Stix Holdings, LLC an affiliate of Mandarin Express, Leeann Chin & Chin's Asia Fresh.



Strategic & Financial Advisory

Calabasas Capital advised Fired Pie on strategic and financing alternatives



has been acquired by

A Private Investment Group

A managing director of Calabasas Capital served as exclusive financial advisor to Hamlet Group while at a previous firm.

Mandarin Holdings

has acquired



with financing provided by



A managing director of Calabasas Capital served as financial advisor to Mandarin Holdings while at a previous firm.

Parco Holdings, LP



buy-side M&A and strategic advisory

Calabasas Capital served as exclusive financial advisor to Parco Holdings, LP.



strategic advisory

Calabasas Capital advised Rice Garden on strategic alternatives.



financial advisory

Calabasas Capital advised Slim Chickens on valuation and financing alternatives.

Stripes Restaurants, Inc



buy-side M&A and strategic advisory

Calabasas Capital acted as exclusive financial advisor to Stripes Restaurants.

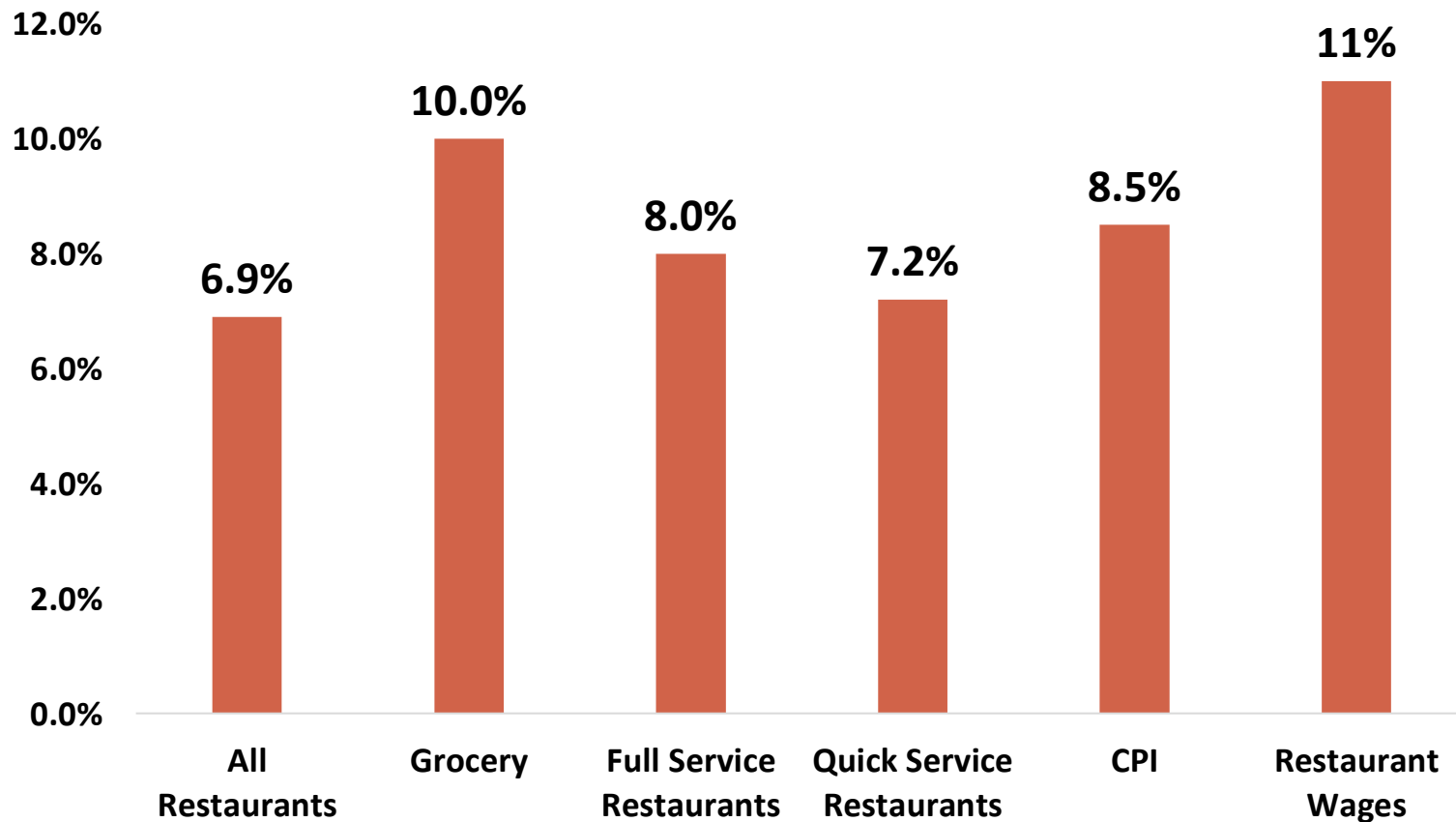
RESTAURANT INDUSTRY TRENDS

- Inflation: Revenue is Up while Margins are Down
 - Workforce shortages,
 - Higher food, transportation, and labor costs
 - Profit margins have continued to tighten
- Capital Efficient Growth Engines
 - Ghost Kitchens
 - Virtual Brands
- Fast Casual & Casual: Learning from QSR (Convenience)
 - Drive-thrus
 - Curbside pickup/Take-out
 - Digital ordering
 - 3rd Party Delivery
- M&A: Bigger is Better to Absorb Margin Compression
 - Large franchise platforms adding brands:
 - FAT Brands
 - Inspire Brands
 - Restaurant Brands International

INFLATION

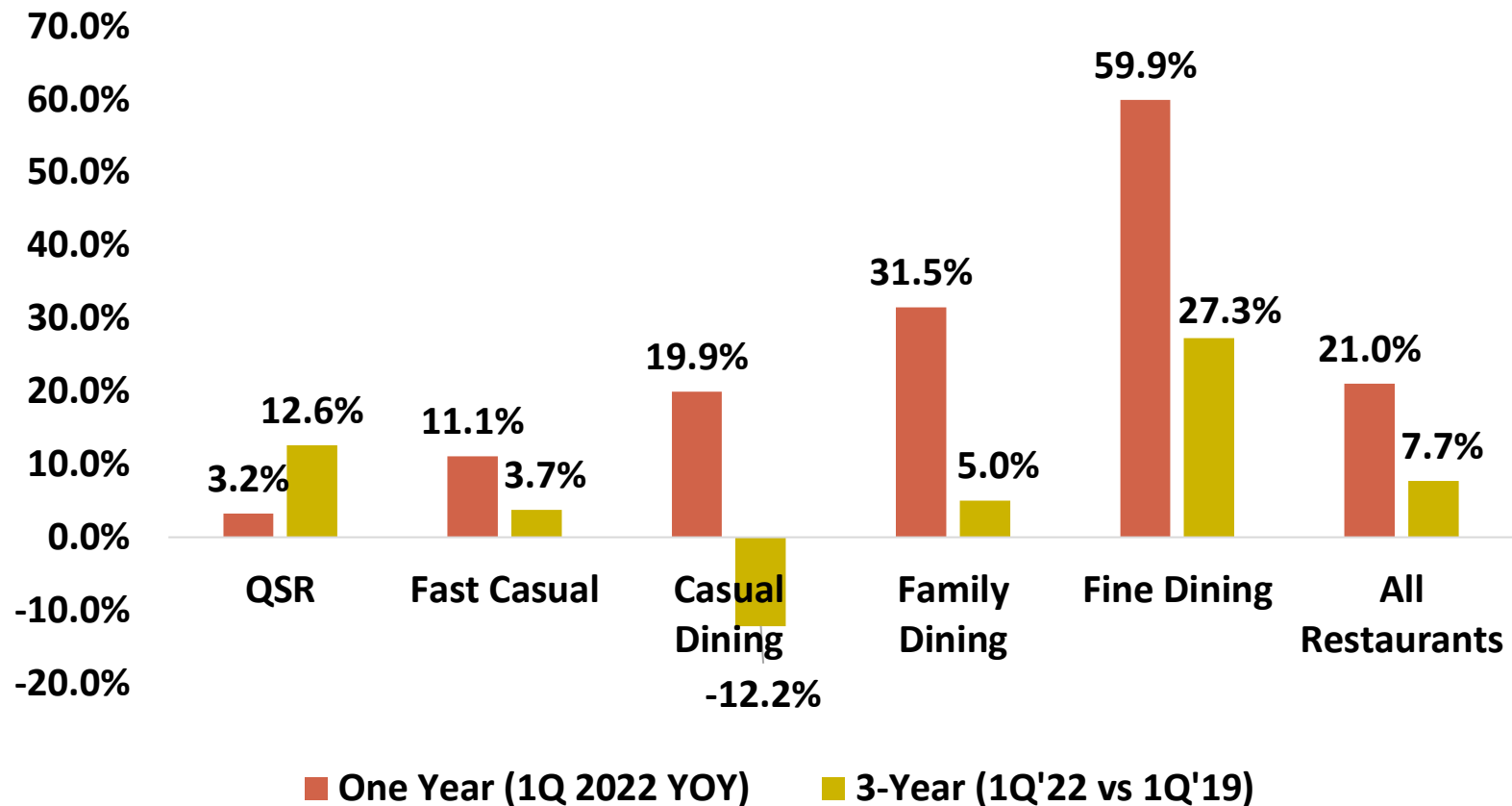
- Menu price increases have lagged CPI and wage inflation.

