

RESTAURANT INDUSTRY COMMENTARY AND SAME-STORE SALES DATA

JUNE 2023

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Same-Store Sales Discussion (Q1 2023)

The restaurant industry continued its strong sales performance in Q1 2023, as 93% of brands in our index reported positive same-store sales (“SSS”), with an average increase of 7.7%. As expected, aggressive price increases implemented by restaurant operators during the second half of 2022 helped drive positive comparable sales in early 2023. The consumer has remained exceptionally resilient and has demonstrated a willingness to continue to spend, notwithstanding rising costs across most major categories.

Despite the positive headlines, there are several key factors making the outlook for the rest of 2023 less clear. For example, the perceived value of restaurant offerings was enhanced in 2022 as grocery prices increased at a faster rate than the price of food-away-from-home. According to the USDA, that trend is now expected to reverse in 2023, which could cause consumers to allocate an increased portion of their food purchases to at-home alternatives.

Additionally, in 2022 overall consumer spending was supported by excess savings accumulated during COVID-era stimulus programs. The U.S. Federal Reserve estimates that U.S. households accumulated approximately \$2.3 trillion in excess savings from 2020 through the summer of 2021. Since that time, U.S. households have spent approximately \$1.1 trillion of those savings. Moving forward, it’s unclear how the restaurant industry will be impacted as excess savings levels dwindle and consumers are forced to consider adjusting their spending patterns.

Given these considerations and the continued pressure on economic activity stemming from rising interest rates, the resilience of the consumer will continue to be tested throughout

the remainder of 2023. While these factors may lead to some headwinds for the restaurant industry, other influences such as normalizing commodity costs and improving labor conditions should help operators protect profitability margins throughout the year.

QSR: QSR (+6.9%) SSS continued to show strong trends, as each segment delivered positive results.

- Chicken concepts (+5.0%) achieved steady growth, as Pollo Tropical (+9.7%), Popeyes (+3.4%) and KFC (+2.0%) all posted SSS gains.
- Pizza (+6.8%) SSS increased thanks to strong performances from Pizza Inn (+15.6%) and Pizza Hut (+8.0%).
- Burger concepts (+7.6%) performed exceptionally well, led by McDonald’s (+12.6%) and Jack in the Box (+9.5%). Other concepts, such as Burger King (+8.7%) and Wendy’s (+7.2%), also contributed to the category’s growth.
- Coffee/Snack category (+7.9%) SSS increased, as both Tim Horton’s (+13.8%) and Starbucks (+12.0%) posted double-digit growth.
- Mexican (6.1%) SSS continued to perform well, led by Taco Bell (+9.0%), which posted its 11th consecutive positive SSS quarter.

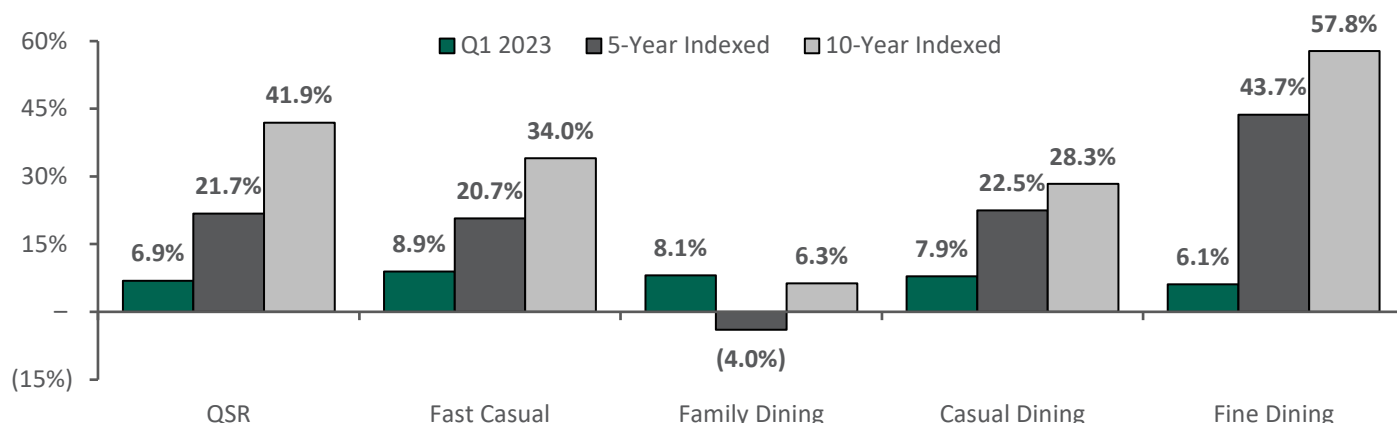
Fast Casual: Fast casual (+8.9%) delivered impressive SSS results, with 9 of the 10 tracked concepts generating positive trends. Potbelly (+22.2%) and Wingstop (+20.1%) led the segment.

