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Dutch Bros Inc. (BROS) Q4 2025 Earnings Call Transcript

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Q4: 2026-02-12 Earnings Summary

Insights

EPS of \$0.17 **beats by \$0.07** | Revenue of \$443.61M (29.41% Y/Y) **beats by \$18.76M**Dutch Bros Inc. (**BROS**) Q4 2025 Earnings Call February 12, 2026 5:00 PM EST

Company Participants

Neil Patel - Senior Manager of Investor Relations

Christine Barone - CEO, President & Director

Joshua Guenser - Chief Financial Officer

Conference Call Participants

Andrew Charles - TD Cowen, Research Division
Christopher O'Cull - Stifel, Nicolaus & Company, Incorporated, Research Division
Andrew Barish - Jefferies LLC, Research Division
Hyun Jin Cho - Goldman Sachs Group, Inc., Research Division
Dennis Geiger - UBS Investment Bank, Research Division
David Tarantino - Robert W. Baird & Co. Incorporated, Research Division
Sara Senatore - BofA Securities, Research Division
Brian Harbour - Morgan Stanley, Research Division
Jeffrey Farmer - Gordon Haskett Research Advisors
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Jeffrey Bernstein - Barclays Bank PLC, Research Division
Logan Reich - RBC Capital Markets, Research Division
Nerses Setyan - Mizuho Securities USA LLC, Research Division
Gregory Francfort - Guggenheim Securities, LLC, Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division

Presentation

Operator

Thank you for standing by, and welcome to the Dutch Bros, Inc. Fourth Quarter 2025 Earnings Conference Call and Webcast. This conference call and webcast is being recorded today, February 12, 2026, at 05:00 p.m. Eastern Time and will be available for replay shortly after it's concluded. [Operator Instructions]

I would now like to turn the call over to Neil Patel, Dutch Bros Senior Manager, Investor Relations. Please go ahead.

Neil Patel

Senior Manager of Investor Relations

Good afternoon, and welcome. I'm joined by Christine Barone, CEO and President; and Josh Guenser, CFO. We issued our earnings press release for the quarter and year ended December 31, 2025, after the market closed today. The earnings press release, along with a supplemental information deck have been posted to our Investor Relations website at investors.dutchbros.com.

Please be aware that all statements in our prepared remarks and in response to your questions other than those of historical fact are forward-looking statements and are subject to risks, uncertainties and assumptions that may cause actual results to differ materially. They are qualified by the cautionary statements in our earnings press release and the risk factors in our latest SEC filings, including our most recent annual report on Form 10-K and quarterly report on Form 10-Q. We assume no obligation to update any forward-looking statements.

We will also reference non-GAAP financial measures on today's call. As a reminder, non-GAAP measures are neither substitutes for nor superior to measures that are prepared under GAAP. Please review the reconciliation of non-GAAP measures to comparable GAAP results in our earnings press release. During the question-and-answer portion of today's call, please limit yourself to one question.

With that, I would like to turn the call over to Christine.

Christine Barone

CEO, President & Director

Thank you, Neil, and good afternoon, everyone. Dutch Bros remains a powerful growth engine. And as we enter our fifth full year as a public company, our growth story is exceptional, both in terms of the results we are delivering and the expansive future potential that lies ahead. Our fourth quarter and full year 2025 results demonstrate the strong momentum we have in delivering our long-term strategy and were primarily driven by standout transaction growth of 5.4% in Q4. 2025 revenues grew an outstanding 28%, reaching \$1.64 billion and have more than doubled since the end of 2022.

Our stellar 2025 performance was driven by 16% new shop growth from 154 new shop openings, along with system same-shop sales growth of 5.6% for the year. 2025 new shop productivity remains elevated as the refinements we undertook in our development process over the course of the past couple of years are clearly evident in our results. Throughout the year, new shop openings were consistently strong in both existing and in newer markets, showing our ability to successfully densify and become the routine while still fostering the brand love to welcome long lines of customers.

2025 adjusted EBITDA grew 31%, reaching \$303 million and outpaced revenue growth, fueled by exceptional transaction growth and new shop performance, compelling 4-wall economics with company-operated contribution margin at 28.9%, representing over 400 basis points of margin expansion since 2022. And over the same time period, adjusted EBITDA has grown more than threefold to over \$300 million, marking a significant milestone over my 3 years at Dutch Bros. This meaningful achievement underscores the strength of our durable model, reinforcing the confidence I have in the long-term opportunity ahead.

Focusing on Q4, our results maintained the strength of the prior 3 quarters with broad-based outperformance across the business, across geographies and across dayparts with our brand continuing to resonate with customers. Q4 total revenues grew 29%, driven by healthy new shop performance, system same-shop sales growth of 7.7% and company-operated same-shop sales growth of 9.7%, with both of these metrics led by strong transaction growth. System-wide AUVs reached a record \$2.1 million, reflecting the strength of our people pipeline, the love for our brand and the superior development execution engine we've refined and built over the past few years.

