

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 28, 2025

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-40866

FIRST WATCH

First Watch Restaurant Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

82-4271369

(I.R.S. Employer Identification No.)

8725 Pendery Place, Suite 201, Bradenton, FL 34201

(Address of Principal Executive Offices) (Zip Code)

(941) 907-9800

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	FWRG	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer	<input type="checkbox"/> Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> Smaller reporting company	<input type="checkbox"/>
	Emerging growth company	<input checked="" type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The registrant had outstanding 61,032,105 shares of common stock as of October 31, 2025.

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Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q (“Form 10-Q”) contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (“PSLRA”), which are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different from the statements made herein. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements discuss our current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to any historical or current facts. These statements may include words such as “aim,” “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “future,” “intend,” “outlook,” “potential,” “project,” “projection,” “plan,” “seek,” “may,” “could,” “would,” “will,” “should,” “can,” “can have,” “likely,” the negatives thereof and other similar expressions. You should evaluate all forward-looking statements made in this Form 10-Q in the context of the risks and uncertainties disclosed herein, including under Part I. Item 2. “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II. Item 1A. “Risk Factors”, and in our Annual Report on Form 10-K as of and for the year ended December 29, 2024 (“2024 Form 10-K”), including under Part I. Item 1A. “Risk Factors” and Part II. Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Important factors that could cause actual results to differ materially from those in the forward-looking statements include the following: our vulnerability to changes in consumer preferences and economic conditions such as inflation and recession; uncertainty regarding the Russia and Ukraine war; war and unrest in the Middle East and the related impact on macroeconomic conditions, including inflation, as a result of such conflicts or other related events; our vulnerability to changes in economic conditions and consumer preferences; our inability to successfully open new restaurants or establish new markets; our inability to effectively manage our growth; potential negative impacts on sales at our and our franchisees’ restaurants as a result of our opening new restaurants; a decline in visitors to any of the retail centers, lifestyle centers, or entertainment centers where our restaurants are located; lower than expected same-restaurant sales growth; unsuccessful marketing programs and limited time new offerings; changes in the cost of food; unprofitability or closure of new restaurants or lower than previously experienced performance in existing restaurants; our inability to compete effectively for customers; unsuccessful financial performance of our franchisees; our limited control over our franchisees’ operations; our inability to maintain good relationships with our franchisees; conflicts of interest with our franchisees; the geographic concentration of our system-wide restaurant base in the southeast portion of the United States; damage to our reputation and negative publicity; our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media; our limited number of suppliers and distributors for several of our frequently used ingredients and shortages or disruptions in the supply or delivery of such ingredients; information technology system failures or breaches of our network security; our failure to comply with federal and state laws and regulations relating to privacy, data protection, advertising and consumer protection, or the expansion of current or the enactment of new laws or regulations relating to privacy, data protection, advertising and consumer protection; our potential liability with our gift cards under the property laws of some states; our failure to enforce and maintain our trademarks and protect our other intellectual property; litigation with respect to intellectual property assets; our dependence on our executive officers and certain other key employees; our inability to identify, hire, train and retain qualified individuals for our workforce; our failure to obtain or to properly verify the employment eligibility of our employees; our failure to maintain our corporate culture as we grow; unionization activities among our employees; employment and labor law proceedings; labor shortages or increased labor costs or health care costs; risks associated with leasing property subject to long-term and non-cancelable leases; risks related to our sale of alcoholic beverages; costly and complex compliance with federal, state and local laws, including trade and tax policies; changes in accounting principles applicable to us; our vulnerability to natural disasters, unusual weather conditions, pandemic outbreaks, political events, war and terrorism; our inability to secure additional capital to support business growth; our level of indebtedness; failure to comply with covenants under our credit facility; and the interests of our largest stockholder may differ from those of public stockholders.

The forward-looking statements included in this Form 10-Q are made only as of the date hereof and are expressly qualified in their entirety by these cautionary statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law. All information presented herein is based on our fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to our fiscal years and the associated quarters, months and periods of those fiscal years.

Part I - Financial Information
Item 1. Financial Statements (Unaudited)

FIRST WATCH RESTAURANT GROUP, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)
(Unaudited)

	SEPTEMBER 28, 2025	DECEMBER 29, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 20,714	\$ 33,312
Accounts receivable	5,506	7,235
Inventory	6,486	6,117
Prepaid expenses	6,712	7,008
Derivative assets, current	—	20
Other current assets	4,298	2,184
Total current assets	43,716	55,876
Goodwill	420,208	398,565
Intangible assets, net	177,235	167,596
Operating lease right-of-use assets	609,820	527,674
Property, fixtures and equipment, net of accumulated depreciation of \$268,698 and \$229,227, respectively	464,593	361,394
Other long-term assets	4,657	3,251
Total assets	\$ 1,720,229	\$ 1,514,356
Liabilities and Equity		
Current liabilities:		
Accounts payable	\$ 7,231	\$ 6,961
Accrued liabilities	49,831	39,607
Accrued compensation	30,564	21,244
Deferred revenues	2,637	5,623
Current portion of operating lease liabilities	72,785	55,704
Current portion of long-term debt	13,123	9,228
Derivative liabilities, current	596	105
Total current liabilities	176,767	138,472
Operating lease liabilities	645,455	555,576
Long-term debt, net	250,988	189,043
Deferred income taxes	33,787	32,218
Derivative liabilities	912	503
Other long-term liabilities	5,009	3,155
Total liabilities	1,112,918	918,967
Commitments and contingencies (Note 13)		
Equity:		
Preferred stock; \$0.01 par value; 10,000,000 shares authorized; none issued and outstanding	—	—
Common stock; \$0.01 par value; 300,000,000 shares authorized; 61,032,105 and 60,700,090 shares issued and outstanding at September 28, 2025 and December 29, 2024, respectively	610	607
Additional paid-in capital	657,387	649,045
Accumulated deficit	(49,554)	(53,822)
Accumulated other comprehensive loss	(1,132)	(441)
Total equity	607,311	595,389
Total liabilities and equity	\$ 1,720,229	\$ 1,514,356

The accompanying notes are an integral part of these consolidated financial statements.

FIRST WATCH RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)
(Unaudited)

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Revenues:				
Restaurant sales	\$ 313,636	\$ 248,965	\$ 898,210	\$ 743,730
Franchise revenues	2,386	2,644	7,939	8,889
Total revenues	316,022	251,609	906,149	752,619
Operating costs and expenses:				
Restaurant operating expenses (exclusive of depreciation and amortization shown below):				
Food and beverage costs	69,730	55,865	208,355	163,852
Labor and other related expenses	102,387	83,756	300,451	247,332
Other restaurant operating expenses	50,140	38,891	141,002	113,232
Occupancy expenses	25,891	21,075	73,849	60,733
Pre-opening expenses	3,813	2,387	9,980	5,782
General and administrative expenses	33,746	27,680	97,150	82,527
Depreciation and amortization	19,662	15,153	54,355	41,960
Impairments and loss on disposal of assets	175	114	311	386
Transaction expenses, net	428	375	2,220	1,769
Total operating costs and expenses	305,972	245,296	887,673	717,573
Income from operations	10,050	6,313	18,476	35,046
Interest expense	(4,567)	(3,441)	(11,904)	(9,421)
Other income, net	191	624	1,141	1,663
Income before income taxes	5,674	3,496	7,713	27,288
Income tax expense	(2,683)	(1,384)	(3,445)	(9,062)
Net income	\$ 2,991	\$ 2,112	\$ 4,268	\$ 18,226
Net income	\$ 2,991	\$ 2,112	\$ 4,268	\$ 18,226
Other comprehensive income (loss)				
Unrealized gain (loss) on derivatives	88	(3,560)	(920)	(2,421)
Income tax related to other comprehensive income (loss)	(22)	888	229	604
Comprehensive income (loss)	\$ 3,057	\$ (560)	\$ 3,577	\$ 16,409
Net income per common share - basic	\$ 0.05	\$ 0.03	\$ 0.07	\$ 0.30
Net income per common share - diluted	\$ 0.05	\$ 0.03	\$ 0.07	\$ 0.29
Weighted average number of common shares outstanding - basic	61,027,278	60,428,016	60,933,443	60,275,167
Weighted average number of common shares outstanding - diluted	62,834,080	61,851,127	62,798,962	62,343,751

The accompanying notes are an integral part of these consolidated financial statements.

