



Multi-Unit Community Buzz: Buyer Interest Persists Despite Delta Concerns

“The pandemic has accelerated consumer behavior meaningfully. We have incremental disposable income because people aren’t traveling, so they’re spending it more on these consumer experiences.”

- **Venky Ganesan, Partner at Menlo Ventures**

“It may take longer than some firms anticipate to find qualified workers [especially with unemployment so lucrative]. But we do think the logjam is temporary as firms and workers find each other again.”

- **Nela Richardson, Chief Economist at ADP**

“The M&A momentum points to a fundamentally strong market looking ahead. This pace of dealmaking could continue for the next 18-24 months, with new financing solutions and sectors driving activity.”

- **Andrea Guerzoni, Global Vice Chair at Ernst & Young**

“Continued stock market health has not only equipped public companies with ample equity buying power but has also provided liquidity for the burgeoning crop of companies entering public markets via IPO and SPAC reverse merger. At the same time, low interest rates across investment-grade and high-yield debt have facilitated borrowing to support M&A transactions.”

- **Rebecca Springer, PE Analyst at Pitchbook Data**

“Rising interest rates over time could slow the pace of deal making, but advisers don’t forecast a sudden halt. Federal Reserve officials signaled last month they expect to raise interest rates by late 2023, sooner than they anticipated in March.”

- **Nina Trentmann, Bureau Chief of CFO Journal**

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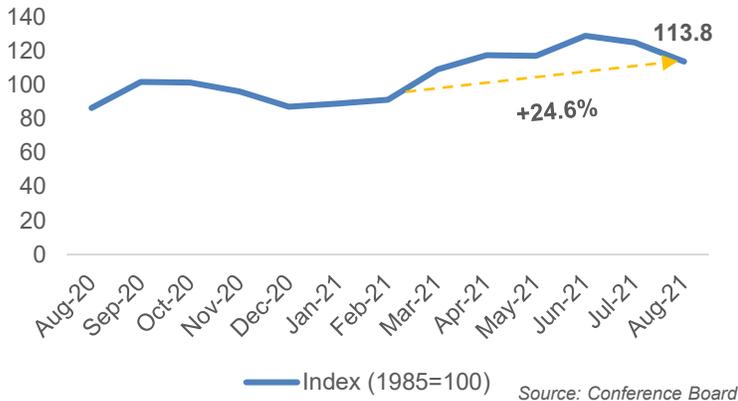
Nathan Kelly
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Consumer Multi-Unit: Key Indicators & Takeaways

Multi Unit Companies look to seize upon increased consumer spending as pandemic restrictions loosen.

