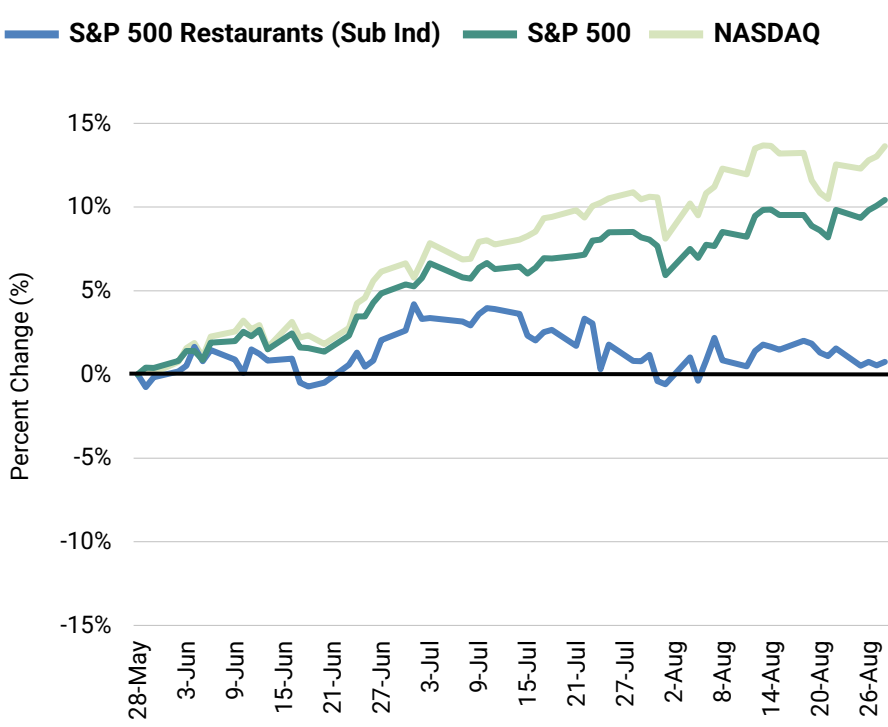




RESTAURANT INDEX PERFORMANCE



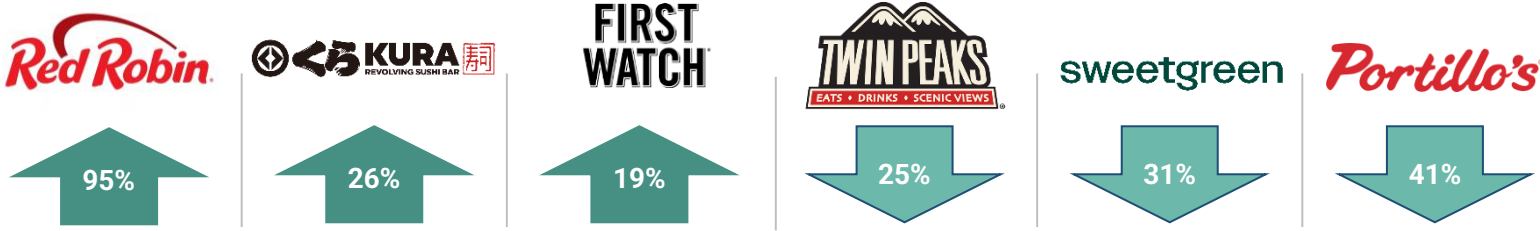
The Restaurant Index underperformed the S&P 500 by -11.17% and the Nasdaq by -14.38% over the last quarter, **recording a gain of 0.75% QTD amid tariff and consumer sentiment concerns.**

| STOCK | PRICE CHANGE |
|--------------------|--------------|
| CMG – Chipotle | (15.30%) |
| DRI – Darden | (3.30%) |
| DPZ – Domino's | (7.07%) |
| MCD – McDonald's | (0.20%) |
| SBUX – Starbucks | 2.35% |
| YUM – Yum Brands | 1.62% |
| RESTAURANT INDEX * | 0.75% |

*Weighted change of S&P 500 Restaurants (Sub Ind)
Source: Capital IQ as of August 28th, 2025

GAINS AND LOSSES ACROSS THE INDUSTRY

Quarter-to-date price change as of August 28th, 2025



* Criteria: market capitalization >\$100 million, U.S. or CAN location; Full service, Fast food or Tea/Coffee shop classification Source: Capital IQ

HAPPENINGS ACROSS THE INDUSTRY

QUICK SERVICE



Starbucks' U.S. same-store sales fell 2% in Q3, marking six consecutive quarters of negative comps due to a 4% drop in transactions.