FIRST WATCH RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF EQUITY
(IN THOUSANDS, EXCEPT SHARE AMOUNTS)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount				
Balance at December 31, 2023	59,891,705	\$ 599	\$ 634,099	\$ (72,747)	\$ (667)	\$ 561,284
Net income	—	—	—	7,214	—	7,214
Stock-based compensation	—	—	1,866	—	—	1,866
Common stock issued under stock-based compensation plans, net	480,826	5	3,142	—	—	3,147
Other comprehensive income, net of tax	—	—	—	—	929	929
Balance at March 31, 2024	60,372,531	604	639,107	(65,533)	262	574,440
Net income	—	—	—	8,900	—	8,900
Stock-based compensation	—	—	2,452	—	—	2,452
Common stock issued under stock-based compensation plans, net	30,307	—	66	—	—	66
Other comprehensive loss, net of tax	—	—	—	—	(74)	(74)
Balance at June 30, 2024	60,402,838	604	641,625	(56,633)	188	585,784
Net income	—	—	—	2,112	—	2,112
Stock-based compensation	—	—	2,076	—	—	2,076
Common stock issued under stock-based compensation plans, net	149,255	2	1,829	—	—	1,831
Other comprehensive loss, net of tax	—	—	—	—	(2,672)	(2,672)
Balance at September 29, 2024	60,552,093	\$ 606	\$ 645,530	\$ (54,521)	\$ (2,484)	\$ 589,131

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Equity
	Shares	Amount				
Balance at December 29, 2024	60,700,090	\$ 607	\$ 649,045	\$ (53,822)	\$ (441)	\$ 595,389
Net loss	—	—	—	(829)	—	(829)
Stock-based compensation	—	—	2,259	—	—	2,259
Common stock issued under stock-based compensation plans, net	274,453	3	130	—	—	133
Other comprehensive loss, net of tax	—	—	—	—	(663)	(663)
Balance at March 30, 2025	60,974,543	610	651,434	(54,651)	(1,104)	596,289
Net income	—	—	—	2,106	—	2,106
Stock-based compensation	—	—	2,842	—	—	2,842
Common stock issued under stock-based compensation plans, net	49,428	—	170	—	—	170
Other comprehensive loss, net of tax	—	—	—	—	(94)	(94)
Balance at June 29, 2025	61,023,971	610	654,446	(52,545)	(1,198)	601,313
Net income	—	—	—	2,991	—	2,991
Stock-based compensation	—	—	2,941	—	—	2,941
Common stock issued under stock-based compensation plans, net	8,134	—	—	—	—	—
Other comprehensive income, net of tax	—	—	—	—	66	66
Balance at September 28, 2025	61,032,105	\$ 610	\$ 657,387	\$ (49,554)	\$ (1,132)	\$ 607,311

The accompanying notes are an integral part of these consolidated financial statements.

FIRST WATCH RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)
(Unaudited)

	THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Cash flows from operating activities:		
Net income	\$ 4,268	\$ 18,226
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	54,355	41,960
Stock-based compensation, net of amounts capitalized	7,926	6,394
Non-cash operating lease costs	24,167	19,241
Non-cash loss on extinguishments and modifications of debt	—	358
Deferred income taxes	1,798	7,497
Amortization of debt discount and deferred issuance costs	493	412
Impairments and loss on disposal of assets	311	386
Changes in assets and liabilities, net of effects of business combinations:		
Accounts receivable	1,729	600
Inventory	(179)	280
Prepaid expenses	365	78
Other assets, current and long-term	(2,590)	(1,912)
Accounts payable	270	550
Accrued liabilities and other long-term liabilities	11,546	6,567
Accrued compensation and deferred payroll taxes	9,320	3,486
Deferred revenues, current and long-term	(3,570)	(3,441)
Other liabilities	—	(259)
Operating lease liabilities	(2,757)	(7,674)
Net cash provided by operating activities	<u>107,452</u>	<u>92,749</u>
Cash flows from investing activities:		
Capital expenditures	(120,108)	(87,272)
Acquisitions, net of cash acquired	(54,833)	(78,547)
Purchase of intangible assets	(830)	(100)
Net cash used in investing activities	<u>(175,771)</u>	<u>(165,919)</u>
Cash flows from financing activities:		
Proceeds from borrowings on revolving credit facility	261,500	22,500
Repayments of borrowings on revolving credit facility	(226,500)	(52,500)
Proceeds from issuance of long-term debt	27,500	197,500
Repayments of long-term debt, including finance lease liabilities	(7,082)	(95,401)
Payment of debt discount and deferred issuance costs	—	(2,430)
Proceeds from exercise of stock options, net of employee taxes paid	303	5,044
Contingent consideration payment	—	(375)
Net cash provided by financing activities	<u>55,721</u>	<u>74,338</u>
Net (decrease) increase in cash and cash equivalents	<u>(12,598)</u>	<u>1,168</u>
Cash and cash equivalents:		
Beginning of period	33,312	49,961
End of period	<u>\$ 20,714</u>	<u>\$ 51,129</u>

The accompanying notes are an integral part of these consolidated financial statements.

FIRST WATCH RESTAURANT GROUP, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS - *continued*
(IN THOUSANDS)
(Unaudited)

	THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Supplemental cash flow information:		
Cash paid for interest, net of amounts capitalized	\$ 6,918	\$ 5,943
Cash paid for income taxes, net of refunds	\$ 2,061	\$ 2,952
Supplemental disclosures of non-cash investing and financing activities:		
Leased assets obtained in exchange for new operating lease liabilities ⁽¹⁾	\$ 104,097	\$ 104,433
Leased assets obtained in exchange for new finance lease liabilities	\$ 9,536	\$ 195
Remeasurements and terminations of operating lease assets and lease liabilities	\$ 5,620	\$ 3,084
Remeasurements and terminations of finance lease assets and lease liabilities	\$ (520)	\$ (13)
(Decrease) Increase in liabilities from acquisition of property, fixtures and equipment	\$ (391)	\$ 3,044

(1) Leased assets and liabilities obtained during the thirty-nine weeks ended September 28, 2025 and September 29, 2024 include \$23.6 million and \$28.1 million from business acquisitions, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business and Organization

First Watch Restaurant Group, Inc. (collectively with its wholly-owned subsidiaries, “the Company,” or “Management”) is a Delaware holding company. The Company operates and franchises restaurants in 32 states operating under the “First Watch” trade name, which are focused on made-to-order breakfast, brunch and lunch. The Company does not operate outside of the United States and all of its assets are located in the United States. As of September 28, 2025, the Company operated 548 company-owned restaurants and had 72 franchise-owned restaurants.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company reports financial information on a 52- or 53-week fiscal year ending on the last Sunday of each calendar year. The quarters ended September 28, 2025 and September 29, 2024 were 13-week periods. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K as of and for the year ended December 29, 2024 (“2024 Form 10-K”).

The accompanying unaudited interim consolidated financial statements have been prepared by the Company in accordance with generally accepted accounting principles in the United States of America (“GAAP”) and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, they do not include all the information and notes required by GAAP for complete financial statements. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements included in the 2024 Form 10-K and include all adjustments necessary for the fair statement of the consolidated financial statements for the quarterly periods presented. The results of operations for quarterly periods are not necessarily indicative of the results to be expected for other quarterly periods or the entire fiscal year.

Use of Estimates

Preparation of the unaudited interim consolidated financial statements in accordance with GAAP requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates and such differences could be material.

Fair Value of Financial Instruments

Certain assets and liabilities are carried at fair value. Fair value is the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The carrying amounts of the Company’s financial instruments, including cash equivalents, accounts receivable, accounts payable, accrued expenses and other current assets and liabilities approximate their fair values due to their short-term maturities.

Interest Rate Swaps

As an element of the Company’s interest rate risk management strategy, Management uses interest rate swaps. The intent of these instruments is to reduce cash flow exposure to variability in future interest rates on the Company’s debt. Management has elected to designate and qualify the interest rate swaps as cash flow hedges. As such, the instruments are recorded on the balance sheet at fair value. Thereafter, gains or losses on the instruments are recognized in equity as changes to Other Comprehensive Income (Loss) and subsequently reclassified into earnings at the time of the Company’s debt interest payments.

Summary of Recently Issued Accounting Pronouncements

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures*, which establishes new income tax disclosure requirements including disaggregated information about a reporting entity’s effective tax rate reconciliation as well as disaggregated information on income taxes paid. The amendments are effective for fiscal years beginning after December 15, 2024 and should be applied on a prospective basis, however, retrospective application is permitted. Management is currently evaluating the impact of this new standard and anticipates an expansion in the Company’s annual income tax disclosures.

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures*, which establishes new disclosure requirements related to purchases of inventory, employee compensation, selling expenses, depreciation and intangible amortization. The new guidance is effective for fiscal years beginning after December 15, 2026, and interim periods beginning after December 15, 2027 and should be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. Management is currently evaluating the impact of this new standard.