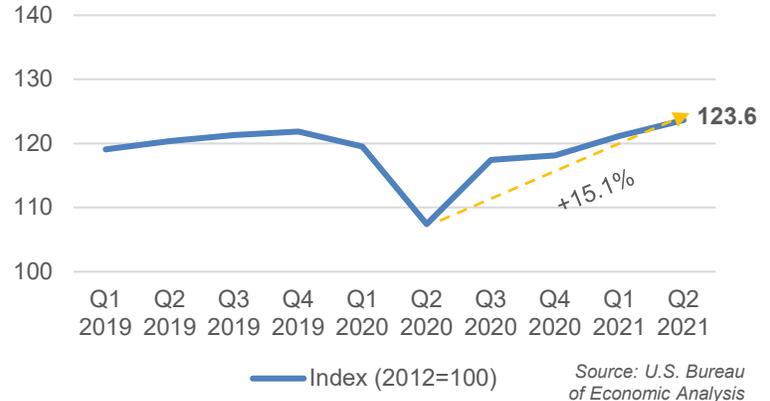
Macro Dashboard

Consumer Confidence



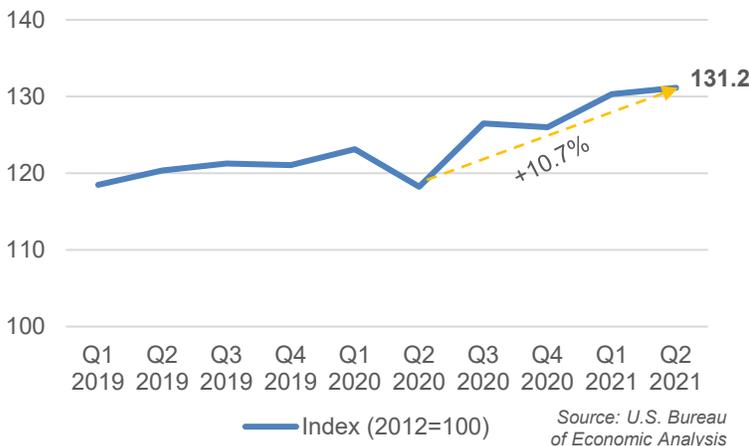
- Although consumer confidence has slipped moderately recently, growth since the beginning of the year has been considerable.
- Confidence slipped modestly from June's reading of 128.9, the highest level since February 2020

Overall Consumer Spending



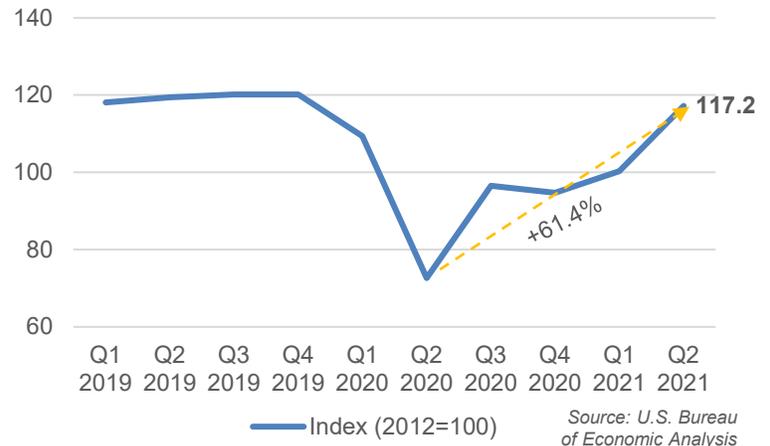
- Consumer spending continued its rebound in Q2, boosted by government stimulus payments and the rising number of COVID-19 vaccinations

Non-Durable Goods Spending



- The increase in non-durable goods spending in Q2 has been driven by food services and accommodations
- We're seeing a pivot from consumption tilted towards goods – many of which can be delivered – to in-person services such as travel, dining and entertainment

Food Service & Accommodations Spending



- As the pivot from goods consumption into services is happening, we're seeing surge pricing in everything from airfares to hotel rooms, with more consumers going out to eat than in the past