Family Dining: All five family dining brands in our index produced positive SSS with First Watch (+12.9%) leading the way. The segment was up (+8.1%) for the quarter.

Casual Dining: Casual Dining (+7.9%) continued its rally with impressive growth in Q1. Six of the 21 tracked concepts reported double-digit SSS growth for the quarter.

Fine Dining: Fine dining (+6.1%) continued to build on its positive momentum, as all concepts were positive in Q1.

RESTAURANT SAME-STORE SALES BY SEGMENT (Q1 2023)



Sources: Technomic, Inc., Board of Governors of the Federal Reserve System, U.S. Department of Agriculture

RESTAURANT INDUSTRY COMMENTARY AND SAME-STORE SALES DATA

JUNE 2023

Restaurant Same-Store Sales Data

	2020				2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Chicken													
KFC	(3.0%)	7.0%	9.0%	8.0%	14.0%	11.0%	4.0%	4.0%	1.0%	(7.0%)	2.0%	1.0%	2.0%
Pollo Tropical	(7.3%)	(31.6%)	(11.1%)	(8.2%)	4.3%	43.5%	13.8%	9.0%	8.0%	8.4%	9.3%	11.0%	9.7%
Popeyes	29.2%	28.5%	19.7%	(6.4%)	0.9%	(2.5%)	(4.5%)	(1.8%)	(4.6%)	0.1%	1.3%	1.5%	3.4%
MEAN	6.3%	1.3%	5.9%	(2.2%)	6.4%	17.3%	4.4%	3.7%	1.5%	0.5%	4.2%	4.5%	5.0%
Coffee/Snack													
Dutch Bros. Coffee	N/A	N/A	2.4%	5.7%	N/A	N/A	7.3%	10.1%	6.0%	(3.3%)	1.7%	(0.6%)	(2.0%)
Starbucks	(3.0%)	(40.0%)	(9.0%)	(5.0%)	9.0%	83.0%	22.0%	18.0%	12.0%	9.0%	11.0%	10.0%	12.0%
Tim Horton's	(10.3%)	(29.3%)	(12.5%)	(11.0%)	(2.3%)	27.6%	8.9%	10.3%	8.4%	12.2%	9.8%	9.4%	13.8%
MEAN	(6.7%)	(34.7%)	(6.4%)	(3.4%)	3.4%	55.3%	12.7%	12.8%	8.8%	6.0%	7.5%	6.3%	7.9%
Mexican													
Del Taco	(3.1%)	(10.1%)	4.1%	3.8%	9.1%	17.8%	1.8%	0.0%	2.5%	3.5%	5.2%	3.0%	3.2%
Taco Bell	1.0%	(8.0%)	3.0%	1.0%	9.0%	21.0%	5.0%	8.0%	5.0%	8.0%	7.0%	11.0%	9.0%
MEAN	(1.1%)	(9.1%)	3.6%	2.4%	9.1%	19.4%	3.4%	4.0%	3.8%	5.8%	6.1%	7.0%	6.1%
Pizza													
Domino's	1.6%	16.1%	17.5%	11.2%	13.4%	3.5%	(1.9%)	1.0%	(3.6%)	(2.9%)	2.0%	0.9%	3.6%
Papa John's	5.3%	28.0%	23.8%	13.5%	26.2%	5.2%	6.9%	11.1%	1.9%	0.9%	(0.8%)	1.1%	0.0%
Pizza Hut	(7.0%)	5.0%	6.0%	8.0%	16.0%	4.0%	2.0%	1.0%	(6.0%)	(4.0%)	1.0%	4.0%	8.0%