In September 2025, the FASB issued ASU 2025-06, *Intangibles - Goodwill and Other - Internal-Use Software*, which updates the accounting for internal-use software by replacing stage-based rules with a principles-based framework, clarifying the criteria for capitalization and merging website development cost guidance. The amendments in this update are effective for annual periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. The update may be applied prospectively, retrospectively, or on a modified transition basis based on the status of the project and whether software costs were capitalized before the date of adoption. Management is currently evaluating the impact of this new standard.

Recent accounting guidance not discussed herein is not applicable, did not have, or is not expected to have a material impact to the Company.

3. Business Acquisitions

During the second quarter of 2025, the Company acquired, in two separate transactions, substantially all the assets associated with 19 franchise-operated First Watch restaurants. For both transactions, the purchase price was allocated to the fair value of the assets acquired and the liabilities assumed. The allocations were based on preliminary valuations and are subject to adjustment as additional information is available. The Company expects to finalize the valuations of these assets no later than one year from the respective acquisition dates.

<i>(in thousands, except number of acquired restaurants)</i>	DATE OF ACQUISITION	
	APRIL 14, 2025	APRIL 28, 2025
Number of acquired restaurants	3	16
Purchase price (cash)	\$ 6,985	\$ 49,247
Transaction costs incurred	\$ 416	\$ 1,005
Deferred franchise fees recognized as a result of termination of pre-existing franchise agreement	\$ —	\$ 398
Recognized amounts of identifiable assets acquired and liabilities assumed:		
Cash	\$ 5	\$ 24
Inventory	\$ 31	\$ 159
Other assets	\$ 9	\$ 124
Property, fixtures and equipment	\$ 2,998	\$ 19,800
Reacquired rights	\$ 1,920	\$ 13,060
Goodwill	\$ 2,876	\$ 18,767
Operating right-of-use assets, net of lease positions and prepaid rent	\$ 2,922	\$ 17,305
Operating lease liabilities	\$ (3,735)	\$ (19,896)
Accounts payable	\$ (2)	\$ —
Deferred revenues - gift card liabilities assumed	\$ (39)	\$ (96)

Goodwill reflects the value of expected synergies and assembled workforce, and was assigned to the Company's single reporting unit. The Company will treat the transactions as asset acquisitions for income tax purposes, which allows for any goodwill recognized to be tax deductible and amortized over a 15-year statutory life.

The weighted average estimated useful life of the reacquired rights is 6.1 years.

Pro-forma financial information of the acquired restaurants for periods prior to the acquisition dates is not presented due to the immaterial impact on the consolidated financial statements.

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Revenues

Revenues recognized disaggregated by type were as follows:

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Restaurant sales:				
In-restaurant dining sales	\$ 254,155	\$ 207,047	\$ 728,282	\$ 613,422
Third-party delivery sales	37,163	22,372	103,633	72,682
Take-out sales	22,318	19,546	66,295	57,626
Total restaurant sales	313,636	248,965	898,210	743,730
Franchise revenues:				
Royalty and system fund contributions	2,333	2,587	7,371	8,257
Initial fees	53	57	170	219
Business combinations - revenues recognized	—	—	398	413
Total franchise revenues	2,386	2,644	7,939	8,889
Total revenues	\$ 316,022	\$ 251,609	\$ 906,149	\$ 752,619

The following tables include a detail of liabilities from contracts with customers:

<i>(in thousands)</i>	SEPTEMBER 28, 2025	DECEMBER 29, 2024
Deferred revenues:		
Deferred gift card revenue	\$ 2,423	\$ 5,385
Deferred franchise fee revenue - current	214	238
Total current deferred revenues	\$ 2,637	\$ 5,623
Other long-term liabilities:		
Deferred franchise fee revenue - non-current	\$ 1,242	\$ 1,691

Changes in deferred gift card contract liabilities were as follows:

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Deferred gift card revenue:				
Balance, beginning of period	\$ 3,301	\$ 3,022	\$ 5,385	\$ 5,224
Gift card sales	1,455	1,271	6,305	5,518
Gift card redemptions	(2,073)	(1,915)	(8,422)	(7,766)
Gift card breakage	(260)	(237)	(980)	(1,000)
Gift card liabilities assumed through acquisitions	—	—	135	165
Balance, end of period	\$ 2,423	\$ 2,141	\$ 2,423	\$ 2,141

Changes in deferred franchise fee contract liabilities were as follows:

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Deferred franchise fee revenue:				
Balance, beginning of period	\$ 1,489	\$ 1,893	\$ 1,929	\$ 2,061
Cash received	20	32	95	439
Franchise revenues recognized	(53)	(57)	(170)	(219)
Business combinations - franchise revenues recognized	—	—	(398)	(413)
Balance, end of period	\$ 1,456	\$ 1,868	\$ 1,456	\$ 1,868

5. Accounts Receivable

Accounts receivable consisted of the following:

<i>(in thousands)</i>	SEPTEMBER 28, 2025	DECEMBER 29, 2024
Receivable rebates from vendors	\$ 1,332	\$ 1,657
Receivables from third-party delivery providers	2,354	1,445
Receivables from franchisees	934	987
Receivables related to gift card sales	362	1,683
Other receivables	524	1,463
Total accounts receivable	\$ 5,506	\$ 7,235

6. Accrued Liabilities

Accrued liabilities consisted of the following:

(in thousands)

	SEPTEMBER 28, 2025	DECEMBER 29, 2024
Construction liabilities	\$ 16,378	\$ 16,769
Sales tax	8,973	7,919
Interest payable	4,663	267
Insurance liabilities	3,499	2,521
Utilities	3,011	2,156
Credit card fees	2,090	1,973
Property tax	2,262	830
Contingent rent	1,241	1,058
Other	7,714	6,114
Total accrued liabilities	<u>\$ 49,831</u>	<u>\$ 39,607</u>

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Debt

Long-term debt, net consisted of the following:

<i>(in thousands)</i>	SEPTEMBER 28, 2025		DECEMBER 29, 2024	
	Balance	Interest Rate	Balance	Interest Rate
Term Facilities	\$ 214,438	7.15%	\$ 193,797	6.93%
Revolving Credit Facility	35,000	7.49%	—	
Finance lease liabilities	12,924		2,766	
Financing obligation	3,050		3,050	
Less: Unamortized debt discount and deferred issuance costs	(1,301)		(1,342)	
Total debt, net	264,111		198,271	
Less: Current portion of long-term debt	(13,123)		(9,228)	
Long-term debt, net	\$ 250,988		\$ 189,043	

Credit Facility

FWR Holding Corporation (“FWR”), a subsidiary of the Company, is the borrower under the credit agreement dated October 6, 2021, the terms of which were amended on February 24, 2023 and January 5, 2025, which provides for (i) a \$225.0 million term loan A facility and delayed draw facility (the “Term Facilities”) and (ii) a \$125.0 million revolving credit facility, (“the Revolving Credit Facility”), and together with the Term Facilities, (the “Credit Facility”). The Credit Facility matures on January 5, 2029.

During the second quarter of 2025, the Company drew \$27.5 million on the delayed draw facility and \$32.5 million on the Revolving Credit Facility, primarily to fund the business acquisitions referenced in Note 3, *Business Acquisitions*. As of September 28, 2025, the delayed draw facility was fully drawn with the same servicing and repayment terms as the term loan A facility.

As of September 28, 2025, borrowings under the Credit Facility bear interest at the option of FWR at either (i) the alternate base rate plus a margin of between 150 and 225 basis points depending on the total rent adjusted net leverage ratio of FWR and its restricted subsidiaries on a consolidated basis (the “Total Rent Adjusted Net Leverage Ratio”) or (ii) SOFR plus a credit spread adjustment of 10 basis points plus a margin of between 250 and 325 basis points depending on the Total Rent Adjusted Net Leverage Ratio. Refer to Note 8, *Interest Rate Swaps*, for information about the Company’s variable-to-fixed interest rate swap agreements.

Fair Value of Debt

The estimated fair value of the outstanding debt, excluding finance lease obligations and financing obligations, is classified as Level 3 in the fair value hierarchy and was estimated using discounted cash flow models, market yield and yield volatility. The following table includes the carrying value and fair value of the Company’s debt as of the dates indicated:

<i>(in thousands)</i>	SEPTEMBER 28, 2025		DECEMBER 29, 2024	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Term Facilities	\$ 214,438	\$ 214,322	\$ 193,797	\$ 193,417
Revolving Credit Facility	\$ 35,000	\$ 34,980	\$ —	\$ —

Debt Covenants

The Credit Facility is guaranteed by all of FWR’s wholly-owned subsidiaries and by AI Fresh Parent, Inc., a Delaware corporation and the direct parent company of FWR (“Holdings”), and is secured by associated collateral agreements that pledge a lien on substantially all of FWR’s and each guarantor’s assets, including fixed assets and intangibles, in each case, subject to customary exceptions.