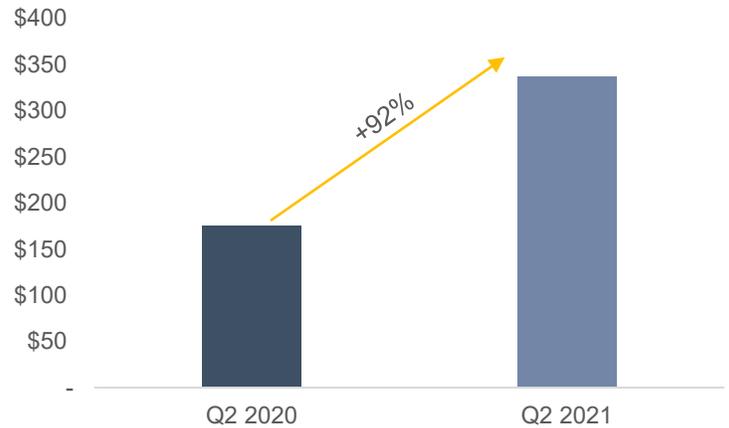
Middle Market M&A Overview

Observations

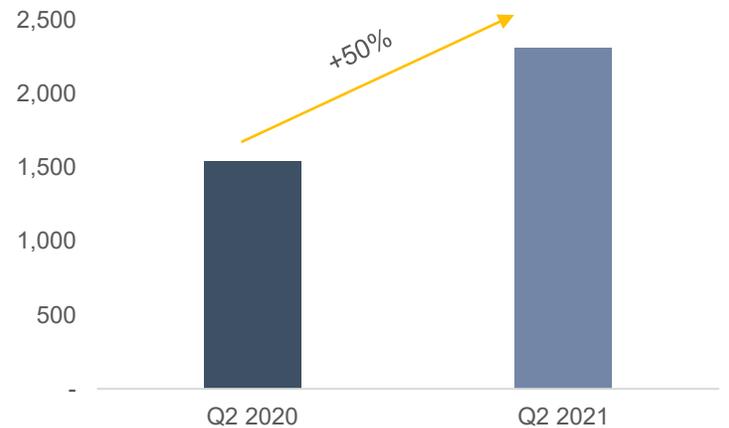
- Despite the fear due to the COVID-19 Delta variant, the market remains active because of tax law discussions, recovering credit markets, and high levels of buyer dry powder.
 - Combined, announced, and recently completed deal counts continue to near record levels.
 - As the M&A market continues to persevere, confidence in the overall health of the market will continue to grow.
- Middle market M&A activity is up substantially year over year in terms of both value and volume.
 - We anticipate elevated middle-market PE activity will continue through the remainder of 2021.
- Q2 activity points suggests the rest of 2021 will be a robust deal making environment
 - PE funds are seeing an overflowing number of deals forcing them to take diligence in their approach.
 - Sellers who were positively affected by the pandemic want to take advantage of high multiples; those who were challenged are realizing the advantages of being part of a larger organization.
- The looming promise of a tax rate increase will drive a sense of urgency for sellers to close in 2021
 - Some buyers are offering gross-up payments to cover the difference when tax rates eventually increase, as well as discussing insurance policies to cover potential retroactive rate increases
 - As the year comes to an end, many deals will see a considerable push to close before the start of 2022.