Against this backdrop of impressive growth, we are transitioning smoothly into the next chapter of the brand's journey with a clear rallying goal to reach 2,029 shops in 2029. The progress the team made throughout 2025, including the acceleration of our shop pipeline and investments in our capabilities, leaves me with tremendous confidence in this brand and this team's ability to drive share-taking growth for many years to come. As we leave a very successful 2025 behind and enter 2026 at full speed, I wanted to recognize and sincerely thank our teams for making this past year a resounding success.

Our people, the heart of our brand, remain the foundation of our differentiated shop experience. They've been our shining strength for more than 30 years, and our people will continue to drive us forward for years to come. Our Broista's ability to deliver a unique experience has been central to our growth and mission of being a fun-loving, mind-blowing company that makes a massive difference one cup at a time. That commitment continues to be a defining driver of our success.

In 2025, we began the year with approximately 400 regional operator candidates in our pipeline and ended with approximately 475, a figure that has nearly doubled since the end of 2022. During that period, we have nearly doubled our system shop count and more than doubled our company-operated shop count, which now represents over 70% of our system shop base. We believe this pace of expansion and our goal of reaching 2,029 shops in 2029 is only possible with the depth and readiness of our people who continue to scale our shop footprint with love, energy and kindness.

Turning to shop growth. 2025 was a landmark year, setting the foundation for what's ahead. We expanded into 7 contiguous states, including our entry into North Carolina in Q4, bringing our system shop footprint to 25 states and 1,136 system-wide shops. In 2025, we accelerated the growth of our shop pipeline while significantly lowering our average CapEx per shop, providing improved visibility and confidence for shop openings in future years. During the year, the number of shops in our pipeline accelerated substantially with shop approvals more than doubling versus 2024. Given this improved visibility, the road to 2,029 shops in 2029 remains very clear.

In Q4, we opened a walk-up shop in Downtown Los Angeles. This shop provides a valuable platform for insights into urban dense corridors where drive-thrus are harder to build. Since opening in late November, this non-drive-thru location has been our top-performing shop and has an order ahead mix at over 3x the system average. While still early, these insights position us to be confident on the types of locations where we can be successful.

Looking to 2026, momentum is expected to continue. We now expect to open at least 181 new system shops, which includes the recently completed acquisition of 20 Clutch Coffee Bar locations across North and South Carolina. This conversion opportunity accelerates our presence in the Carolinas and allows us to introduce Dutch Luv to these communities beginning later this year.

Now let me share how we are strengthening our competitive advantage through a focused set of foundational transaction-driving initiatives, along with our strategic growth drivers to broaden access to a wider set of customers and occasions. In 2023, we made a deliberate shift to build a foundational top-of-the-funnel paid advertising engine. The results have been clear. Aided and unaided awareness have meaningfully expanded while still leaving substantial headroom for growth. And now in its third year, our brand awareness strategy is being deliberately amplified through the roll out of the Dutch Bros CPG platform. Creamers, Coffee Pods, Ground Coffee and ready-to-drink offerings are now available in many retail outlets.

We are very pleased with the initial customer reception and see meaningful potential to continue building this over time. Paired together, paid media and CPG form a scalable high ROI awareness engine, extending the brand beyond our shops, reinforcing daily relevance while converting awareness into incremental shop visits. We continue to believe brand awareness remains a significant opportunity, making CPG one of our most efficient levers to continue driving durable long-term growth.

Our innovations empower our Broista's, unlocking near infinite beverage customizations and deepening the emotional connection we have with our customers. This innovation momentum clearly showed up in Q4 with a highly successful holiday LTO launch, which demonstrated our ability to drive strong customer engagement in the quarter. In November and December, we reinforced our strategy of driving innovation beyond beverages through impactful merch drops, including the Passenger Princess Car Magnet and the Lil' Bros mini figurines, which cleared out within hours of launch.

And alongside innovation, our loyalty program continues to scale. Dutch Rewards turns 5 years old this month, having just surpassed 15 million members at the end of 2025. In 2025, approximately 72% of system transactions were attributed to Dutch Rewards, representing 4 points of improvement versus 2024. Looking ahead to 2026, we expect to continue expanding our customer targeting capabilities, reaching the right customer at the right moment, improving lifetime value and driving high ROI transaction growth.

Together, these foundational initiatives form a long-term engine of innovation, personalization and loyalty that expands our competitive moat. Beginning in late 2024 and into 2025, we built on our foundational drivers by layering in additional multiyear capabilities, order ahead, improvements in throughput and our new food program. Together, these initiatives are designed to meaningfully reduce friction, unlock our shop capabilities and expand our customer base and visit frequency over time.