Pizza Inn	(7.8%)	(39.0%)	(22.0%)	(18.0%)	(3.1%)	0.0%	25.0%	31.0%	22.8%	0.0%	12.5%	8.4%	15.6%
MEAN	(2.0%)	2.5%	6.3%	3.7%	13.1%	3.2%	8.0%	11.0%	3.8%	(1.5%)	3.7%	3.6%	6.8%
Burger													
Burger King	(6.5%)	(9.9%)	(3.2%)	(2.9%)	6.6%	13.0%	(1.6%)	1.8%	(0.5%)	0.4%	4.0%	5.0%	8.7%
Good Times Burgers & Frozen Custard	3.0%	11.9%	(10.0%)	22.1%	22.9%	2.9%	(0.2%)	5.9%	(0.9%)	1.6%	5.9%	3.0%	7.6%
Habit Burger Grill	(9.0%)	(18.0%)	(3.0%)	(5.0%)	13.0%	31.0%	11.0%	11.0%	3.0%	(4.0%)	(1.0%)	(1.0%)	0.0%
Jack in the Box	(4.2%)	6.6%	12.2%	12.5%	20.6%	10.2%	0.1%	1.2%	(0.8%)	(0.6%)	4.0%	7.8%	9.5%
McDonald's	0.1%	(8.7%)	4.6%	5.5%	13.6%	25.9%	9.6%	7.5%	3.5%	3.7%	6.1%	10.3%	12.6%
Wendy's	0.0%	(4.4%)	7.0%	5.5%	13.5%	16.1%	2.1%	6.1%	2.4%	2.3%	6.4%	5.9%	7.2%
MEAN	(2.8%)	(3.8%)	1.3%	6.3%	15.0%	16.5%	3.5%	5.6%	1.1%	0.6%	4.2%	5.2%	7.6%
MEAN TOTAL QSR	(1.2%)	(5.6%)	2.1%	2.2%	11.0%	18.4%	6.2%	7.5%	3.3%	1.6%	4.9%	5.1%	6.9%
Fast Casual													
BurgerFi	(11.8%)	(20.0%)	(9.2%)	(2.9%)	4.0%	44.0%	8.0%	0.0%	(5.0%)	(4.0%)	(7.0%)	(9.0%)	(4.0%)
Chipotle	3.3%	(9.8%)	8.3%	5.7%	17.2%	31.2%	15.1%	15.2%	9.0%	10.1%	7.6%	5.6%	10.9%
El Pollo Loco	(1.5%)	(9.7%)	1.8%	(0.2%)	7.4%	21.0%	9.3%	11.0%	7.8%	7.5%	3.8%	4.7%	0.8%
Firehouse Subs	N/A	N/A	N/A	8.2%	23.9%	N/A	N/A	15.2%	4.5%	(1.2%)	0.3%	1.0%	6.7%
Pie Five	(21.4%)	(37.9%)	(23.0%)	(16.0%)	(21.0%)	0.0%	18.0%	15.0%	21.4%	0.0%	7.6%	6.3%	8.1%
Portillo's	(2.2%)	(17.7%)	(2.1%)	(8.9%)	0.8%	26.1%	6.8%	10.3%	8.2%	1.9%	5.8%	6.0%	9.1%
Potbelly	(10.1%)	(41.5%)	(21.0%)	(19.7%)	(3.1%)	70.0%	33.7%	33.8%	24.4%	17.2%	15.0%	18.9%	22.2%
Shake Shack	(12.8%)	(49.0%)	(31.7%)	(17.4%)	5.7%	52.7%	24.8%	20.8%	10.3%	10.1%	6.3%	5.1%	10.3%
Sweetgreen	N/A	N/A	N/A	(28.0%)	(26.0%)	N/A	N/A	36.0%	35.0%	16.0%	6.0%	4.0%	5.0%
Wingstop	9.9%	31.9%	25.4%	18.2%	20.7%	2.1%	3.9%	7.5%	1.2%	(3.3%)	6.9%	8.7%	20.1%
MEAN	(5.8%)	(19.2%)	(6.4%)	(6.1%)	3.0%	30.9%	15.0%	16.5%	11.7%	5.4%	5.2%	5.1%	8.9%

Sources: Restaurant Research LLC, Capital IQ, Technomic and company filings

RESTAURANT INDUSTRY COMMENTARY AND SAME-STORE SALES DATA

JUNE 2023

Restaurant Same-Store Sales Data (Cont.)