Q2 M&A Overview

Q2 2021 Global Middle Market Deal Value

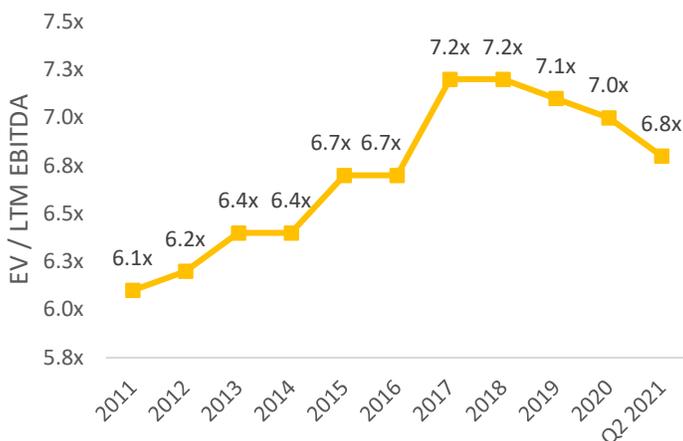


Q2 2021 Global Middle Market Deal Volume



Source: White & Case

U.S. Private Equity Lower MM Transaction Multiples



Note: Lower Middle Market defined as transactions smaller than \$250mm

PE Middle-Market Deal Activity by Quarter



Source: Pitchbook

Public Company Valuation and Growth Metrics (\$ in mm) – 9/23/2021

Restaurants

Ticker	Company Name	EV	LTM Financials				EV Multiples		
			Revenue	Growth	CAGR	EBITDA	LTM		
							YoY Rev.	5yr Rev.	Revenue
Fast Casual	CMG	Chipotle Mexican Grill	\$ 56,722	\$ 6,843	22%	11%	\$ 1,272	8.3x	44.6x
	MTY	MTY Food Group	\$ 2,044	\$ 400	-9%	29%	\$ 123	5.1x	16.6x
	LOCO	El Pollo Loco	\$ 845	\$ 451	6%	4%	\$ 65	1.9x	13.0x
	TACO	Del Taco	\$ 687	\$ 518	5%	N/A	\$ 62	1.3x	11.0x
	FRGI	Fiesta Restaurant Group	\$ 471	\$ 466	-2%	-8%	\$ 48	1.0x	9.8x
	NDLS	Noodles & Company	\$ 817	\$ 448	9%	-1%	\$ 33	1.8x	24.7x
	NATH	Nathan's Famous	\$ 336	\$ 89	-1%	-2%	\$ 30	3.8x	11.3x
	PBPB	Potbelly Sandwich Works	\$ 403	\$ 323	-8%	-4%	\$ (19)	1.2x	N/A
	Min	\$ 336	\$ 89	-9%	-8%	\$ (19)	1.0x	N/A	
	Median	\$ 752	\$ 450	2%	-1%	\$ 55	1.8x	12.2x	
	Mean	\$ 7,791	\$ 1,192	3%	4%	\$ 202	3.1x	13.7x	
	Max	\$ 56,722	\$ 6,843	22%	29%	\$ 1,272	8.3x	44.6x	
Full Service	DRI	Darden Restaurants	\$ 23,578	\$ 7,196	-8%	1%	\$ 1,039	3.3x	22.7x
	TXRH	Texas Roadhouse	\$ 6,686	\$ 2,969	19%	9%	\$ 295	2.3x	22.7x
	EAT	Brinker International	\$ 4,323	\$ 3,338	8%	0%	\$ 382	1.3x	11.3x
	BLMN	Bloomin' Brands	\$ 4,206	\$ 3,649	2%	-3%	\$ 413	1.2x	10.2x