Our Order Ahead program ended 2025 with approximately 14% mix in Q4. The program has activated an underutilized channel, the walk-up window, which is approximately 18% of channel mix in Q4. Order Ahead has also proven to be a powerful catalyst for our loyalty program, driving Dutch Rewards penetration higher to 70% plus each full quarter since launch. Even with continued growth in Dutch Rewards membership, we continue to see registrations per shop and active users per shop trend higher, an indicator of sound shop loyalty and customer engagement.

2025 was also a pivotal year in establishing the foundation for sustainable throughput improvement. We implemented a new training model for our field teams and refined labor deployment by aligning labor to better match customer demand patterns. These efforts are delivering results, enabling us to support continued transaction growth while protecting the customer and Broista experience. To further build on our momentum, we welcomed Jen Somers as Chief Shops Officer last month. She brings deep experience in scaling high-growth restaurant brands while elevating operational excellence and customer experience.

We are equally encouraged with the progress of our new food program, which continues to perform exceptionally well as we expand its rollout across the broader system. This represents another meaningful step toward lowering structural barriers to visiting Dutch Bros and expanding the set of beverage occasions. It's worth noting that 1 year ago, this program was limited to 4 shops in the Greater Phoenix market. And by the end of 2025, we had thoughtfully expanded this program to over 300 shops across 11 states with plans for the rollout to be complete by the end of 2026.

Collectively, these initiatives strengthen our scalable shop operating system, one designed to increase speed, provide greater convenience and drive share-taking growth. In closing, Dutch Bros remains exceptionally well positioned with a very clear strategy, strong fundamentals and a long runway ahead. We are intentionally building this business with a long-term mindset, focused on growing through our people and investing in our brand. We have the largest and most experienced pipeline of regional operators in our history, providing a clear line of sight to 2,029 shops in 2029. System-wide AUVs are at record levels, reinforcing strong shop-level economics and giving us confidence to pursue our long-term opportunity of 7,000 shops.

New shop productivity continues to exceed historical levels, reflecting disciplined market planning, targeted strategic investments in our real estate capabilities and increased paid marketing to build brand awareness. We continue to have top-tier growth. Over the last 3 years, we have more than doubled total revenues while also tripling adjusted EBITDA, demonstrating the strength and scalability of our model. We have ignited transaction growth in 2025 with a much larger comp base, delivering sequential year-over-year improvement in transaction growth, driven by impactful innovation, the expansion of Dutch Rewards and continued adoption of Order Ahead.

We have built a highly scalable and profitable model that quickly resonates with our customers and a value proposition that has been carefully unlocked over 30 years. And our fundamentals remain sound as we've delivered 19 consecutive years of positive same-shop sales growth. Our approach is designed for winning in the long run, operating with discipline, focusing on long-term execution and growing through our exceptional people.

With that, I'll pass it to Josh.

Joshua Guenser

Chief Financial Officer

Thanks, Christine. I'll provide a recap of our fourth quarter and full year 2025 results, along with an outlook for 2026. Our fourth quarter performance reinforces the confidence we have in our underlying transaction strength and our strong 4-wall shop economics. For 2025, total revenues were \$1.64 billion, representing an impressive growth of 28%. System-wide AUVs reached a record \$2.1 million. Adjusted EBITDA climbed to \$303 million, outpacing total revenue growth with an exceptional increase of 31%. System same-shop sales growth was 5.6% with impressive transaction growth of 3.2%.

And despite commodity cost headwinds, our 2025 company-operated contribution margin landed at approximately 29%, a testament to our persistence in balancing near-term pressures and strategic investments while continuing to build long-term customer value. Looking forward, as we expect coffee costs to normalize, we remain extremely confident in our ability to deliver our long-term contribution margin goal of approximately 30%. During the year, we opened 154 new shops, bringing our total system shop count to 1,136.

For the fourth quarter, total revenues were \$444 million, an increase of 29% or \$101 million over the fourth quarter of last year. System same-shop sales growth was 7.7%, driven by standout transaction growth of 5.4%. In Q4, we saw broad-based strength throughout the quarter, with momentum driven from exciting innovation and Dutch Rewards. Additionally, we're beginning to see the impact of our new food program on comp, including both ticket and transaction lift, which is consistent with our prior commentary on the program.

Looking ahead to 2026, we expect full year system same-shop sales growth of approximately 3% to 5%, which assumes taking around 1 point of incremental price during 2026 as we continue to strengthen our relative value proposition, the impact of cycling strong transaction growth that strengthened over the course of 2025, the annual lap of Order Ahead and continued excitement on the new food rollout with early shop results suggesting an approximate 4% comp lift in shops that have the program. We rolled off a point of pricing in January and expect to roll off another point in early July. As a result, we expect the benefit of effective pricing to step down slightly in the back half of the year, while transaction growth comparisons begin to step up.