Under the credit agreement, FWR (and in certain circumstances, Holdings) and its subsidiaries are subject to affirmative, negative and financial covenants, maintenance of certain ratios, restrictions on additional indebtedness and events of default for facilities of this type (with customary grace periods, as applicable, and lender remedies). FWR was in compliance with its covenants under the credit agreement as of September 28, 2025.

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Interest Rate Swaps

Interest rate swaps are utilized to hedge a portion of the cash flows of the Company's variable rate debt.

On June 23, 2023, Management entered into two variable-to-fixed interest rate swaps. These interest rate swaps have an aggregate notional amount of \$90.0 million and mature on October 6, 2026. Under the terms of the interest rate swaps, the Company will pay a weighted average fixed rate of 4.16% on the notional amount and will receive payments from, or make payments to, the counterparties based on the three-month SOFR rate.

On May 17, 2024, Management entered into two additional variable-to-fixed interest rate swaps. These interest rate swaps have an aggregate notional amount of \$60.0 million and mature on June 30, 2027. Under the terms of the interest rate swaps, the Company will pay a weighted average fixed rate of 4.42% on the notional amount and will receive payments from, or make payments to, the counterparties based on the three-month SOFR rate.

The fair value measurement of the interest rate swaps was based on the contractual terms and market-based inputs. The interest rate swaps were valued using a discounted cash flow analysis on the expected cash flows using observable inputs including interest rate curves and credit spreads. Although the majority of the inputs used to value the instruments fall within Level 2 of the fair value hierarchy, the credit valuation adjustments utilized Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by the Company and the counterparties. The impact of the credit valuation adjustments was not determined to be significant to the overall valuation. As a result, the derivative was classified as Level 2 in the fair value hierarchy.

Amounts reported in Other comprehensive income (loss) related to the interest rate swaps are reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During the thirty-nine weeks ended September 28, 2025, a total of \$0.1 million was reclassified from Other comprehensive income (loss) as a reduction to Interest expense. Over the next 12 months, Management estimates that \$0.9 million will be reclassified as an increase to interest expense.

9. Leases

The following table includes detail of lease assets and liabilities:

<i>(in thousands)</i>	Consolidated Balance Sheet Classification	SEPTEMBER 28, 2025	DECEMBER 29, 2024
Finance lease assets - current	Other current assets	\$ 1,365	\$ —
Operating lease right-of-use assets	Operating lease right-of-use assets	609,820	527,674
Finance lease assets	Property, fixtures and equipment, net	10,962	2,724
Total lease assets		<u>\$ 622,147</u>	<u>\$ 530,398</u>
Operating lease liabilities - current ⁽¹⁾	Current portion of operating lease liabilities	\$ 72,785	\$ 55,704
Operating lease liabilities - non-current	Operating lease liabilities	645,455	555,576
Finance lease liabilities - current ⁽¹⁾	Current portion of long-term debt	1,873	587
Finance lease liabilities - non-current	Long-term debt, net	11,051	2,179
Total lease liabilities		<u>\$ 731,164</u>	<u>\$ 614,046</u>

(1) Excludes all variable lease expense for real estate leases.

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The components of lease expense were as follows:

<i>(in thousands)</i>	Consolidated Statements of Operations and Comprehensive Income (Loss) Classification	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
		SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Operating lease expense	Other restaurant operating expenses Occupancy expenses Pre-opening expenses General and administrative expenses	\$ 21,905	\$ 18,269	\$ 62,449	\$ 51,021
Variable lease expense	Food and beverage costs Occupancy expenses General and administrative expenses	5,953	4,816	16,997	14,242
Finance lease expense:					
Amortization of leased assets	Depreciation and amortization	342	134	760	395
Interest on lease liabilities	Interest expense	155	15	286	51
Total lease expense ⁽¹⁾		\$ 28,355	\$ 23,234	\$ 80,492	\$ 65,709

(1) Includes contingent rent expense of \$0.5 million and \$0.4 million during the thirteen weeks ended September 28, 2025 and September 29, 2024, respectively, and \$1.5 million and \$1.3 million for the thirty-nine weeks ended September 28, 2025 and September 29, 2024, respectively.

Supplemental cash flow information related to leases was as follows:

<i>(in thousands)</i>	THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows - operating leases	\$ 41,044	\$ 39,450
Operating cash flows - finance leases	\$ 286	\$ 51
Financing cash flows - finance leases	\$ 223	\$ 431

Supplemental information related to leases was as follows:

	THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Weighted-average remaining lease term (in years)		
Operating leases	12.9	13.4
Finance leases	9.4	3.5
Weighted-average discount rate ⁽¹⁾		
Operating leases	7.8 %	7.8 %
Finance leases	6.2 %	6.4 %

(1) Based on the Company's incremental borrowing rate.

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. Deferred Compensation

The First Watch Deferred Compensation Plan was adopted by the Company effective January 1, 2025. The First Watch Deferred Compensation Plan allows officers and other key employees to defer their compensation within designated annual limits. Discretionary matching and other credits may be made to the accounts of active participants, which vest based on an employee's years of service or vest in full upon an active participant's death, disability or a Company change in control event, as defined in the plan. Participants' earnings on contributions fluctuate with the actual earnings and losses of available investment choices selected by the participants.

While the First Watch Deferred Compensation Plan is unsecured, Management has elected to fund certain of these obligations through a rabbi trust, the assets of which consist of Company-owned life insurance policies. The assets held in the rabbi trust are not available for general corporate purposes and are subject to creditor claims in the event of insolvency.

The cash surrender value of the life insurance policies held in the rabbi trust is recorded in other long-term assets. As of September 28, 2025, rabbi trust assets totaled \$1.4 million. Changes to the cash surrender value and any increases or decreases to deferred compensation liabilities incurred under the First Watch Deferred Compensation Plan are recorded as general and administrative expenses. As of September 28, 2025, the deferred compensation obligation included in other long-term liabilities totaled \$1.5 million.

11. Equity and Stock-Based Compensation

Stock option awards

There were no stock option awards granted during the thirty-nine weeks ended September 28, 2025. A summary of stock option activity during the thirty-nine weeks ended September 28, 2025 was as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	AGGREGATE INTRINSIC VALUE <i>(in thousands)</i>	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE <i>(in years)</i>
Outstanding, December 29, 2024	3,701,017	\$ 10.14	\$ 31,676	4.1
Forfeited	(964)	\$ 12.58		
Exercised	(30,959)	\$ 9.79		
Outstanding, September 28, 2025	<u>3,669,094</u>	\$ 10.14	\$ 21,512	3.4
Exercisable, September 28, 2025	<u>3,659,622</u>	\$ 10.14	\$ 21,480	3.4

The aggregate intrinsic value is based on the difference between the exercise price of the stock option and the closing price of the Company's common stock on Nasdaq on the last trading day of the period.

A summary of the non-vested stock option activity during the thirty-nine weeks ended September 28, 2025 is as follows:

	NUMBER OF OPTIONS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER SHARE
Nonvested, December 29, 2024	324,245	\$ 6.55
Forfeited	(963)	\$ 6.76
Vested	(313,810)	\$ 6.66
Nonvested, September 28, 2025	<u>9,472</u>	\$ 2.88

Restricted stock units

During the thirty-nine weeks ended September 28, 2025, a total of 1,028,509 restricted stock units ("RSUs") were granted. Of the total RSUs granted, 597,737 will vest ratably over a period of three years from grant date, 65,364 will vest one year from the grant date, and the remaining 365,408 will vest four years from the grant date. A summary of the Company's RSU activity during the thirty-nine weeks ended September 28, 2025 is as follows:

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

	RESTRICTED STOCK UNITS	WEIGHTED AVERAGE GRANT DATE FAIR VALUE PER SHARE	AGGREGATE INTRINSIC VALUE (in thousands)
Outstanding, December 29, 2024	759,721	\$ 20.67	\$ 14,207
Granted	1,028,509	\$ 16.75	
Forfeited	(8,846)	\$ 19.95	
Vested	(301,056)	\$ 19.36	
Outstanding, September 28, 2025	<u>1,478,328</u>	\$ 18.22	\$ 23,653

The aggregate intrinsic value is based on the closing price of the Company's common stock on Nasdaq of \$16.00 and \$18.70 on September 26, 2025 and December 27, 2024, the last trading days of the periods, respectively.