	CBRL	Cracker Barrel Old Country Store	\$ 4,202	\$ 2,532	-10%	-3%	\$ 190	1.7x	22.1x
	CAKE	The Cheesecake Factory	\$ 3,948	\$ 2,469	13%	3%	\$ 60	1.6x	65.7x
	DIN	Dine Brands	\$ 2,949	\$ 810	6%	4%	\$ 215	3.6x	13.7x
	SHAK	Shake Shack	\$ 3,686	\$ 631	16%	23%	\$ 45	5.8x	81.7x
	DENN	Denny's	\$ 1,347	\$ 338	-10%	-7%	\$ 53	4.0x	25.4x
	BJRI	BJ's Restaurants	\$ 1,406	\$ 909	-5%	-1%	\$ 49	1.5x	28.5x
	RRGB	Red Robin Gourmet Burgers	\$ 985	\$ 1,005	-6%	-5%	\$ 39	1.0x	25.1x
	CHUY	Chuy's Holdings	\$ 707	\$ 357	-4%	3%	\$ 68	2.0x	10.3x
	JAX	J. Alexander's Holdings	\$ 286	\$ 224	9%	0%	\$ 22	1.3x	13.0x
	Min	\$ 286	\$ 224	-10%	-7%	\$ 22	1.0x	10.2x	
	Median	\$ 3,686	\$ 1,005	2%	0%	\$ 68	1.7x	22.7x	
	Mean	\$ 4,485	\$ 2,033	2%	2%	\$ 221	2.3x	27.1x	
	Max	\$ 23,578	\$ 7,196	19%	23%	\$ 1,039	5.8x	81.7x	
QSR	MCD	McDonald's	\$227,782	\$ 21,744	12%	-3%	\$11,077	10.5x	20.6x
	YUM	Yum! Brands	\$ 47,224	\$ 6,279	14%	0%	\$ 2,323	7.5x	20.3x
	QSR	Restaurant Brands International	\$ 33,325	\$ 5,393	4%	6%	\$ 2,119	6.2x	15.7x
	DPZ	Domino's Pizza	\$ 23,284	\$ 4,340	15%	13%	\$ 887	5.4x	26.3x
	WEN	The Wendy's Company	\$ 8,124	\$ 1,880	12%	2%	\$ 485	4.3x	16.7x
	JACK	Jack In The Box	\$ 4,321	\$ 1,121	13%	-6%	\$ 336	3.9x	12.9x
	PZZA	Papa John's International	\$ 5,243	\$ 1,970	16%	4%	\$ 217	2.7x	24.1x
	TAST	Carrols Corporation	\$ 1,500	\$ 1,642	8%	13%	\$ 116	0.9x	12.9x
	Min	\$ 1,500	\$ 1,121	4%	-6%	\$ 116	0.9x	12.9x	
	Median	\$ 15,704	\$ 3,155	13%	3%	\$ 686	4.8x	18.5x	
	Mean	\$ 43,850	\$ 5,546	12%	4%	\$ 2,195	5.2x	18.7x	
	Max	\$227,782	\$ 21,744	16%	13%	\$11,077	10.5x	26.3x	