We plan to continue to methodically roll-out food across our shops throughout 2026 with the comp lift impact phased in throughout the year. As a reminder, we expect that nearly 300 legacy shops may not be able to accommodate the new food program. Our 2026 system same-shop sales growth guidance contemplates approximately 4% to 6% in the first quarter, reflecting the strong results we saw in January and less than a point of price taken at the start of the year. In the fourth quarter, we opened 55 new shops with many opening later in the quarter and a few carrying over into 2026. Consistent with our prior commentary, these openings in 2026 represent incremental shops beyond our initial 2026 guidance and all of them opened in January. As a result of these carryover openings, we now expect to open at least 181 system shops in 2026, representing 16% shop growth. This figure includes 20 Clutch Coffee Bar conversions, which were contemplated in our original shop guidance provided last quarter. This conversion opportunity allows us to deploy capital in a highly efficient way with a purchase price of approximately \$20 million.

For modeling purposes, we expect approximately 30 system shop openings in Q1 and a gradual step-up into the rest of the year. Switching to company-operated shop performance in Q4. Revenue was \$410 million, an increase of 30% or \$95 million over the fourth quarter of last year. Company-operated same-shop sales growth was an incredible 9.7% and was primarily driven by 7.6% transaction growth. Company-operated shop contribution was \$113 million, an increase of 24% or \$22 million year-over-year. Company-operated shop contribution margin was 27.6%. Beverage, food and packaging costs were 27% of company-operated shop revenue, which is 160 basis points unfavorable year-over-year, primarily driven by higher coffee costs and costs associated with the continued rollout of our new food program.

With coffee costs remaining elevated throughout 2025, the impact increased throughout the year and will have a continued impact into 2026. Given our inventory turns, any change in coffee prices, including the related P&L impact, typically lags by 2 to 3 quarters. The midpoint of our full year 2026 guidance contemplates approximately 80 basis points of total COGS pressure. Included in this is approximately 200 basis points of total COGS pressure in Q1 2026, with that pressure stepping down throughout the year. Labor costs were 26.2% of company-operated shop revenue, which is 90 basis points favorable year-over-year. Occupancy and other costs were 17.2% of company-operated shop revenue, which is 30 basis points favorable year-over-year.

As a reminder, in 2026, we expect occupancy and other costs as a percentage of revenue to increase by shifting more of our lease arrangements to build-to-suit leases. In 2025, approximately 45% of our leases were build-to-suit leases, and we expect continued progress in 2026 towards our long-term goal. Preopening expenses were 2% of company-operated shop revenue, which is 90 basis points unfavorable year-over-year, driven by increased strategic investments related to training and jump-starting shop openings.

Switching gears, Q4 adjusted SG&A was \$65 million or 14.7% of total revenue. While we continue to make investments in our infrastructure and our people in 2025, we were also able to drive 140 basis points of leverage in adjusted SG&A. Our 2026 guidance contemplates a continuation of this momentum as we expect an additional 70 basis points of adjusted SG&A leverage. For modeling purposes, we expect a continued flattening of adjusted SG&A dollars throughout the year when compared to 2025. In the quarter, adjusted EBITDA was \$73 million, an increase of 49% or \$24 million over the fourth quarter of last year. Lastly, we delivered \$0.17 of adjusted EPS, up from \$0.07 in Q4 of last year.

Let me now provide an update on our liquidity and cash flow. As of December 31, we had approximately \$705 million in total liquidity. This includes \$269 million in cash and cash equivalents and approximately \$435 million in our undrawn revolver. In Q4, our average CapEx per shop was \$1.3 million compared to \$1.8 million in Q4 of 2024. During the quarter, our net cash position increased by approximately \$3 million from Q3, driven by strong cash flows from operations. We have now consistently added net cash to our balance sheet and in 2025, did so ahead of schedule, a testament to the strength of our execution and the long-term staying power of our brand. This marks a clear step change in the momentum we've built by generating free cash flow for a second consecutive year and reinforces my confidence that we are on the right track to further strengthen the durability of our business.

Now let me provide our 2026 guidance. Total revenues are projected to be between \$2 billion and \$2.03 billion, representing 22% to 24% growth year-over-year. Total system shop openings are now estimated to be at least 181 shops. System same-shop sales growth is estimated to be in the range of 3% to 5%. Adjusted EBITDA is estimated to be in the range of \$355 million to \$365 million. At the midpoint of this range, we expect approximately 60 basis points of net adjusted EBITDA margin pressure, largely driven by elevated coffee costs and the continued impact on occupancy that I spoke to earlier, but partially offset by leverage on adjusted SG&A. Capital expenditures are estimated to be in the range of \$270 million to \$290 million.

We remain optimistic about the future with a clear and compelling path forward. Our ability to innovate and execute has scaled AUVs to record highs across an even larger set of shops, supported by best-in-class 4-wall shop economics. Our people are delivering an exceptional customer experience, reinforcing the compelling value proposition we offer.