YOY Inflation as of Mar 2022 – Menu Prices vs CPI and Wages



SAME STORE SALES GROWTH

1Q 2022 SSS: 1 Yr vs 3 Yrs

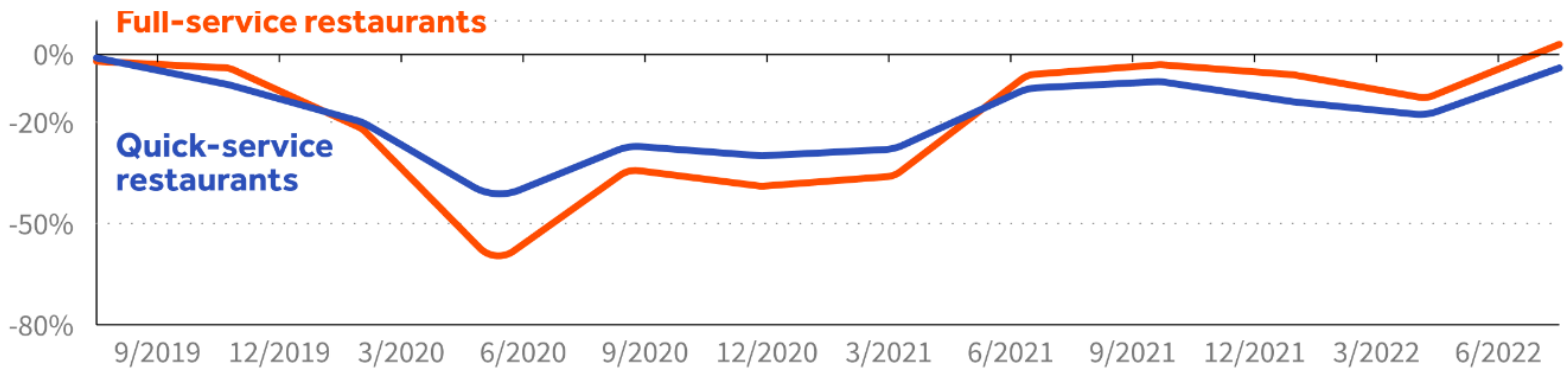


Sources: Nations Restaurant News, Trinity Capital, Technomic.

FULL SERVICE RESTAURANT SALES

FSR sales rebound to pre-pandemic levels

Full-service and quick-service restaurants grew at a similar rate.



Data from applicable restaurants on the Toast platform.