Public Company Valuation and Growth Metrics (\$ in mm) – 9/23/2021

Early Education Facility Operators, Entertainment / Experiential, Grocery, C-Store

	Ticker	Company Name	EV	LTM Financials			EV Multiples		
				Revenue	YoY Rev. Growth	5yr Rev. CAGR	EBITDA	LTM	
							Revenue	EBITDA	
Early Education	BFAM	Bright Horizons Family Solutions	\$ 10,424	\$ 1,547	-16%	0%	\$ 197	6.7x	52.9x
	STO: ACAD	AcadeMedia	\$ 1,782	\$ 1,412	6%	8%	\$ 144	1.3x	12.3x
	HKG: 01317	China Maple Leaf Educational Systems	\$ 1,003	\$ 268	13%	20%	\$ 98	3.7x	10.2x
	SGX:CNE	MindChamps	\$ 87	\$ 46	16%	N/A	\$ 12	1.9x	7.3x
	TSE:6189	Global Group (Japan)	\$ 91	\$ 217	6%	N/A	N/A	0.4x	N/A
	ASX:MFD	Mayfield Childcare	\$ 52	\$ 28	14%	N/A	\$ 6	1.9x	8.7x
		Min	\$ 52	\$ 28	-16%	0%	\$ 6	0.4x	7.3x
	Median	\$ 547	\$ 243	10%	8%	\$ 98	1.9x	10.2x	
	Mean	\$ 2,240	\$ 586	7%	10%	\$ 91	2.7x	18.3x	
	Max	\$ 10,424	\$ 1,547	16%	20%	\$ 197	6.7x	52.9x	
Entertainment / Experiential	LYV	Live Nation Entertainment	\$ 23,230	\$ 1,288	-84%	-30%	\$ (986)	18.0x	N/A
	AMC	AMC Theatres	\$ 29,836	\$ 875	-77%	-22%	\$ (1,108)	34.1x	N/A
	MTN	Vail Resorts	\$ 14,945	\$ 1,783	-16%	2%	\$ 536	8.4x	27.9x
	SIX	Six Flags Theme Parks	\$ 6,809	\$ 777	-23%	-10%	\$ 62	8.8x	109.7x
	CNK	Cinemark Theatres	\$ 5,480	\$ 543	-75%	-28%	\$ (329)	10.1x	N/A
	FUN	Cedar Fair Entertainment Company	\$ 5,208	\$ 355	-66%	-22%	\$ (211)	14.7x	N/A
	PLAY	Dave & Buster's	\$ 3,581	\$ 869	1%	-1%	\$ 164	4.1x	21.9x
	MCS	The Marcus Corporation	\$ 1,091	\$ 214	-64%	N/A	\$ (72)	5.1x	N/A
	IMAX	IMAX	\$ 1,094	\$ 183	-28%	-14%	\$ 43	6.0x	25.7x
	RDI	Reading International	\$ 521	\$ 83	-57%	-20%	\$ 54	6.3x	9.7x
		Min	\$ 521	\$ 83	-84%	-30%	\$ (1,108)	4.1x	N/A
	Median	\$ 5,344	\$ 660	-60%	-20%	\$ (15)	8.6x	N/A	
	Mean	\$ 9,180	\$ 697	-49%	-16%	\$ (185)	11.6x	8.8x	
	Max	\$ 29,836	\$ 1,783	1%	2%	\$ 536	34.1x	109.7x	
Grocery	ACI	Albertsons	\$ 27,978	\$ 68,208	3%	3%	\$ 4,141	0.4x	6.8x
	KR	Kroger	\$ 47,727	\$133,440	4%	3%	\$ 5,576	0.4x	8.6x
	SFM	Sprouts Farmers Market	\$ 3,823	\$ 6,277	3%	10%	\$ 499	0.6x	7.7x
	IMKTA	Ingles Markets	\$ 1,856	\$ 4,850	8%	5%	\$ 459	0.4x	4.0x
	SPTN	SpartanNash	\$ 1,462	\$ 9,072	0%	3%	\$ 221	0.2x	6.6x
	WMK	Weis Markets	\$ 1,320	\$ 4,082	6%	7%	\$ 250	0.3x	5.3x
		Min	\$ 1,320	\$ 4,082	0%	3%	\$ 221	0.2x	4.0x
	Median	\$ 2,839	\$ 7,675	3%	4%	\$ 479	0.4x	6.7x	
	Mean	\$ 14,028	\$ 37,655	4%	5%	\$ 1,858	0.4x	6.5x	
	Max	\$ 47,727	\$133,440	8%	10%	\$ 5,576	0.6x	8.6x	
C-Store	ATD.B	Alimentation Couche-Tard	\$ 46,904	\$ 49,629	0%	8%	\$ 4,893	0.9x	9.6x
	CASY	Casey's	\$ 8,496	\$ 9,784	13%	7%	\$ 734	0.9x	11.6x
	SUN	Sunoco	\$ 7,218	\$ 13,221	-4%	9%	\$ 706	0.5x	10.2x
	MUSA	Murphy	\$ 6,215	\$ 13,693	8%	3%	\$ 677	0.5x	9.2x
	TA	TravelCenters of America	\$ 2,424	\$ 5,920	10%	2%	\$ 298	0.4x	8.1x
	GTY	Getty Realty	\$ 1,881	\$ 151	4%	5%	\$ 128	12.5x	14.7x
		Min	\$ 1,881	\$ 151	-4%	2%	\$ 128	0.4x	8.1x
	Median	\$ 6,717	\$ 11,503	6%	6%	\$ 692	0.7x	9.9x	
	Mean	\$ 12,190	\$ 15,400	5%	6%	\$ 1,239	2.6x	10.6x	
	Max	\$ 46,904	\$ 49,629	13%	9%	\$ 4,893	12.5x	14.7x	