Thank you, everyone. We'll now take your questions. Operator, please open the lines.

Question-and-Answer Session

Operator

[Operator Instructions] And our first question comes from Andrew Charles with TD Cowen.

Andrew Charles

TD Cowen, Research Division

Christine, investors are focused on your same-store sales resiliency this spring as larger limited service restaurants either launch energy and iced coffee beverages or revamp their platforms. And I'm guessing you're not providing specifics, but can you talk about the levers at your disposal to protect traffic during this time? For instance, is there an opportunity to accelerate the food rollout before '26 end given the success you're seeing there? Do you expect to raise marketing spend in '26 to promote more awareness of Dutch? Are you open-minded to increase points offers with Dutch Rewards members? Just some texture on how you're thinking about this and how you maintain your traffic strength.

Christine Barone

CEO, President & Director

Yes. Thanks for the question, Andrew. Our business is performing incredibly well. Look at the 7.7% same-shop sales in Q4, and this has been a competitive market since 1992. We have an incredible value proposition. I think the combination of our service, the quality of our beverages, everything that our Broistas provide. We're also right in the sweet spot of where the growth in this market is. It's about convenience. It's about energy. It's about iced, innovation, and we have the best teams and service in this industry. We started the year strong this year, and we're incredibly confident with where the business stands.

Operator

And our next question comes from Chris O'Cull with Stifel.

Christopher O'Cull

Stifel, Nicolaus & Company, Incorporated, Research Division

Congrats on another great quarter. Christine, AUVs have reached record levels, yet you've also noted that the company is still in the basic blocking and tackling phase of labor deployment. I'm just wondering, as Jen takes over shop operations, what's her mandate? And how much additional transaction capacity is she looking maybe to unlock during peak periods?

Christine Barone

CEO, President & Director

Yes. So Jen is new on board. She just completed her shop training and is getting to know all of our teams. And as we look at her priorities, it's really about how do we serve our Broistas better. So how do we prioritize the initiatives that are coming at our shops and how do we support them to continue to roll-out the food program, to continue to roll-out mobile order and have enhancements in that program. So she'll be very focused on the same initiatives that we're focused on really across the system.

Operator

Moving next to Andy Barish with Jefferies.

Andrew Barish

Jefferies LLC, Research Division

I think you kind of tied a couple of things together that you may be doing a little bit differently on new store openings in addition to the kind of work that went on, on the pipeline and things like that. Can you unwrap that a little bit more in terms of trading and things like that?

Christine Barone

CEO, President & Director

Yes. So as far as our new shop openings go, we continue to focus on making sure that the shop opens with the right teams, with the right support from our MOB team and that we're aware of where are their shops close by so we can train in those shops. So we're very thoughtful now that we have such a large network of shops and such a large network of Broistas who can support the opening of these shops that we can really support them in the best way.

I think the other example of that is as our real estate modeling has gotten tighter, we can really think through what those AUVs are going to be in those new markets. Is this a first-to-market shop? What will those AUVs look like so that we can really send that support to ensure that the shop really opens in the best way possible.

Operator

And our next question comes from Christine Cho with Goldman Sachs.

Hyun Jin Cho

Goldman Sachs Group, Inc., Research Division

Congrats on a great quarter. You mentioned the 4% comp lift in your food private stores with kind of roughly 1/4 coming from transactions previously. As you scale the food program, are there any kind of metrics you could share to help us track the progress, attach rate or mix shift daypart growth? And additionally, while your hot food is positioned primarily as a lever to drive incremental beverage occasions, how are you thinking about potentially broadening the offering to capture additional dayparts and occasions now that all the equipment is already in place?

Christine Barone

CEO, President & Director

Yes. So as we look at the food program, we haven't shared additional statistics. But within the company, we're tracking lots of different things. So we're tracking our Broistas satisfaction. We're looking at how the customers are loving the food platform. We're looking at how each successive rollout, the training is going. We're looking at operational metrics within the shop of what our deliveries look like, what our waste percentages look like. So all of those things are being tracked. And we're incredibly pleased with everything that we're seeing as we continue to rollout this program. And then as far as the long term, we really are building a long-term food platform and capability here. And we'll continue to look for opportunities where we could grow attach or grow new occasions at different parts of the day.

Operator

Our next question comes from Dennis Geiger with UBS.

Dennis Geiger

UBS Investment Bank, Research Division

Congrats on the results. Just as it relates to '26 guidance, wondering if I could ask a bit more on 2 parts of the guide, Josh. One, including the revenue guide. And if anything more that you could add on sort of what you're embedding from a new store productivity standpoint, at least directionally, it sounds like still elevated. Just wanted to get a sense, is it similar to what you saw last year or anything different embedded there? And just on the EBITDA margin side of things, if anything else additional to unpack there, I know you gave the COGS piece. Could you break out the food menu launch impact specifically, if possible?

