

INSIDE EDGE
— CAPITAL —



Stock Spotlight

Cava Group Inc

CAVA

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Cava Group Inc

- Cava Group Holding, or Cava, is a relatively new holding in our portfolio, and we added a 1% allocation in our T.A.G. portfolio on June 24th.
- Cava is a Mediterranean fast-casual restaurant chain and has been rapidly expanding in the past few years. Cava's first location opened in 2010 and now has 341 stores in the U.S., with plans to add between 50-54 stores by the end of this year. Cava places a huge emphasis on ingredients, making sure they are always fresh and that the customer has plenty of options. Cava currently has so many different ingredients you can use to make your meal that there are over 17.4 billion combinations on their menu.
- The Mediterranean diet was voted the healthiest diet by U.S. News for the 7th year in a row.



38 Ingredients – Over 17.4 Billion Combinations

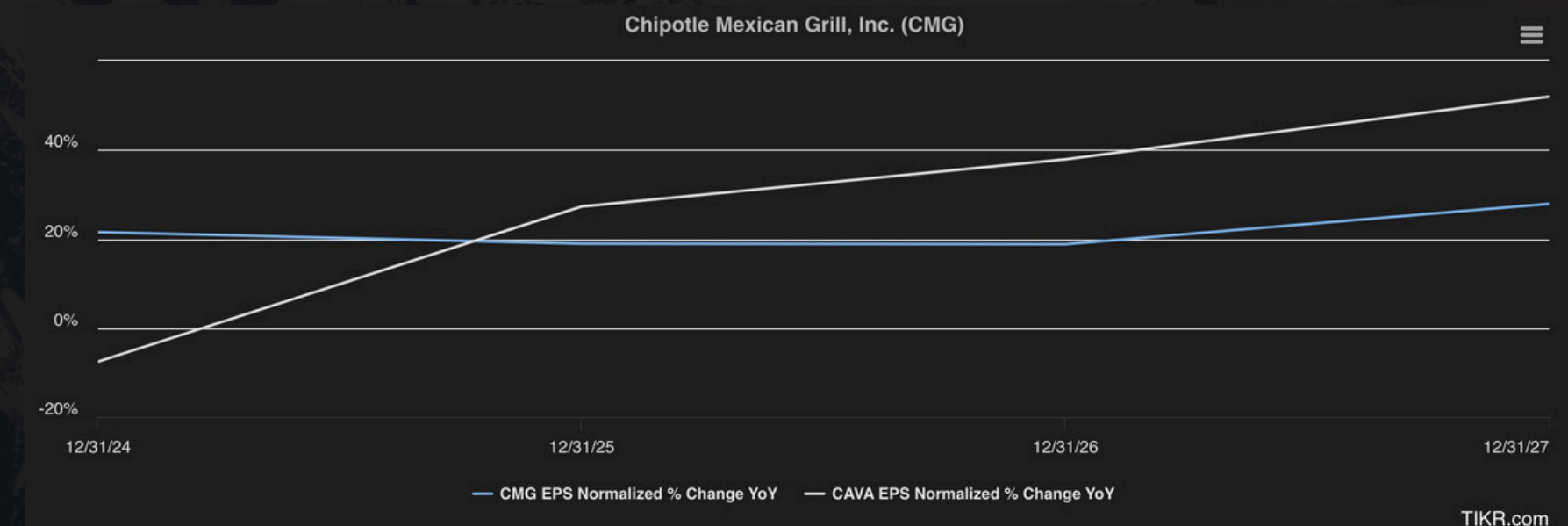
 Greens + Grains Bowl  Salad Bowl  Rice Bowl  Pita	 Tzatziki  Hummus  Red Pepper Hummus  Harissa  Crazy Feta  Roasted Eggplant Dip	 Harissa Honey Chicken  Grilled Chicken  Falafel  Spicy Lamb Meatballs  Steak  Braised Lamb  Roasted Vegetables	 Shredded Romaine  Persian Cucumber  Cabbage Slaw  Tomato & Onion  Tomato & Cucumber  Kalamata Olives  Fiery Broccoli  Salt-Brined Pickles  Fire Roasted Corn  Pickled Onions  Avocado  Crumbled Feta  Pita Crisps	 Balsamic Date Vinaigrette  Yogurt Dill  Lemon Herb Tahini  Greek Vinaigrette  Garlic Dressing  Skhug  Tahini Caesar  Hot Harissa Vinaigrette
4 ENTRÉES	6 DIPS	7 MAINS	13 TOPPINGS	8 DRESSINGS

Competition

- Cava operates in the highly competitive and expanding fast-casual restaurant space, and they are constantly competing against Chipotle, among other companies. Chipotle has been in business longer than Cava, and still has more revenue, market share, and stores.
- That being said, Cava is worth significantly more per store than Chipotle, and investors worry that Cava's valuation is severely overinflated.
 - Cava: worth 33 million per store
 - Chipotle: worth 3 million per store
- Chipotle's revenue per store of \$3.1 million also trumps Cava's \$2.6 million per store.
- Additionally, Chipotle's profit margin of 28% is higher than Cava's, at 25%.
 - Although Cava's menu with 17.4 billion different combinations is great for customers, it impacts their margins significantly.
 - Cava always has 40 high-quality, fresh ingredients in store, while Chipotle only needs to have around 10 ingredients in store, costing significantly less.

EPS Growth

- Cava and Chipotle are both expected to see substantial EPS growth in the coming years.
- Cava is expected to see EPS growth of 50% by 2027.
- Chipotle's expected EPS growth is around 25% in the same year.





Notable Information from Earnings Call

- Cava reported earnings after the bell yesterday and beat estimates on the top and bottom lines.
 - EPS: \$0.12 expected vs \$0.17 reported (42% beat)
 - Revenue: \$218.57M expected vs \$233.5M reported (7% beat)
- Net income came in at \$19.7 million, up from \$6.5 million year-over-year.
- Additionally, the company's same-store sales rose 14.4%, topping estimates of 7.9%.
- On top of all this, Cava reported that restaurant traffic was up 10%, and over this same period, many restaurants had seen declining traffic.
- In total, the company now has 341 restaurants and raised its estimates for new restaurants this year to between 54-57.
- Adjusted EBITDA came in at \$34.3 million, representing substantial year-over-year growth from \$21.6 million in Q2 2023.



CAVA



THANK YOU!

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