Public Company Operating Statistics (\$ in mm) – 9/23/2021

Restaurants

Ticker	Company Name	EV	LTM Financials					
			COGS as % of Revenue	Gross Margin	SG&A as % of Revenue	Sales / Mktg as % of Revenue	EBITDA Margin	
Fast Casual	CMG	Chipotle Mexican Grill	\$ 56,722	31%	22%	8%	N/A	19%
	MTY	MTY Food Group	\$ 2,044	27%	56%	3%	N/A	31%
	LOCO	El Pollo Loco	\$ 845	30%	22%	8%	N/A	14%
	TACO	Del Taco	\$ 687	24%	24%	12%	3%	12%
	FRGI	Fiesta Restaurant Group	\$ 471	30%	37%	14%	3%	10%
	NATH	Nathan's Famous	\$ 336	52%	47%	14%	N/A	33%
	NDLS	Noodles & Company	\$ 817	25%	17%	10%	N/A	7%
	PBPB	Potbelly Sandwich Works	\$ 403	28%	20%	11%	N/A	-6%
		Min	\$ 336	24%	17%	3%	3%	-6%
		Median	\$ 752	29%	23%	10%	3%	13%
	Mean	\$ 7,791	31%	31%	10%	3%	15%	
	Max	\$ 56,722	52%	56%	14%	3%	33%	
Full Service	DRI	Darden Restaurants	\$ 23,578	29%	21%	7%	1%	14%
	TXRH	Texas Roadhouse	\$ 6,686	32%	17%	4%	N/A	10%
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	BLMN	Bloomin' Brands	\$ 4,206	30%	41%	7%	N/A	11%
	CBRL	Cracker Barrel Old Country Store	\$ 4,202	31%	34%	6%	N/A	8%
	CAKE	The Cheesecake Factory	\$ 3,948	22%	40%	7%	N/A	2%
	DIN	DineBrands	\$ 2,949	49%	39%	19%	N/A	26%
	SHAK	Shake Shack	\$ 3,686	29%	42%	21%	N/A	7%
	DENN	Denny's	\$ 1,347	41%	32%	20%	N/A	16%
	BJRI	BJ's Restaurants	\$ 1,406	25%	11%	7%	N/A	5%
	RRGB	Red Robin Gourmet Burgers	\$ 985	22%	14%	10%	N/A	4%
	CHUY	Chuy's Holdings	\$ 707	24%	39%	8%	1%	19%
		Min	\$ 707	22%	11%	4%	1%	2%
		Median	\$ 3,817	29%	33%	7%	1%	11%
	Mean	\$ 4,835	32%	29%	10%	1%	11%	
	Max	\$ 23,578	52%	42%	21%	1%	26%	
QSR	MCD	McDonald's	\$227,782	15%	53%	10%	N/A	51%
	YUM	Yum! Brands	\$ 47,224	51%	49%	16%	N/A	37%
	QSR	Restaurant Brands International	\$ 33,325	50%	50%	15%	N/A	39%
	DPZ	Domino's Pizza	\$ 23,284	61%	39%	21%	11%	20%
	WEN	The Wendy's Company	\$ 8,124	63%	37%	12%	N/A	26%
	JACK	Jack In The Box	\$ 4,321	29%	37%	7%	N/A	30%
	PZZA	Papa John's International	\$ 5,243	69%	31%	10%	N/A	11%
	TAST	Carrols Corporation	\$ 1,500	30%	38%	17%	4%	7%
		Min	\$ 1,500	15%	31%	7%	4%	7%
		Median	\$ 15,704	51%	39%	14%	8%	28%
	Mean	\$ 43,850	46%	42%	14%	8%	28%	
	Max	\$227,782	69%	53%	21%	11%	51%	

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	STO: ACAD	AcadeMedia	\$ 1,782	8%	29%	10%	N/A	10%
	GEM	Green Minerals	\$ 21	N/A	N/A	N/A	N/A	N/A
	HKG: 01317	China Maple Leaf Educational Systems	\$ 1,003	N/A	46%	17%	2%	36%
	SGX:CNE	MindChamps	\$ 87	53%	47%	50%	2%	26%
	TSE:6189	Global Group (Japan)	\$ 91	88%	12%	N/A	N/A	N/A
	ASX:MFD	Mayfield Childcare	\$ 52	N/A	N/A	65%	N/A	22%
		Min	\$ 21	8%	12%	10%	2%	10%
		Median	\$ 91	66%	29%	17%	2%	22%
		Mean	\$ 1,923	57%	31%	32%	2%	21%
	Max	\$ 10,424	88%	47%	65%	2%	36%	
Entertainment / Experiential	LYV	Live Nation Entertainment	\$ 23,230	55%	45%	112%	N/A	-77%
	AMC	AMC Theatres	\$ 29,836	27%	73%	117%	N/A	-127%
	MTN	Vail Resorts	\$ 14,945	56%	44%	15%	N/A	30%
	SIX	Six Flags Theme Parks	\$ 6,809	9%	91%	20%	N/A	8%
	CNK	Cinemark Theatres	\$ 5,480	31%	69%	135%	N/A	-61%
	FUN	Cedar Fair Entertainment Company	\$ 5,208	13%	87%	39%	N/A	-59%
	PLAY	Dave & Buster's	\$ 3,581	16%	62%	7%	N/A	19%
	MCS	The Marcus Corporation	\$ 1,091	67%	27%	42%	5%	-34%
	IMAX	IMAX	\$ 1,094	63%	37%	57%	N/A	23%
	RDI	Reading International	\$ 521	118%	-18%	24%	N/A	65%
	Min	\$ 521	9%	-18%	7%	5%	-127%	
	Median	\$ 5,344	43%	54%	40%	5%	-13%	
	Mean	\$ 9,180	46%	52%	57%	5%	-21%	
	Max	\$ 29,836	118%	91%	135%	5%	65%	
Grocery	ACI	Albertsons	\$ 27,978	71%	29%	27%	N/A	6%
	KR	Kroger	\$ 47,727	78%	22%	19%	N/A	4%
	SFM	Sprouts Farmers Market	\$ 3,823	63%	37%	29%	N/A	8%
	IMKTA	Ingles Markets	\$ 1,856	73%	27%	20%	N/A	9%
	SPTN	SpartanNash	\$ 1,462	84%	16%	14%	N/A	2%
	WMK	Weis Markets	\$ 1,320	73%	27%	23%	N/A	6%
		Min	\$ 1,320	63%	16%	14%	N/A	2%
	Median	\$ 2,839	73%	27%	21%	N/A	6%	
	Mean	\$ 14,028	74%	26%	22%	N/A	6%	
	Max	\$ 47,727	84%	37%	29%	N/A	9%	