Joshua Guenser

Chief Financial Officer

Yes. Thanks for the question. So as we think about the -- I guess, our overall shape -- our margin for the year, we are expecting continued coffee headwinds, as I mentioned in my prepared remarks, where coffee costs are really remaining elevated throughout 2025, mostly impacting in Q1 of year '26. So we're expecting about 200 basis points of margin headwind in Q1. That is primarily coffee, but also is driven partially by the impact of the food rollout. We did also highlight that we would continue to expect elevated occupancy and other costs. I haven't given the specifics on that, but you can imagine that, that will remain elevated as we continue our shift to build-to-suit leases.

Other important factor as you think about the year is that while we continue to drive leverage in adjusted SG&A, we are expecting a continued flattening of the SG&A dollars quarter-by-quarter relative to prior quarters. So all in, we're expecting full year about 60 basis points of EBITDA margin pressure from all those various pieces.

Then -- sorry, back to you -- in the first part of your question on new shop productivity. Certainly, we did see very strong performance coming from new shops really across the board, really exceeding our expectations throughout the year. We have a lot of that being the result of the market planning work and then certainly some geographic openings that just performed really strong. We are expecting that we will have some great openings going into next year, but remain very confident with that \$1.8 million target that we are typically underwriting at and feel really good about the returns we see at those levels.

Operator

And moving on to David Tarantino with Baird.

David Tarantino

Robert W. Baird & Co. Incorporated, Research Division

Christine, I was wondering if maybe we could revisit the topic on competitive product launches. And I guess there's 2 parts to the question. If you could maybe comment again on how your stores in Colorado performed when McDonald's was running their big energy drink test, that might be helpful. And then I guess, bigger picture, I mean, you've been around the category for a really long time. And I was just wondering your thoughts on kind of what the broader push on advertising of the category might mean for the category growth and how Dutch Bros might be able to take advantage of that?

Christine Barone

CEO, President & Director

Yes. So on the first question on the energy test, as we shared last quarter, we really didn't see anything in our business. I think we are the category creator of customized energy. And I think anything that's being shared about the category that creates new customers and new customer interest, I would guess that we would likely benefit from that. And so we do feel really confident about what we're doing from an energy perspective. We've been in the energy business for a very long time and really know what customers want in this space.

I think big picture on this broader push on advertising and things like that, I think that this is a category that continues to grow. I think with our very strong growth rate, we're clearly taking share in the category. And I think that anything around the category maybe continues to benefit us. We're seeing incredibly strong results right now.

Operator

We'll go next to Sara Senatore with Bank of America.

Sara Senatore

BofA Securities, Research Division

I have a question about the Clutch acquisition and then just maybe a clarification on Josh's comments on the food impact on margin. Maybe I'll start with that straightforward. Just want to clarify, so food addition should be accretive to shop margins even if they're dilutive to food margins. Is that the right way to think about it? And then the question about the acquisition is, as you think about growth, would you anticipate doing more of these type -- real estate type acquisitions? Is the philosophy that being first mover really matters? Is it that the scale that you can achieve quickly is important? I'm just thinking \$20 million to buy 20 shops seems roughly about what it would cost for you to build, I think, on a -- or a little bit maybe more on a build-to-suit basis. So I'm trying to understand maybe the economics or what the impetus was as you think about doing these kinds of things going forward.

Joshua Guenser

Chief Financial Officer

Yes, Sara, thanks for the question. So on the food question, so we are expecting pressure on COGS and certainly expect it to be dollar accretive as we're adding overall new occasions to the business, but I would expect it to put a bit of pressure on margin overall. In terms of Clutch, the way we are looking at this, we certainly, to your point on the economics of this, view this as a very productive way of using our capital, deploying capital in acquiring those sites and then converting them being that their existing coffee stands, relatively low investment to be able to convert these to Dutch Bros.

As we've done and looked at our portfolio over time, we are always looking for either ground-up builds or conversion opportunities. Clutch provided us a great opportunity to grab a hold of 20 sites in a market that we were just moving into, to be able to enter that market relatively rapidly at a very capital-efficient way. So as we think forward, we'll always be looking for conversion opportunities. Certainly, like I said, a coffee stand is quite easy then to convert to a Dutch Bros, but we'll look for conversion opportunities of those ground-up builds as we continue to expand.

Operator

And Brian Harbour with Morgan Stanley has our next question.

Brian Harbour

Morgan Stanley, Research Division

With food, what have you seen? Do it open quite strong and perhaps settle out? Does it sort of build steadily? Do you find that some of the markets that have it in more shops have seen higher food mix as that happens? And then I guess, are you contemplating marketing this year? Or is it more of like a '27 onward thing?