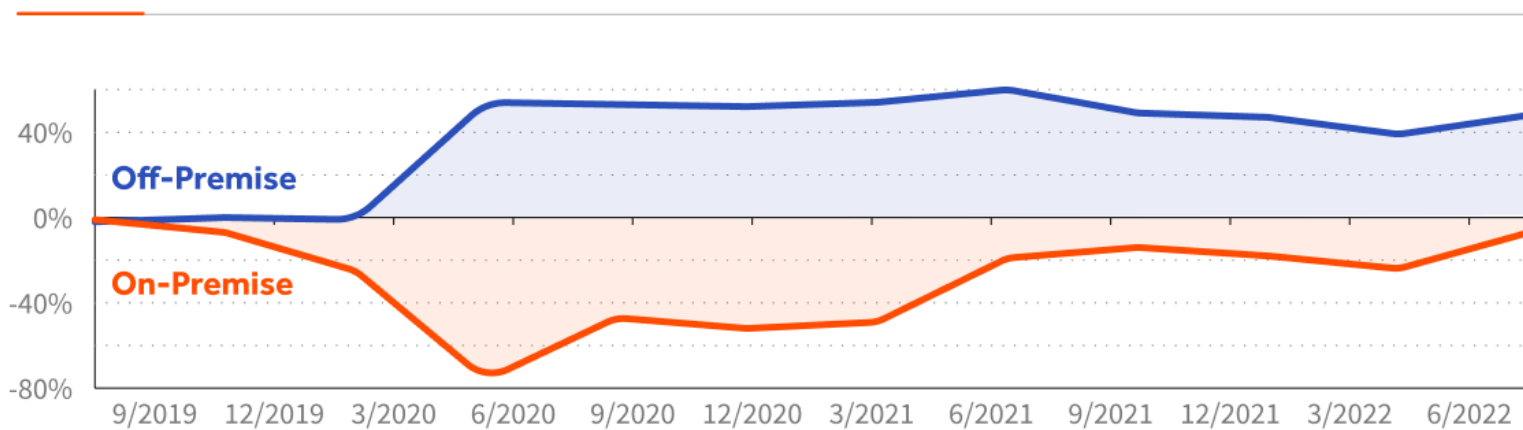


Sources: <https://pos.toasttab.com/news/toast-q2-restaurant-trends-report>

IN-PERSON DINING

In-person dining remains strong

Dining in-person grew 22% in Q2 2022 compared to Q1 2022.



Data from applicable restaurants on the Toast platform.