	2020				2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Family Dining													
Anthony's	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	13.0%	3.0%	3.0%	1.0%	3.0%
Cracker Barrel	(41.7%)	(39.2%)	(16.4%)	(21.9%)	(8.6%)	0.0%	19.0%	25.9%	10.9%	0.0%	7.1%	8.4%	7.4%
Denny's	(6.3%)	(56.9%)	(33.6%)	(32.9%)	(9.7%)	117.0%	50.2%	49.0%	23.3%	2.5%	1.5%	2.0%	8.4%
First Watch	N/A	N/A	(17.2%)	N/A	N/A	N/A	46.2%	36.7%	27.2%	13.4%	12.0%	7.7%	12.9%
IHOP	(14.7%)	(59.1%)	(30.2%)	(30.1%)	(0.9%)	120.1%	40.1%	39.2%	18.1%	3.6%	1.9%	2.0%	8.7%
MEAN	(20.9%)	(51.7%)	(24.4%)	(28.3%)	(6.4%)	79.0%	38.9%	37.7%	18.5%	4.5%	5.1%	4.2%	8.1%
Casual Dining													
Applebee's	(10.6%)	(49.4%)	(13.3%)	(17.6%)	11.9%	102.2%	27.7%	34.8%	14.3%	1.8%	3.8%	1.7%	6.1%
Bad Daddy's Burger Bar	(15.7%)	(36.7%)	(12.2%)	(11.8%)	9.1%	61.4%	22.8%	24.0%	15.5%	5.3%	3.7%	2.4%	4.6%
BJ's Restaurants	(15.5%)	(57.2%)	(30.2%)	(32.3%)	(13.0%)	121.9%	41.8%	45.6%	33.9%	11.7%	8.9%	6.6%	9.0%
Bonefish	(13.9%)	(56.8%)	(22.5%)	(27.1%)	(2.9%)	141.2%	36.6%	39.0%	21.3%	(1.1%)	(0.9%)	0.5%	5.2%
Carrabba's Italian Grill	(8.7%)	(36.7%)	(9.0%)	(11.4%)	8.9%	84.3%	28.8%	24.4%	11.5%	(1.0%)	0.7%	2.8%	6.7%
Cheesecake Factory	(12.9%)	(56.9%)	(23.3%)	(19.5%)	2.8%	150.0%	41.1%	33.8%	20.7%	4.7%	1.1%	4.0%	5.7%
Chili's Grill & Bar	(5.4%)	(33.0%)	(7.0%)	(6.1%)	0.6%	62.1%	13.8%	11.5%	9.9%	0.1%	3.4%	7.5%	9.1%
Chuy's	(9.7%)	(39.0%)	(19.8%)	(18.3%)	(3.2%)	60.0%	20.5%	20.8%	11.4%	1.7%	2.6%	3.4%	8.0%
Darden Other Business	0.7%	(66.3%)	(39.0%)	(28.6%)	(36.9%)	160.7%	65.8%	42.9%	55.2%	18.5%	7.6%	7.1%	11.7%
Dave & Buster's	(4.7%)	(58.6%)	(87.0%)	(66.0%)	(70.0%)	(35.0%)	3.6%	0.0%	10.9%	9.6%	13.3%	19.0%	(4.1%)
FAT Brands Inc.	(10.0%)	(24.6%)	N/A	(8.4%)	8.7%	54.6%	17.3%	0.0%	16.8%	5.6%	7.0%	2.7%	4.3%
Kona Grill	(15.5%)	(52.8%)	(7.3%)	(8.0%)	26.6%	160.6%	36.8%	50.2%	21.9%	3.7%	(3.6%)	(7.6%)	(4.3%)
Kura Sushi	10.8%	(85.4%)	(72.7%)	(50.8%)	(60.2%)	456.0%	291.4%	154.3%	182.9%	65.3%	27.6%	6.9%	17.4%
LongHorn Steakhouse	3.9%	(45.3%)	(18.1%)	(11.1%)	(12.6%)	107.5%	47.0%	31.2%	31.6%	10.6%	4.2%	7.3%	10.8%
Maggiano's	(9.9%)	(66.7%)	(38.6%)	(47.0%)	(29.6%)	147.9%	62.6%	78.1%	50.5%	30.1%	18.2%	21.2%	21.6%
Noodles & Company	(7.2%)	(30.9%)	(3.8%)	(4.7%)	10.7%	56.8%	16.3%	22.1%	6.4%	5.1%	2.1%	8.7%	6.4%
North Italia	(12.0%)	(59.0%)	(22.0%)	(18.0%)	5.0%	182.0%	38.0%	37.0%	32.0%	12.0%	10.0%	9.0%	9.0%
Olive Garden	2.1%	(39.2%)	(28.2%)	(19.9%)	(25.8%)	61.9%	37.1%	29.3%	29.9%	6.5%	2.3%	7.6%	12.3%
Outback	(9.5%)	(32.9%)	(10.4%)	(15.2%)	4.1%	65.8%	18.3%	20.7%	9.2%	(1.1%)	2.3%	0.9%	4.9%
Red Robin	(20.8%)	(41.4%)	(25.1%)	(29.0%)	10.0%	66.3%	34.3%	40.1%	19.7%	6.7%	5.3%	2.5%	8.6%
Texas Roadhouse	(8.4%)	(32.8%)	(6.3%)	(8.9%)	18.5%	80.2%	30.2%	33.1%	16.0%	7.6%	8.2%	7.3%	12.9%
MEAN	(8.2%)	(47.7%)	(24.8%)	(21.9%)	(6.5%)	111.8%	44.4%	36.8%	29.6%	9.7%	6.1%	5.8%	7.9%
Fine Dining													
Darden Fine Dining	4.1%	(65.2%)	(39.1%)	(31.0%)	(45.2%)	143.6%	84.6%	61.6%	85.8%	34.5%	7.6%	5.9%	11.7%
Fleming's	(13.2%)	(56.3%)	(20.3%)	(29.7%)	(2.3%)	182.6%	59.6%	71.1%	45.7%	6.0%	1.3%	3.1%	3.6%
Ruth's Chris	(13.5%)	(74.1%)	(36.7%)	(39.7%)	(14.8%)	286.6%	66.8%	61.2%	41.5%	12.6%	2.9%	4.5%	3.8%
STK	(12.8%)	(81.4%)	(24.2%)	(20.7%)	20.8%	725.7%	130.6%	113.5%	66.5%	19.8%	3.5%	0.0%	5.3%
MEAN	(8.9%)	(69.3%)	(30.1%)	(30.3%)	(10.4%)	334.6%	85.4%	76.9%	59.9%	18.2%	3.8%	3.4%	6.1%