Christine Barone

CEO, President & Director

Yes. So we continue to be very pleased with what we're seeing from the food rollout. And what we're seeing is very consistent with what we shared last quarter. I think we've gotten it to enough shops that we knew what we were going to see. And we do roll this out. And pretty quickly, our customers are finding it and ordering it and enjoying it. So we actually see that lift pretty quickly after rollout, which has given us that great confidence to continue rolling out this food program. We are seeing both a transaction and a ticket lift, so seeing attach, but we also believe that our existing customers are maybe coming in for that extra beverage occasion because we now have that great morning food for them. We also have great feedback from our Broistas.

So all that we're seeing is very strong. I would say on the marketing question that we are still building our brand overall, and we will be a beverage-first brand. We'll remain a beverage-first brand. So I would expect to just continue to see us focusing on beverage as we look at external marketing and that food is that attach when you come into the shop.

Operator

And moving on to Jeff Farmer with Gordon Haskett.

Jeffrey Farmer

Gordon Haskett Research Advisors

Just following up on Sara's question about collection. I'm curious if you guys are -- you alluded to it, but if you're actually sort of actively seeking sort of opportunities like that or just how you're sort of generally viewing the pursuit of small-scale acquisition to potentially accelerate unit growth?

Christine Barone

CEO, President & Director

Yes, this is something we've continued to do. So last year, we -- a number of the shops we opened were conversions of other different types of concepts. So this is something that's been in our portfolio for a while, being able to take attractive real estate and turn it into a Dutch Bros. So we'll just continue to look for the best real estate opportunities. What I would say was something like a Clutch, we want it from a CapEx perspective to really fall in line with what we're doing in opening the rest of our shops. So that's something important as we do look for these opportunities, but are certainly open to looking for more.

Operator

We'll go next to Jon Tower with Citi.

Jon Tower

Citigroup Inc., Research Division

Maybe on the development side, a number of -- or at least one large coffee player is thinking about moving more aggressively into your markets. And I know there's a number of smaller growing chains that have also been expanding across a lot of your markets. And I'm just curious, I know your model is shifting from ground up to build-to-suit or more of them. But are you seeing any pressures on site availability in markets? Or are you seeing any cost pressures starting to build with respect to competition coming in and perhaps driving up the cost of new locations?

Christine Barone

CEO, President & Director

No, that's not what we're seeing. We're really seeing great real estate availability. And I think as our brand continues to grow, we're just an incredibly attractive tenant for folks out there. So we're actually seeing lots of different [Technical Difficulty].

As far as build costs go, we're seeing a steadiness there. But with our shift to build-to-suit, we have been able to lower our CapEx from \$1.8 million in Q4 of '24 to \$1.3 million in Q4 of '25. So our capital outlay by per shop has really reduced over the last year.

Operator

And Chris Carril with KeyBanc Capital Markets has our next question.

Christopher Carril

KeyBanc Capital Markets Inc., Research Division

Congrats on the really strong results. And thanks for the update on order ahead and walk-up mix. I was wondering if you could maybe expand a little bit more on these channels or order methods, perhaps the incrementality that you're seeing from these channels? And then how are you thinking about the pace of growth of these channels for this year and how much upside you're seeing from them long term?

Christine Barone

CEO, President & Director

Yes. So on mobile order, it hit 14% of transactions in Q4. So we're very pleased with that level. Internally, we don't have something that we're telling the shops we need to get to a certain level because we're really driven by what does the customer want to do. And we want to have the channels that the customer wants to approach us with. And so I think that is the most important part. So we're very pleased. It's clearly something that's incredibly popular with our customers. And it is something that's allowed us to balance all of that demand across the shop. And so when we started with mobile order, the window that's not the drive-thru window, the one on the other side, is actually right around 10%. And so that move up to 18% really allows us to balance that demand across the shop in a nicer way.

Operator

We'll go next to Jeffrey Bernstein with Barclays.

Jeffrey Bernstein

Barclays Bank PLC, Research Division

Great. Christine, I was hoping to get more color on that, the walk-up store you mentioned that I think you opened in November in L.A.. Obviously, it's very early, but new -- seems like a potential new channel. So I'm wondering your learnings. It seems like it would give you a potential for more urban expansion. So how do you think about next steps or what that does for the TAM opportunity or what you need to do to change the box? Any kind of learnings or initial thoughts on how you could perhaps accelerate this opportunity?

Christine Barone

CEO, President & Director

Thanks, Jeff. Yes, we're really pleased by what we're seeing. Again, this is very early in looking at this type of model. But I do think the investments that we've made over time. So having that mobile order channel has allowed us to open this up. So the way that we open the shop is we still have a walk-up window and then we have a mobile order window. And so we still have 2 windows even though it is a non-drive-thru shop. And we've got a line buster outside taking your order when you come in and you're coming to that walk-up window. And so a lot of the things that work in our drive-thru shops are working really well in the shop in L.A. As a reminder, our TAM of 7,000 includes drive-thru locations like the locations we have. We still very much believe in that 7,000-unit TAM. And this is a potential additional channel that we're very pleased has just kicked off in a really strong way.