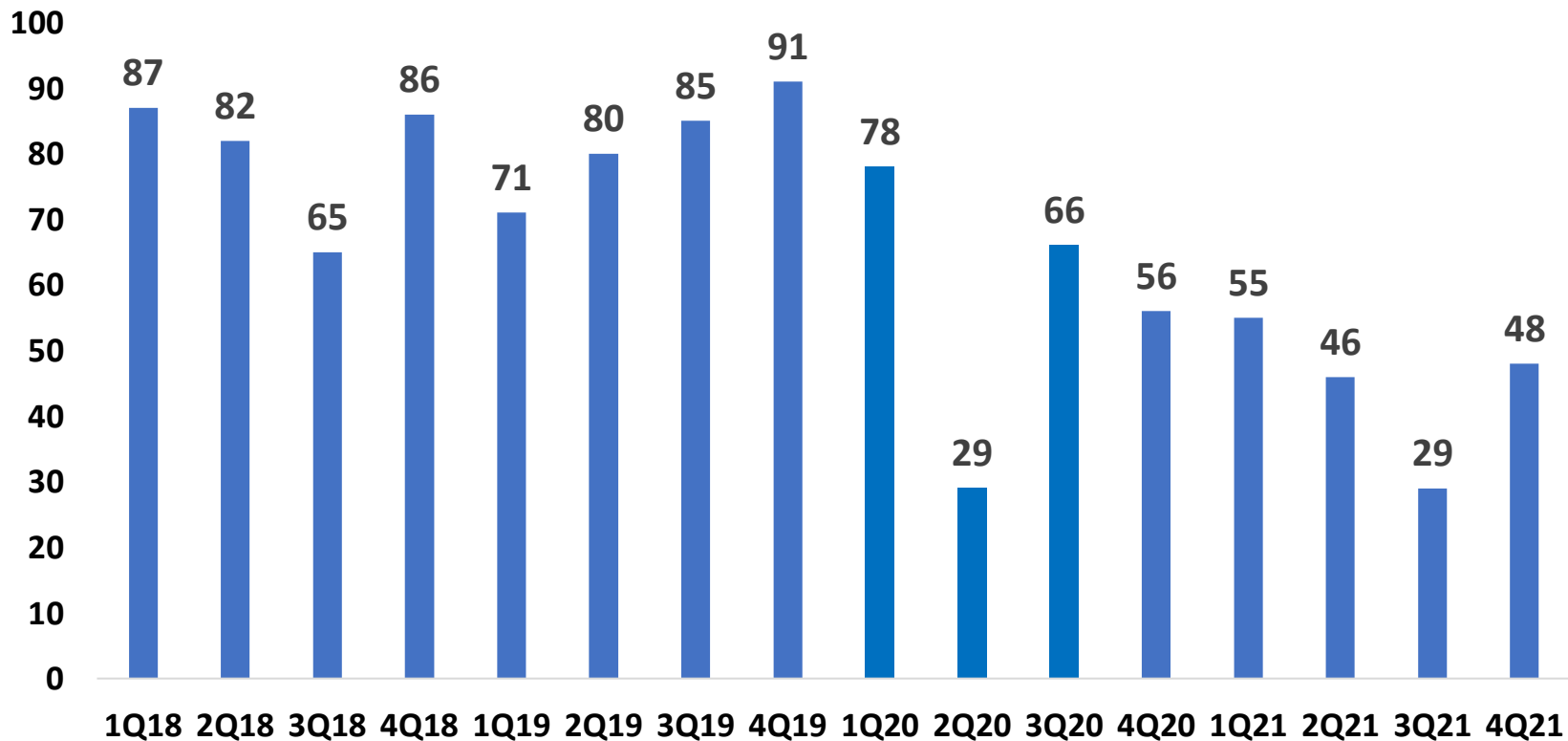


Sources: <https://pos.toasttab.com/news/toast-q2-restaurant-trends-report>

M&A ACTIVITY IN THE RESTAURANT INDUSTRY

- Although M&A activity accelerated sharply in the second half of 2020 after the shock of the onset of pandemic, deal activity slowed again in 2021 and has not yet bounced back to pre-pandemic levels of 2018 and 2019.

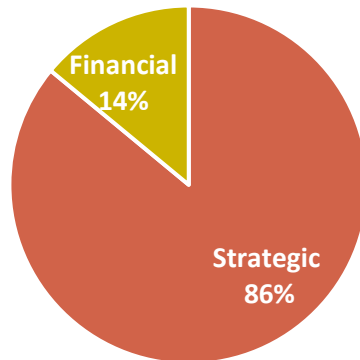
Quarterly Restaurant M&A Deal Volume



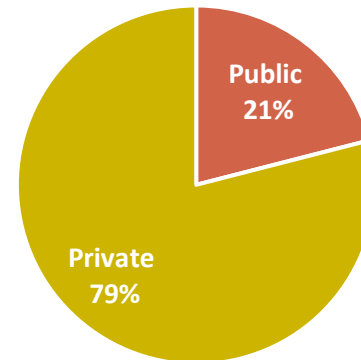
2021 M&A ACTIVITY IN THE RESTAURANT INDUSTRY

- Among buyers in deals in 2021, the majority remained privately-held strategics, while QSR/LSR sellers had an edge on FSR sellers