Despite this, the company is optimistic about its "Back to Starbucks" turnaround plan, which includes a new Green Apron Service model, \$500 million in labor investments, and store redesigns—all aimed at improving customer experience and operational efficiency amid rising competition from international rivals like China's Luckin Coffee.

FAST CASUAL CAVA

Cava's stock dropped nearly 20% after the Mediterranean chain lowered its same-store sales growth forecast from 6-8% to 4-6% following disappointing Q2 results, and roughly flat traffic. While beating earnings expectations, revenue missed estimates, and same-store sales growth of 2.1% fell far short of the 6.1% projection. The weak performance reflects broader struggles across fast-casual dining, with Chipotle and Sweetgreen also reporting price sensitivity among consumers and poor sales growth.

CASUAL DINING



The Cheesecake Factory reported strong Q2 2025 earnings, beating estimates with \$1.16/share and \$956 million in revenue, driven by record-high four-wall margins of 18.5% despite inflationary pressures. Its success is due to efficient supply chain and labor management through a vertically integrated bakery platform, AI-powered inventory systems, and carefully raised menu prices and controlled portion sizes.

FINE DINING

Fine dining restaurants are increasingly offering "hybrid pairings," menus that alternate between alcoholic drinks (like wine, sake, or cocktails) and creative nonalcoholic drinks made from local ingredients. They appeal to diners looking to cut back on alcohol or add variety beyond a traditional wine pairing.

Prices typically fall between fully alcoholic and nonalcoholic pairings, though some match wine-pairing prices due to the labor-intensive preparation of complex mocktails.

The Big Story

Digital transformation continues to permeate throughout the restaurant and retail industries, particularly through point of sale (POS) systems. Square has established itself as the leading player within the space, but competitors such as **Toast** are rapidly gaining market share. Toast is expanding beyond small and mid-sized businesses to major enterprises like Marriott, Caribou Coffee, Applebee's, and Firehouse Subs, which recently adopted Toast's payments, handhelds, kitchen display systems, and restaurant management suite. Internationally, Toast entered its fourth market, Australia, following Canada, the UK, and Ireland.

Through a partnership with American Express, Toast is integrating Resy, Tock, and Toast Tables into its Toast Local app, creating a unified platform for restaurant reservations. The collaboration leverages Toast's platform and reservation data to deliver personalized dining experiences, enhancing service for guests, including American Express card members. By combining inventory from multiple reservation systems, Toast aims to broaden its reach and equip restaurant staff with real-time guest insights at the point of sale.

ABOUT THE COMPANY

Toast, an all-in-one restaurant POS, provides solutions for restaurants ranging from point of sale, payments, operations, digital ordering and delivery, marketing and loyalty, and team management.

THINGS TO NOTE

Founded in 2012, Toast went public in 2021 with a valuation of \$20B. As of Q2 '25, Toast operates in approximately 148,000 locations, an increase of 24% YoY, processing approximately \$176B of gross payment volume in the trailing 12 months.

HOW WE SUPPORT RESTAURANT CLIENTS

Ankura helps emerging and established restaurants and retailers achieve value, resilience, and growth amid today's industry challenges, bridging the unique needs of small operators and national chains.

FP&A: Deliver actionable insights and data-driven forecasts using tools like 13-week cash flow, scenario models, and data visualization, giving operators clarity on revenue trends, liquidity, price sensitivity, and market volatility.

Finance Transformation: Lead finance technology enablement and process redesign to improve restaurant efficiency and unify financial management.

Accounting Advisory: Support financial reporting, manage risk, improve accounting processes and organization, and resolve discrepancy and data integrity issues in complex areas such as 3rd party delivery.

Digital Transformation: Enhance customer value by driving digital engagement across customer touchpoints and leveraging one-to-one marketing to drive loyalty, personalization and marketing ROIs.

Inventory Management: Maximize margins by identifying opportunities for disciplined inventory management to minimize waste, prevent stockouts or overstocking, and control food costs.

Labor Optimization: Drive workforce efficiencies through tailored labor allocation and scheduling strategies, and process simplification, allowing labor hours to be reallocated, reduced or reinvested.

Cost Optimization: Conduct comprehensive review of direct and indirect costs to uncover opportunities for people, process and procurement enhancements that sustain profitability amid the challenging consumer environment.

Ankura Consulting Group, LLC is an independent global expert services and advisory firm that delivers end-to-end solutions to manage conflict, crisis, performance, risk, strategy, and transformation. Ankura has over 2,000 professionals serving 3,000+ clients across 55 countries. Collaboration and experience drive our multidisciplinary approach to Protect, Create, and Recover Value™. For more information, please visit: ankura.com