Stock-based compensation expense, net of amounts capitalized, was \$2.9 million and \$2.1 million during the thirteen weeks ended September 28, 2025 and September 29, 2024, respectively, and \$7.9 million and \$6.4 million during the thirty-nine weeks ended September 28, 2025 and September 29, 2024, respectively. Capitalized stock-based compensation included in property, fixtures and equipment totaled \$0.1 million for the thirty-nine weeks ended September 28, 2025. The total related income tax benefit for stock-based compensation expense was \$0.1 million during the thirteen weeks ended September 28, 2025 and September 29, 2024, respectively, and \$1.3 million and \$1.6 million during the thirty-nine weeks ended September 28, 2025 and September 29, 2024, respectively.

Unrecognized stock-based compensation expense

The following represents unrecognized stock-based compensation expense and the remaining weighted average vesting period as of September 28, 2025:

	UNRECOGNIZED STOCK-BASED COMPENSATION EXPENSE (in thousands)	REMAINING WEIGHTED AVERAGE VESTING PERIOD (in years)
Stock options	\$ 1	0.2
Restricted stock units	\$ 20,160	2.2

12. Income Taxes

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Income before income taxes	\$ 5,674	\$ 3,496	\$ 7,713	\$ 27,288
Income tax expense	\$ (2,683)	\$ (1,384)	\$ (3,445)	\$ (9,062)
Effective income tax rate	47.3 %	39.6 %	44.7 %	33.2 %

The Company's income tax expense for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items arising during interim periods. For both the thirteen and thirty-nine weeks ended September 28, 2025, and the thirteen and thirty-nine weeks ended September 29, 2024, there were no significant discrete items recorded.

In the United States, a restaurant company employer may claim a credit against its federal income taxes for FICA taxes paid on certain tipped wages (the "FICA tax credit"). The amount of FICA tax credits generated is primarily driven by restaurant sales.

The effective income tax rates for the thirteen and thirty-nine weeks ended September 28, 2025 increased as compared to the same periods in the prior year primarily due to the changes in income before income taxes, the increase in FICA tax credits and the corresponding change in the valuation allowance, and the impact of executive compensation.

For the thirteen and thirty-nine weeks ended September 28, 2025 and September 29, 2024, the income tax expense includes the impact of changes to the estimate of forecasted annual income before taxes relative to the prior period in each respective year.

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

Management applied the relevant provisions of H.R. 1 – *One Big Beautiful Bill* in the third quarter of 2025 following its enactment on July 4, 2025, including provisions related to research and development. The impact on our consolidated financial statements was immaterial.

Valuation allowance

Management evaluates quarterly whether the resulting deferred tax assets are realizable given the Company’s earnings history. Based on the available evidence, the Company does not meet the more likely than not standard related to the realization of a portion of the deferred tax assets as of September 28, 2025. Accordingly, the Company has established a valuation allowance on the portion of deferred tax assets deemed not realizable, including state charitable contribution carryovers, various state loss carryforwards and various federal tax credit carryforwards.

Management continues to assess the rationale for recording a valuation allowance for deferred tax assets. As the Company’s future taxable earnings increase and deferred tax assets are utilized, it is possible that a portion of the valuation allowance will no longer be needed. Release of any valuation allowance would result in the recognition of certain deferred tax assets and a decrease to income tax expense in the period of the release. The timing and amount of any release related to future taxable income is currently indeterminable.

13. Commitments and Contingencies

Legal Proceedings

The Company is subject to legal proceedings, claims and liabilities that arise in the ordinary course of business. The amount of the anticipated liability with respect to these matters was not material as of September 28, 2025. In the event any litigation losses become probable and estimable, the Company will recognize anticipated losses.

14. Segment Information

Management determined the Company’s single operating segment on the basis that the Company’s Chief Operating Decision Maker (the “CODM”), the Chief Executive Officer, assesses performance and allocates resources at the Company’s consolidated level. The Company’s CODM uses consolidated net income to evaluate performance and make key operating decisions, such as investments in our long-term growth strategy. This measure is also used to monitor budget against actual results.

Revenue is derived from sales of food and beverage, net of discounts, by Company-owned restaurants as well as franchise royalty, system fund and initial franchise fees. The measure of total assets for the reporting segment is reported on the consolidated balance sheets. The measure of capital expenditures for the reporting segment is reported on the consolidated statements of cash flows.

FIRST WATCH RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table details consolidated net income for the segment for the periods indicated:

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Total revenues	\$ 316,022	\$ 251,609	\$ 906,149	\$ 752,619
Less:				
Food and beverage costs	69,730	55,865	208,355	163,852
Labor and other related expenses	102,387	83,756	300,451	247,332
Other restaurant operating expenses	50,140	38,891	141,002	113,232
Occupancy expenses	25,891	21,075	73,849	60,733
Pre-opening expenses	3,813	2,387	9,980	5,782
Stock-based compensation, net of amounts capitalized	2,877	2,076	7,926	6,394
General and administrative expenses ⁽¹⁾	30,869	25,604	89,224	76,133
Depreciation and amortization	19,662	15,153	54,355	41,960
Other segment items ⁽²⁾	603	489	2,531	2,155
Interest expense	4,567	3,441	11,904	9,421
Other income, net	(191)	(624)	(1,141)	(1,663)
Income tax expense	2,683	1,384	3,445	9,062
Net income	\$ 2,991	\$ 2,112	\$ 4,268	\$ 18,226

(1) General and administrative expenses excludes stock-based compensation, net of amounts capitalized presented separately.

(2) Other segment items included in segment net income are primarily transaction expenses, and impairments and loss on disposal of assets.

15. Net Income Per Common Share

The following table sets forth the computations of basic and diluted net income per common share:

<i>(in thousands, except share and per share data)</i>	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Numerator:				
Net income	\$ 2,991	\$ 2,112	\$ 4,268	\$ 18,226
Denominator:				
Weighted average common shares outstanding - basic	61,027,278	60,428,016	60,933,443	60,275,167
Weighted average common shares outstanding - diluted	62,834,080	61,851,127	62,798,962	62,343,751
Net income per common share - basic	\$ 0.05	\$ 0.03	\$ 0.07	\$ 0.30
Net income per common share - diluted	\$ 0.05	\$ 0.03	\$ 0.07	\$ 0.29
Stock options outstanding not included in diluted net income per common share as their effect is anti-dilutive	12,552	14,584	12,552	12,552
Restricted stock units outstanding not included in diluted net income per share as their effect is anti-dilutive	222,055	419,863	9	317,530

Diluted net income per common share is calculated by adjusting the weighted average shares outstanding for the theoretical effect of potential common shares that would be issued for stock awards outstanding and unvested as of the respective periods using the treasury method.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Cautionary Statement

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited interim consolidated financial statements and notes thereto included in Part I, Item 1 of this Form 10-Q and our audited consolidated financial statements and notes included in our 2024 Form 10-K. As discussed in the "Cautionary Note Regarding Forward-Looking Statements," the following discussion and analysis contains forward-looking statements that involve risks and uncertainties. Our actual results may materially differ from those discussed in such forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those identified in our 2024 Form 10-K, including under "Item 1A. Risk Factors" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and in "Part II, Item 1A. Risk Factors" of this Form 10-Q.

Overview

First Watch is an award-winning Daytime Dining concept serving made-to-order breakfast, brunch and lunch using fresh ingredients. The Company's common stock trades on Nasdaq under the ticker symbol "FWRG". A recipient of hundreds of local "Best Breakfast" and "Best Brunch" accolades, First Watch's award-winning chef-driven menu includes elevated executions of classic favorites for breakfast, brunch and lunch. For four consecutive years, First Watch was named a Top 100 Most Loved Workplace® by Newsweek and the Best Practice Institute, and in 2025, was named the #1 Most Loved Workplace for the second year in a row.

The Company operates and franchises restaurants in 32 states under the "First Watch" trade name and as of September 28, 2025, the Company had 548 company-owned restaurants and 72 franchise-owned restaurants.