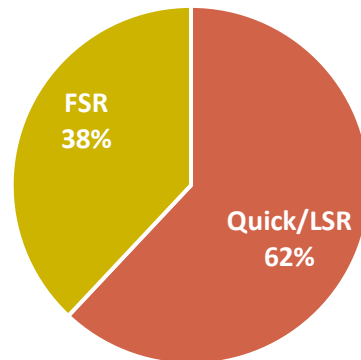
Strategic v. Financial Buyers



Publicly Traded v. Privately-Held Buyers

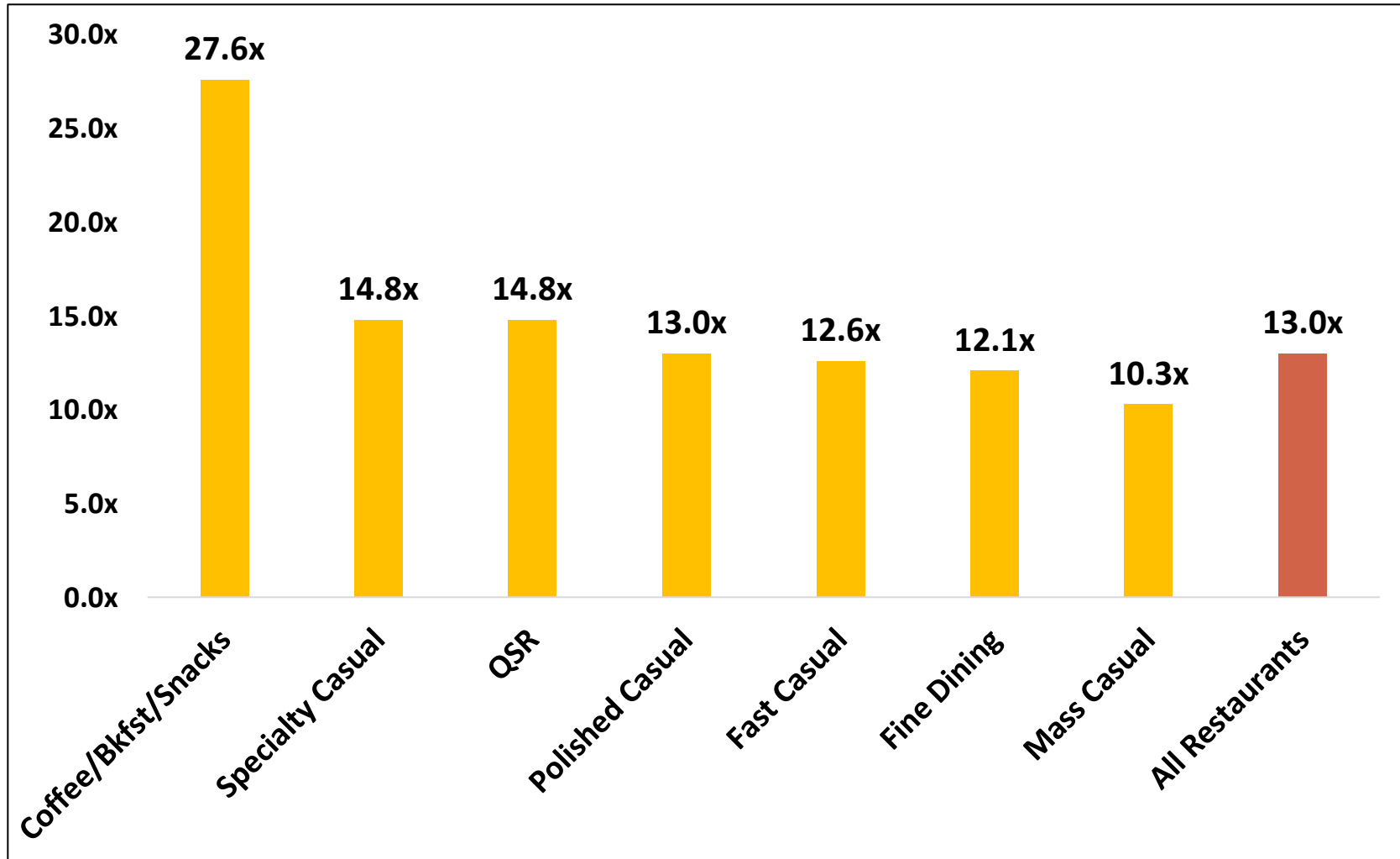


Quick/LSR Sellers v. FSR Sellers



RESTAURANT SECTOR PUBLIC COMPANY VALUATIONS

Enterprise Value / EBITDA



*Source: Kroll; as of 12/31/2021.

RECENT RESTAURANT TRANSACTIONS

Date Announced	Target Brands Sold	Size (\$mm)	Buyers/Investors
Aug 2022	16 Handles	NA	Private Investors
Aug 2022	Qdoba Mexican Eats	NA	Butterfly Equity (Modern Market Eatery/Lemonade)
Aug 2022	Famous Dave's BBQ (BBQ Holdings, Inc.)	\$200	MTY Food Group
July 2022	Bellagreen	NA	Ampex Brands
July 2022	Keke's Breakfast Café	\$82.5	Denny's Corp.
May 2022	Nestle Toll House Café by Chip	NA	FAT Brands, Inc.
May 2022	Capital D's Seafood	NA	Centre Partners
Mar 2022	Barrio Queen	NA	Famous Dave's (BBQ Holdings)
Jan 2022	Grub Burger Bar	NA	Hopdaddy (Hi Bar Hospitality/L Catterton Partners)
Jan 2022	Primanti Bros. (L Catterton Partners)	NA	Garnett Station Partners
Dec 2021	Del Taco Restaurants	\$574	Jack in the Box, Inc.
Nov 2021	Firehouse Subs	\$1,000	Restaurant Brands International
Nov 2021	Pacific Bells, LLC (Partners Group)	NA	Orangewood Partners, LLC
Nov 2021	Fazoli's (Sentinel Capital Partners)	\$130	FAT Brands, Inc.
Oct 2021	K-Mac Enterprises (Lee Equity Partners)	NA	Mubadala Capital (UAE)