About Founders Advisors

Founders Advisors (Founders) is a merger, acquisition, & strategic advisory firm serving lower middle-market companies. Our focus is on consumer, industrials, energy, healthcare, business services, and technology companies throughout the United States. Our skilled professionals, proven expertise, and process-based solutions help companies access growth capital, make acquisitions, and/or prepare for and execute liquidity events to achieve specific financial goals.

CAPABILITIES & FIRM HIGHLIGHTS



Sell-Side Advisory



Capital Raises



Strategic Advisory



Targeted Buyside



Spin-Offs / Divestitures

\$55B+

Founders Managing Directors' Transacted Enterprise Value

80+

Founders' Completed Engagements Since 2013

21%

Average Increase in Initial Bid to Closing

Industry Groups

BUSINESS SERVICES

- Staffing & Recruiting
- Professional Employer Organization (PEO)
- IT Consulting & Services
- HR Services & HR SaaS
- Tech-Enabled Services

INDUSTRIAL TECHNOLOGY

- Manufacturing & Process Equipment
- Automation & Industrial IoT
- Electrical & Electronics
- Safety & Security
- Test & Measurement

ENERGY & INDUSTRIAL SERVICES

- Utility Services
- Infrastructure Services
- Industrial Services
- Engineering & Construction
- Midstream & Downstream
- Oilfield Services & Equipment

BUILDING MATERIALS

- Aggregates
- Asphalt & Paving
- Ready Mix
- Concrete Block
- Pipe and Precast
- Brick
- Roof Tile
- Pavers

CONSUMER

- Consumer Services
- Residential Services
- Food Services & Hospitality
- Education Services
- Retail Services

HEALTHCARE

- Biopharmaceuticals
- Healthcare IT
- Healthcare Services
- Medical Technology
- Tools & Diagnostics

TECHNOLOGY

- SaaS
- DTC & eCommerce
- Tech-Enabled Services
- Digital Media
- Software

CAPITAL SOLUTIONS

- Debt Financings
- Debt Refinancings
- Minority Recapitalizations
- Growth Capital
- Acquisition Financing
- Special Situations

Sample industry group representation

Birmingham

2400 5th Avenue S., Suite 100
Birmingham, AL 35233
Phone: 205.949.2043

Dallas

180 State Street, Suite 225
Southlake, TX 76092
Phone: 214.295.1055

Houston

3615 Wellborn Drive
Fulshear, TX 77441
Phone: 346.326.1782

Senior Leadership

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