Recent Developments

Financial highlights for the thirteen weeks ended September 28, 2025 ("third quarter of 2025") as compared, unless otherwise indicated below, to the thirteen weeks ended September 29, 2024 ("third quarter of 2024"), reflected the continued momentum of our operating performance and include the following:

- Opened 21 system-wide restaurants in 14 states, with 1 planned closure, resulting in a total of 620 system-wide restaurants (548 company-owned and 72 franchise-owned) across 32 states
- Total revenues increased 25.6% to \$316.0 million in the third quarter of 2025 from \$251.6 million in the third quarter of 2024
- System-wide sales increased 20.9% to \$352.7 million in the third quarter of 2025 from \$291.8 million in the third quarter of 2024
- Same-restaurant sales growth of 7.1%
- Same-restaurant traffic growth of 2.6%
- Income from operations margin increased to 3.2% during the third quarter of 2025 from 2.5% in the third quarter of 2024
- Restaurant level operating profit margin* increased to 19.7% in the third quarter of 2025 from 18.9% in the third quarter of 2024
- Net income increased to \$3.0 million, or \$0.05 per diluted share, in the third quarter of 2025 from net income of \$2.1 million, or \$0.03 per diluted share, in the third quarter of 2024
- Adjusted EBITDA* increased to \$34.1 million in the third quarter of 2025 from \$25.6 million in the third quarter of 2024

* See *Non-GAAP Financial Measures Reconciliations* section below.

Business Trends

In the third quarter of 2025, the Company's same-restaurant traffic grew 2.6%, marking two consecutive quarters of positive traffic growth. We expect positive traffic trends to continue through the end of the year.

Commodity inflation was 3.0% in the third quarter of 2025, driven by coffee and bacon. We project our full year commodity inflation to be approximately 6%.

Restaurant-level wage inflation during the third quarter was 3.6% and full year inflation is expected to be approximately 4%.

Key Performance Indicators

Throughout "Management's Discussion and Analysis of Financial Condition and Results of Operations," we commonly discuss the following key operating metrics that we believe will drive our financial results and long-term growth model. We believe these metrics are useful to investors because management uses these metrics to evaluate performance and assess the growth of our business as well as the effectiveness of our marketing and operational strategies.

New Restaurant Openings ("NROs"): the number of new company-owned First Watch restaurants commencing operations during the period. Management reviews the number of new restaurants to assess new restaurant growth and company-owned restaurant sales.

Franchise-owned New Restaurant Openings ("Franchise-owned NROs"): the number of new franchise-owned First Watch restaurants commencing operations during the period.

Same-Restaurant Sales Growth: the percentage change in year-over-year restaurant sales (excluding gift card breakage) for the comparable restaurant base, which we define as the number of company-owned First Watch branded restaurants open for 18 months or longer as of the beginning of the fiscal year ("Comparable Restaurant Base"). For the thirteen and thirty-nine weeks ended September 28, 2025 and September 29, 2024, there were 381 restaurants and 344 restaurants, respectively, in our Comparable Restaurant Base. Measuring our same-restaurant sales growth allows management to evaluate the performance of our existing restaurant base. We believe this measure is useful for investors to provide a consistent comparison of restaurant sales results and trends across periods within our core, established restaurant base, unaffected by results of store openings, closings, and other transitional changes.

Same-Restaurant Traffic Growth: the percentage change in traffic counts as compared to the same period in the prior year using the Comparable Restaurant Base. Measuring our same-restaurant traffic growth allows management to evaluate the performance of our existing restaurant base. We believe this measure is useful for investors because an increase in same-restaurant traffic provides an indicator as to the development of our brand and the effectiveness of our marketing strategy.

System-wide restaurants: the total number of restaurants, including all company-owned and franchise-owned restaurants.

System-wide sales: consists of restaurant sales from our company-owned restaurants and franchise-owned restaurants. We do not recognize the restaurant sales from our franchise-owned restaurants as revenue.

Non-GAAP Financial Measures

To supplement the consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”), we use the following non-GAAP measures, which present operating results on an adjusted basis: (i) Adjusted EBITDA, (ii) Adjusted EBITDA margin, (iii) Restaurant level operating profit and (iv) Restaurant level operating profit margin. Our presentation of these non-GAAP measures includes isolating the effects of some items that are either nonrecurring in nature or have no meaningful correlation to our ongoing core operating performance. These supplemental measures of performance are not required by or presented in accordance with GAAP. Management believes these non-GAAP measures provide investors with additional visibility into our operations, facilitate analysis and comparisons of our ongoing business operations because they exclude items that may not be indicative of our ongoing operating performance, help to identify operational trends and allow for greater transparency with respect to metrics used by Management in our financial and operational decision making. Our non-GAAP measures may not be comparable to similarly titled measures used by other companies and have important limitations as analytical tools. These non-GAAP measures should not be considered in isolation or as substitutes for analysis of our results as reported under GAAP as they may not provide a complete understanding of our performance. These non-GAAP measures should be reviewed in conjunction with our consolidated financial statements prepared in accordance with GAAP.

We use Adjusted EBITDA and Adjusted EBITDA margin (i) as factors in evaluating management’s performance when determining incentive compensation, (ii) to evaluate our operating results and the effectiveness of our business strategies and (iii) internally as benchmarks to compare our performance to that of our competitors.

We use Restaurant level operating profit and Restaurant level operating profit margin (i) to evaluate the performance and profitability of each operating restaurant, individually and in the aggregate, and (ii) to make decisions regarding future spending and other operational decisions.

Adjusted EBITDA: represents Net income before depreciation and amortization, interest expense, income taxes, and items that we do not consider in our evaluation of ongoing core operating performance as identified in the reconciliation of Net income, the most directly comparable measure in accordance with GAAP, to Adjusted EBITDA, included in the section *Non-GAAP Financial Measure Reconciliations* below.

Adjusted EBITDA Margin: represents Adjusted EBITDA as a percentage of total revenues. See *Non-GAAP Financial Measure Reconciliations* below for a reconciliation to Net income margin, the most directly comparable GAAP measure.

Restaurant Level Operating Profit: represents restaurant sales, less restaurant operating expenses, which include food and beverage costs, labor and other related expenses, other restaurant operating expenses, pre-opening expenses and occupancy expenses. Restaurant level operating profit excludes corporate-level expenses and other items that we do not consider in the evaluation of the ongoing core operating performance of our restaurants as identified in the reconciliation of Income from operations, the most directly comparable GAAP measure, to Restaurant level operating profit, included in the section *Non-GAAP Financial Measure Reconciliations* below.

Restaurant Level Operating Profit Margin: represents Restaurant level operating profit as a percentage of restaurant sales. See *Non-GAAP Financial Measure Reconciliations* below for a reconciliation to Income from operations margin, the most directly comparable GAAP measure.

Selected Operating Data

	THIRTEEN WEEKS ENDED SEPTEMBER 28, 2025		
	COMPANY-OWNED	FRANCHISE-OWNED	TOTAL
Beginning of period	531	69	600
New restaurant openings	18	3	21
Acquisitions of franchise-owned restaurants	—	—	—
Closures	(1)	—	(1)
End of period	548	72	620

THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2025

	COMPANY-OWNED	FRANCHISE-OWNED	TOTAL
Beginning of period	489	83	572
New restaurant openings	43	8	51
Acquisitions of franchise-owned restaurants	19	(19)	—
Closures	(3)	—	(3)
End of period	548	72	620

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
System-wide sales (in thousands)	\$ 352,688	\$ 291,806	\$ 1,021,896	\$ 880,364
Same-restaurant sales growth	7.1 %	(1.9)%	3.7 %	(0.6)%
Same-restaurant traffic growth	2.6 %	(4.4)%	1.3 %	(4.3)%
Income from operations (in thousands)	\$ 10,050	\$ 6,313	\$ 18,476	\$ 35,046
Income from operations margin	3.2 %	2.5 %	2.1 %	4.7 %
Restaurant level operating profit (in thousands) ⁽¹⁾	\$ 61,675	\$ 46,991	\$ 164,573	\$ 152,799
Restaurant level operating profit margin ⁽¹⁾	19.7 %	18.9 %	18.3 %	20.5 %
Net income (in thousands)	\$ 2,991	\$ 2,112	\$ 4,268	\$ 18,226
Net income margin	0.9 %	0.8 %	0.5 %	2.4 %
Adjusted EBITDA (in thousands) ⁽²⁾	\$ 34,099	\$ 25,624	\$ 87,231	\$ 89,539
Adjusted EBITDA margin ⁽²⁾	10.8 %	10.2 %	9.6 %	11.9 %

(1) Reconciliations from Income from operations and Income from operations margin, the most comparable GAAP measures to Restaurant level operating profit and Restaurant level operating profit margin, are set forth in the schedules within the *Non-GAAP Financial Measures Reconciliations* section below.

(2) Reconciliations from Net income and Net income margin, the most comparable GAAP measures to Adjusted EBITDA and Adjusted EBITDA margin, are set forth in the schedules within the *Non-GAAP Financial Measures Reconciliations* section below.