RECENT RESTAURANT TRANSACTIONS

Date Announced	Target Brands Sold	Size (\$mm)	Buyers/Investors
Oct 2021	Twin Peaks Restaurants (Garnett Station Ptrs)	\$300	FAT Brands, Inc.
Oct 2021	Lou Malnatti's Pizzeria	\$500	Meritage Group
Aug 2021	Merger of Tender Greens & Tocaya Restaurants	NA	OneTable Restaurants
Aug 2021	Church's Chicken	NA	High Bluff Capital Partners/ FS Investments
July 2021	Tony Roma's	NA	Equity Investors of New England
July 2021	J. Alexander's Holdings	\$220	SPB Hospitality
July 2021	Taco Cabana	\$85	YTC Enterprises (JIB franchisee)
June 2021	Au Bon Pain	NA	Ampex Brans (Yum franchisee)
June 2021	Global Franchise Group	\$443	FAT Brands, Inc.
June 2021	Village Inn and Bakers Square	\$14	BBQ Holdings
June 2021	Lee's Famous Recipe Chicken	NA	Artemis Lane Partners
June 2021	Luby's Cafeteria	\$29	Calvin Gin affiliate
May 2021	Pokemoto	NA	Muscle Maker Grill
May 2021	Nothing Bundt Cakes	NA	Roark Capital
May 2021	Cameron's Deli	NA	Queensbury Avenue



RECENT RESTAURANT TRANSACTIONS

Date Announced	Target Brands Sold	Size (\$mm)	Buyers/Investors
May 2021	Aryzta North America	NA	Lindsay Goldberg
April 2021	Hakkasan Group	NA	Tao Group
April 2021	Duck Donuts	NA	NewSpring Capital
April 2021	Vermont Coffee Company	NA	Stonewall Kitchen
Mar 2021	Cici's Pizza	NA	Gala Capital Partners
Mar 2021	Freddy's Frozen Custard & Steakburgers	NA	Thompson Street Capital Partners
Jan 2021	Shipley Do-Nuts	NA	Peak Rock Capital
Jan 2021	Wing Zone	NA	Capriotti's Sandwich Shop
Dec 2020	Garbanzo Mediterranean Fresh, Frutta Bowls and The Simple Greek	NA	WOWorks (Centre Lane Partners)
Nov 2020	Zaxby's	NA	Goldman Sachs Merchant Partners
Nov 2020	FIC Restaurants (Friendly's)	\$2	Amici Partners Group
Oct 2020	Dunkin Brands	\$11,300	Inspire Brands (Roark Capital)
Oct 2020	Corner Bakery	NA	Pandya Restaurant Growth Brands
Sep 2020	Tropical Smoothie	NA	Levine Leichtman Capital Partners
Aug 2020	Johnny Rockets	\$25	FAT Brands, Inc.



RECENT RESTAURANT TRANSACTIONS

Date	Target	Size (\$mm)	Buyers/Investors
Aug 2020	Red Lobster (Golden Gate Capital)	NA	Thai Union Group
July 2020	Sustainable Restaurant Holdings (Bamboo Sushi)	NA	Sortis Holdings
July 2020	Postmates	\$2,650	UberEats
June 2020	Grubhub	\$7,300	Just Eat Takeaway
June 2020	Fuddruckers	\$19	Black Titan Franchise Systems
June 2020	Bravo Cucina and Brio Tuscan Grille	NA	Earl Enterprises
June 2020	BurgerFi	\$100	Opes Acquisition Corp.
May 2020	Le Pain Quotidien U.S	\$3	Aurify Brands
May 2020	Krystal	\$48	Fortress Investment Group
April 2020	Boston Market	NA	Engage Brands (Roark Capital)
Feb 2020	The Palm	\$45	Landry's
Feb 2020	Granite City Food and Brewery	\$4	BBQ Holdings
Jan 2020	Dos Toros Tacqueria	NA	Chopt Creative Salad
Jan 2020	The Habit Restaurants	\$375	YUM Brands



CALABASAS CAPITAL CONTACTS



David Bonrouhi
Managing Director
(213) 500-4135
david@calabasascapital.com



Andrew D. Williamson
Managing Director
(310) 892-6209
andrew@calabasascapital.com

www.calabasascapital.com

Securities offered through Fallbrook Capital Securities Corp.
Member FINRA - SIPC