Sources: Restaurant Research LLC, Capital IQ, Technomic and company filings

RESTAURANT INDUSTRY COMMENTARY AND SAME-STORE SALES DATA

JUNE 2023

TRINITY CAPITAL
INVESTMENT BANKING
A DIVISION OF CITIZENS CAPITAL MARKETS

Selected Recent Transactions

 <p>A FRANCHISEE OF</p>  <p>SOLD RESTAURANTS TO</p> <p>ABTB Atlanta, LLC & JAI Taco Atlanta, LLC</p> <hr/> <p>MAY 2023</p>	<p>Pacific Wings, Inc.</p> <p>A FRANCHISEE OF</p>  <p>SOLD ASSETS TO</p> <p>Grube, Inc.</p> <hr/> <p>MAY 2023</p>	<p>Smart Management & Co., Inc. & Marlu Group</p> <p>A FRANCHISEE OF</p>  <p>ACQUIRED BY</p>  <p>AMBROSIA QSR</p> <hr/> <p>APRIL 2023</p>	<p>JJC Hawaii, LLC</p> <p>A LICENSEE OF</p>  <p>ACQUIRED BY</p>  <p>FRESH DINING CONCEPTS</p> <hr/> <p>DECEMBER 2022</p>
<p>Scanlan Management, LLC & Blue Pacific Guam, LLC</p> <p>A FRANCHISEE OF</p>  <p>ACQUIRED BY</p> <p>PARS Group, LLC</p> <hr/> <p>OCTOBER 2022</p>	<p>Vitaligent, LLC</p> <p>A FRANCHISEE OF</p>  <p>ACQUIRED BY</p>  <p>SIZZLING PLATTER A RESTAURANT MANAGEMENT COMPANY</p> <hr/> <p>FEBRUARY 2022</p>	 <p>SOLD RESTAURANTS TO</p>  <p>KBP BRANDS</p> <hr/> <p>DECEMBER 2021</p>	<p>Palo Alto, Inc.</p> <p>A FRANCHISEE OF</p>  <p>SOLD RESTAURANTS TO</p> <p>Ayvaz Pizza, LLC</p> <hr/> <p>DECEMBER 2021</p>

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