Results of Operations

The following table summarizes our results of operations and the percentages of certain items in relation to Total revenues or, where indicated, Restaurant sales for the thirteen and thirty-nine weeks ended September 28, 2025 and September 29, 2024, respectively:

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED				THIRTY-NINE WEEKS ENDED			
	SEPTEMBER 28, 2025		SEPTEMBER 29, 2024		SEPTEMBER 28, 2025		SEPTEMBER 29, 2024	
Revenues								
Restaurant sales	\$ 313,636	99.2 %	\$ 248,965	98.9 %	\$ 898,210	99.1 %	\$ 743,730	98.8 %
Franchise revenues	2,386	0.8 %	2,644	1.1 %	7,939	0.9 %	8,889	1.2 %
Total revenues	316,022	100.0 %	251,609	100.0 %	906,149	100.0 %	752,619	100.0 %
Operating costs and expenses								
Restaurant operating expenses ⁽¹⁾ (exclusive of depreciation and amortization shown below):								
Food and beverage costs	69,730	22.2 %	55,865	22.4 %	208,355	23.2 %	163,852	22.0 %
Labor and other related expenses	102,387	32.6 %	83,756	33.6 %	300,451	33.4 %	247,332	33.3 %
Other restaurant operating expenses	50,140	16.0 %	38,891	15.6 %	141,002	15.7 %	113,232	15.2 %
Occupancy expenses	25,891	8.3 %	21,075	8.5 %	73,849	8.2 %	60,733	8.2 %
Pre-opening expenses	3,813	1.2 %	2,387	1.0 %	9,980	1.1 %	5,782	0.8 %
General and administrative expenses	33,746	10.7 %	27,680	11.0 %	97,150	10.7 %	82,527	11.0 %
Depreciation and amortization	19,662	6.2 %	15,153	6.0 %	54,355	6.0 %	41,960	5.6 %
Impairments and loss on disposal of assets	175	0.1 %	114	— %	311	— %	386	0.1 %
Transaction expenses, net	428	0.1 %	375	0.1 %	2,220	0.2 %	1,769	0.2 %
Total operating costs and expenses	305,972	96.8 %	245,296	97.5 %	887,673	98.0 %	717,573	95.3 %
Income from operations ⁽¹⁾	10,050	3.2 %	6,313	2.5 %	18,476	2.1 %	35,046	4.7 %
Interest expense	(4,567)	(1.4)%	(3,441)	(1.4)%	(11,904)	(1.3)%	(9,421)	(1.3)%
Other income, net	191	0.1 %	624	0.2 %	1,141	0.1 %	1,663	0.2 %
Income before income taxes	5,674	1.8 %	3,496	1.4 %	7,713	0.9 %	27,288	3.6 %
Income tax expense	(2,683)	(0.8)%	(1,384)	(0.6)%	(3,445)	(0.4)%	(9,062)	(1.2)%
Net income	\$ 2,991	0.9 %	\$ 2,112	0.8 %	\$ 4,268	0.5 %	\$ 18,226	2.4 %

(1) As a percentage of restaurant sales.

Restaurant Sales

Restaurant sales represent the aggregate sales of food and beverages, net of discounts, at company-owned restaurants. Restaurant sales in any period are directly influenced by the number of operating weeks in the period, the number of open restaurants, customer traffic and average check. Average check growth is driven by our menu price increases and changes to our menu mix.

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Restaurant sales:						
In-restaurant dining sales	\$ 254,155	\$ 207,047	22.8 %	\$ 728,282	\$ 613,422	18.7 %
Third-party delivery sales	37,163	22,372	66.1 %	103,633	72,682	42.6 %
Take-out sales	22,318	19,546	14.2 %	66,295	57,626	15.0 %
Total restaurant sales	\$ 313,636	\$ 248,965	26.0 %	\$ 898,210	\$ 743,730	20.8 %

The increase in total restaurant sales as compared to the same periods in the prior year was due principally to (i) the increase in number of restaurants due to NROs, (ii) restaurants acquired from franchisees, (iii) menu price increases and (iv) an increase in same-restaurant traffic, partially offset by increased promotional usage.

Franchise Revenues

Franchise revenues are comprised of sales-based royalty fees, system fund contributions and the amortization of upfront initial franchise fees, which are recognized as revenue on a straight-line basis over the term of the franchise agreement. Franchise revenues in any period are directly influenced by the number of open franchise-owned restaurants.

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Franchise revenues:						
Royalty and system fund contributions	\$ 2,333	\$ 2,587	(9.8)%	\$ 7,371	\$ 8,257	(10.7)%
Initial fees	53	57	(7.0)%	170	219	(22.4)%
Business acquisitions - franchise revenues recognized	\$ —	\$ —	— %	\$ 398	\$ 413	(3.6)%
Total Franchise revenues	\$ 2,386	\$ 2,644	(9.8)%	\$ 7,939	\$ 8,889	(10.7)%

The decrease in franchise revenues during the thirteen and thirty-nine weeks ended September 28, 2025 as compared to the same periods in the prior year was primarily driven by the Company's acquisitions of franchise-owned restaurants, partially offset by franchise revenues from the franchise-owned NROs.

Food and Beverage Costs

Food and beverage costs at company-owned restaurants vary with sales volume and are subject to increases and declines in commodity costs.

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Food and beverage costs	\$ 69,730	\$ 55,865	24.8 %	\$ 208,355	\$ 163,852	27.2 %
As a percentage of restaurant sales	22.2 %	22.4 %	(0.2)%	23.2 %	22.0 %	1.2 %

Food and beverage costs as a percent of restaurant sales decreased during the thirteen weeks ended September 28, 2025 compared to the same period in the prior year primarily as a result of leverage associated with menu price increases, partially offset by commodity inflation experienced in bacon and coffee.

Food and beverage costs as a percent of restaurant sales increased during the thirty-nine weeks ended September 28, 2025 as compared to the same period in the prior year primarily due to (i) commodity inflation experienced in eggs, coffee, bacon and avocados, and (ii) increased portion size in certain menu items, partially offset by the leverage associated with menu price increases.

Food and beverage costs increased during the thirteen and thirty-nine weeks ended September 28, 2025 as compared to the same periods in the prior year primarily as a result of (i) the increase in the number of company-owned restaurants, (ii) commodity inflation and (iii) increased portion size of meat in certain menu items.

Labor and Other Related Expenses

Labor and other related expenses include hourly and management wages, bonuses, payroll taxes, workers' compensation expense and employee benefits. Factors that influence labor costs include minimum wage and payroll tax legislation, health care costs, the number and performance of our company-owned restaurants and increased competition for qualified staff.

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Labor and other related expenses	\$ 102,387	\$ 83,756	22.2 %	\$ 300,451	\$ 247,332	21.5 %
As a percentage of restaurant sales	32.6 %	33.6 %	(1.0)%	33.4 %	33.3 %	0.1 %

Labor and other related expenses as a percentage of restaurant sales decreased during the thirteen weeks ended September 28, 2025 compared to the same period in the prior year primarily as a result of (i) the leverage associated with menu price increases and (ii) hourly labor efficiency. These decreases were partially offset by an increase in health insurance costs.

Labor and other related expenses as a percentage of restaurant sales increased during the thirty-nine weeks ended September 28, 2025 as compared to the same period in the prior year primarily as a result of increases in (i) wage rates and (ii) health insurance costs, partially offset by the leverage associated with menu price increases.

The increase in labor and other related expenses during the thirteen and thirty-nine weeks ended September 28, 2025 as compared to the same periods in the prior year was primarily due to (i) the increase in the number of restaurants and related headcount, (ii) wage increases and (iii) increased health insurance costs.

Other Restaurant Operating Expenses

Other restaurant operating expenses consist of marketing and advertising expenses, utilities, insurance and other operating variable expenses incidental to operating company-owned restaurants, such as operating supplies (including paper products, menus and to-go supplies), credit card fees, repairs and maintenance, and third-party delivery services fees.

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Other restaurant operating expenses	\$ 50,140	\$ 38,891	28.9 %	\$ 141,002	\$ 113,232	24.5 %
As a percentage of restaurant sales	16.0 %	15.6 %	0.4 %	15.7 %	15.2 %	0.5 %

As a percentage of restaurant sales, the increase in other restaurant operating expenses for the thirteen and thirty-nine weeks ended September 28, 2025 as compared to the same periods in the prior year was primarily due to increases in (i) operating supply costs, in particular, menus and to-go supplies and (ii) third-party delivery fees.

The increase in other restaurant operating expenses during the thirteen weeks ended September 28, 2025 as compared to the same period in the prior year was primarily due to the increase in the number of company-owned restaurants driving increased expenses, including (i) \$3.6 million in operating supplies, (ii) \$3.0 million related to utilities and repair and maintenance expenses, (iii) \$3.2 million in third-party delivery fees and (iv) \$1.4 million in credit card fees.