Operator

Next, we have Logan Reich with RBC Capital Markets.

Logan Reich

RBC Capital Markets, Research Division

Most of mine got asked already, so I'll ask a follow-up on the Clutch acquisition. I appreciate the clarity around the \$20 million purchase price, about \$1 million per location. I'm just wondering if you can give any additional color on what the additional investment is required to transition those locations over to Dutch Bros and timeline for openings for those 20 stores?

Joshua Guenser

Chief Financial Officer

Yes. Thanks for the question. So you could just think about these as an all-in cost, not too inconsistent from how we've been building costs overall or building shops overall. So these are existing coffee stands. Actually, where the founder of the company was a former Dutch employee. So look and feel a lot like a Dutch Bros as they are. So we have some equipment to do, obviously, signage and look and feel to make them look like a Dutch Bros, relatively light capital lift that would put us right in the range of our cost of building shops today. In terms of timeline of opening, we're obviously working through the process of converting them, expect them to open during the year here in Q2 and Q3.

Operator

We'll go next to Nick Setyan with Mizuho.

Nerses Setyan

Mizuho Securities USA LLC, Research Division

Congrats on a great quarter. Obviously, the company-owned growth is, by far, the primary driver of fundamentals. So just so we can all kind of be on the same page, would it be possible to maybe tell us what the 3% to 5% comp for the year and the 4% to 6% system comp for Q1, what that bakes in for company-owned comp?

Joshua Guenser

Chief Financial Officer

Yes, Nick, thanks for the question. We're not providing the decomposition of that on an outlook basis. So obviously, we feel very pleased with the performance we've seen out of both the company and the system during Q4. I feel like both will be contributing to our growth as we head into '26. So both will be contributing to the Q1 guide we gave as well as the full year of the 3% to 5%.

Operator

We'll take our next question from Gregory Francfort with Guggenheim Partners.

Gregory Francfort

Guggenheim Securities, LLC, Research Division

Just one clarification. Is the \$20 million of Clutch acquisition, is that included in the CapEx guide? And then my question, I guess, is for Christine. This walk-up stores opportunity that you guys are unlocking right now, do you think this is going to be a meaningful part of development in either '26 -- I guess, not '26, but '27 or '28? I guess, do you think we could turn that on from a kind of growth channel perspective that quickly?

Joshua Guenser

Chief Financial Officer

Yes, Greg, thanks for the question. I'll take the first one quickly here. That \$20 million is included in our guide. So that's a part of the full CapEx guide we provided.

Christine Barone

CEO, President & Director

Yes. And then on the walk-up location, we'll continue to learn. So very early days, and we'll continue to learn before we understand how -- what this opportunity might look like for us.

Operator

Moving on to John Ivankoe with JPMorgan.

John Ivankoe

JPMorgan Chase & Co, Research Division

So the question is really on competition. And I do think that you've addressed competition for real estate very well. But I do want to ask, and this is really a hyper-local market question because certainly, it's not in the consolidated results around competition that might be happening in very specific trade areas where you've gone from you being in a market to maybe having 2 new entrants or 3 new entrants that have kind of come in around you, both from a customer perspective and also an employee perspective, just if there's anything because certainly, we kind of hear not any actual damage or concern, but people are worried that competition could begin to affect you locally before we would see something nationally.

So what I'm really looking for in this call is, if you've seen anything locally that has happened from competition, how deep that may have been or even -- or the duration of that time, if there's been any impact at all that you've noticed just looking on a more micro basis across your chain?

Christine Barone

CEO, President & Director

Thanks for the question, John. Yes, we're not really seeing anything on a local level. What we go into every market, there's lots of competition already. There's lots of local players. There's big national players. There's sometimes other growing -- fast-growing chains. So we see all types and lots of different markets and feel incredibly great about our value proposition and feel very good about our ability to compete among many different circumstances. I think the strength of the brand, the strength of our people just sets us up in an incredible way. And we're seeing great performance in our new shops, across geographies, across dayparts. The business is just in a really strong place.

Operator

This now concludes our question-and-answer session. I would like to turn the floor back over to Christine Barone for closing comments.

Christine Barone

CEO, President & Director

Thanks for your questions. 2025 was a monumental year that significantly built on the multiyear runway since our IPO. Since 1992, it's always been about our people, our culture and investing back into the communities we serve. We continue to give back in 2025, supporting nearly 700 local organizations across the country and hosting more than 1,600 local givebacks. Thank you again to our teams for making 2025 a resounding success. I am grateful for the opportunity to lead this team and look forward to 2026 and beyond.

Operator

Ladies and gentlemen, thank you for your participation. This does conclude today's teleconference. You may disconnect your lines, and have a wonderful day.

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