The increase in other restaurant operating expenses during the thirty-nine weeks ended September 28, 2025 as compared to the same period in the prior year was primarily due to the increase in the number of company-owned restaurants driving increased expenses, including (i) \$8.8 million in operating supplies, (ii) \$7.7 million related to utilities, repair and maintenance expenses, (iii) \$6.3 million in third-party delivery fees, (iv) \$3.0 million in credit card fees, (v) \$1.0 million in insurance expenses and (vi) \$0.7 million in legal, accounting and licensing fees.

Occupancy Expenses

Occupancy expenses primarily consist of rent expense, property insurance, common area expenses and property taxes.

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Occupancy expenses	\$ 25,891	\$ 21,075	22.9 %	\$ 73,849	\$ 60,733	21.6 %
As a percentage of restaurant sales	8.3 %	8.5 %	(0.2)%	8.2 %	8.2 %	— %

As a percentage of restaurant sales, the decrease in occupancy expenses for the thirteen weeks ended September 28, 2025 as compared to the same period in the prior year was primarily due to leveraging increased restaurant sales.

The increase in occupancy expenses during the thirteen and thirty-nine weeks ended September 28, 2025 as compared to the same periods in the prior year was primarily due to the increase in the number of company-owned restaurants.

Pre-opening Expenses

Pre-opening expenses are costs incurred to open new company-owned restaurants. Pre-opening expenses include rent expense, manager salaries, recruiting expenses, employee payroll and training costs, which are recognized in the period in which the expense was incurred. Pre-opening expenses can fluctuate from period to period, based on the number and timing of new company-owned restaurant openings.

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Pre-opening expenses	\$ 3,813	\$ 2,387	59.7 %	\$ 9,980	\$ 5,782	72.6 %

The increase in pre-opening expenses during the thirteen and thirty-nine weeks ended September 28, 2025 as compared to the same periods in the prior year was primarily from (i) increases in pre-opening rent and (ii) the higher number of new restaurants opened and under construction.

General and Administrative Expenses

General and administrative expenses primarily consist of costs associated with our corporate and administrative functions that support restaurant development and operations including marketing and advertising costs incurred as well as legal fees, professional fees, stock-based compensation and expenses associated with being a public company, including costs associated with our compliance with the Sarbanes-Oxley Act. General and administrative expenses are impacted by changes in our employee headcount and costs related to strategic and growth initiatives.

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
General and administrative expenses	\$ 33,746	\$ 27,680	21.9 %	\$ 97,150	\$ 82,527	17.7 %

The increase in general and administrative expenses during the thirteen weeks ended September 28, 2025 as compared to the same period in the prior year was mainly due to (i) a \$2.9 million increase in marketing expenses, (ii) a \$2.4 million increase in compensation expense from wage increases and additional employee headcount to support growth and (iii) a \$0.5 million increase in licenses and fees including information technology related expenses for an increased number of restaurants.

The increase in general and administrative expenses during the thirty-nine weeks ended September 28, 2025 as compared to the same period in the prior year was mainly due to, (i) a \$7.4 million increase in marketing expenses, (ii) a \$4.4 million increase in compensation expense from wage increases and additional employee headcount to support growth, (iii) a \$1.5 million increase in licenses and fees including information technology related expenses for an increased number of restaurants and (iv) a \$0.8 million increase in consulting and other professional services fees.

Depreciation and Amortization

Depreciation and amortization consists of the depreciation of fixed assets, including leasehold improvements, fixtures and equipment and the amortization of definite-lived intangible assets, which are primarily comprised of franchise rights.

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Depreciation and amortization	\$ 19,662	\$ 15,153	29.8 %	\$ 54,355	\$ 41,960	29.5 %

The increase in depreciation and amortization during the thirteen and thirty-nine weeks ended September 28, 2025 as compared to the same periods in the prior year is primarily related to depreciating and amortizing the assets of NROs and of acquired restaurants, including reacquired rights from franchisees.

Transaction Expenses, Net

Transaction expenses, net include (i) costs incurred in connection with the acquisition of franchise-owned restaurants, (ii) costs related to certain equity offerings, (iii) costs related to restaurant closures, (iv) gains or losses associated with lease or contract terminations and (v) revaluations of contingent consideration payable to previous stockholders for tax savings generated through the use of federal and state loss carryforwards and general business credits that had been accumulated from operations prior to August 2017.

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Transaction expenses, net	\$ 428	\$ 375	14.1 %	\$ 2,220	\$ 1,769	25.5 %

The increase in Transaction expenses, net during the thirteen weeks ended September 28, 2025 as compared to the same period in the prior year was primarily due to \$0.3 million on costs incurred in connection with a secondary equity offering. This increase was partially offset by \$(0.2) million decrease in costs in connection with the acquisitions of restaurants from our franchisees.

The increase in Transaction expenses, net during the thirty-nine weeks ended September 28, 2025 as compared to the same period in the prior year was primarily due to a \$0.6 million reduction to contingent consideration liability in the first quarter of 2024 partially offset by \$0.3 million of debt modification costs incurred in the first quarter of 2024.

Income from Operations

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Income from operations	\$ 10,050	\$ 6,313	59.2 %	\$ 18,476	\$ 35,046	(47.3)%
As a percentage of restaurant sales	3.2 %	2.5 %	0.7 %	2.1 %	4.7 %	(2.6)%

Income from operations and income from operations margin increased during the thirteen weeks ended September 28, 2025 compared to the same period in the prior year due to leveraging revenue against certain costs including (i) labor and other related expenses, (ii) food and beverage costs, (iii) occupancy expense and (iv) general and administrative expenses.

Income from operations and income from operations margin decreased during the thirty-nine weeks ended September 28, 2025 as revenue increases were exceeded by increases in various other costs compared to the same period in the prior year including (i) food and beverage costs, (ii) labor and related expenses, (iii) other restaurant operating expenses, (iv) preopening expenses and (v) depreciation and amortization expense, partially offset by leveraging of general and administrative expenses.

Interest Expense

Interest expense primarily consists of interest and fees on our outstanding debt and the amortization expense for debt discount and deferred issuance costs.

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Interest expense	\$ 4,567	\$ 3,441	32.7 %	\$ 11,904	\$ 9,421	26.4 %

The increase in interest expense during the thirteen and thirty-nine weeks ended September 28, 2025 as compared to the same periods in the prior year was primarily due to increased borrowings associated with franchise acquisitions.

Other Income, Net

Other income, net includes items deemed to be non-operating based on management's assessment of the nature of the item in relation to our core operations.

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Other income, net	\$ 191	\$ 624	(69.4)%	\$ 1,141	\$ 1,663	(31.4)%

Other income, net decreased during the thirteen and thirty-nine weeks ended September 28, 2025 as compared to the same periods in the prior year primarily due to a reduction in interest income partially offset by insurance recoveries.

Income Tax

Income tax expense primarily consists of various federal and state taxes.

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Income tax expense	\$ (2,683)	\$ (1,384)	93.9 %	\$ (3,445)	\$ (9,062)	(62.0)%
Effective income tax rate	47.3 %	39.6 %	7.7 %	44.7 %	33.2 %	11.5 %

For the thirteen and thirty-nine weeks ended September 28, 2025 and September 29, 2024, the income tax expense includes the impact of changes to the estimate of forecasted annual income before taxes relative to the prior period in each respective year.

The effective income tax rates during the thirteen and thirty-nine weeks ended September 28, 2025 increased as compared to the same periods in the prior year primarily due to (i) the changes in income before income taxes, (ii) the increase in FICA tax credits and the corresponding change in valuation allowance and (iii) the impact of executive compensation.

Management applied the relevant provisions of H.R. 1 – *One Big Beautiful Bill* in the third quarter of 2025 following its enactment on July 4, 2025, including provisions related to research and development. The impact on our consolidated financial statements was immaterial.

Net Income

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Net income	\$ 2,991	\$ 2,112	41.6 %	\$ 4,268	\$ 18,226	(76.6)%
As a percentage of total revenues	0.9 %	0.8 %	0.1 %	0.5 %	2.4 %	(1.9)%

Net income and net income margin during the thirteen weeks ended September 28, 2025 increased as compared to the same period in the prior year primarily due to the increase in income from operations, partially offset by (i) the increase in interest expense and (ii) the increase in income tax expense.

Net income and net income margin during the thirty-nine weeks ended September 28, 2025 decreased as compared to the same period in the prior year primarily due to the (i) decrease in income from operations as expenses increased at a higher rate than revenue and (ii) increase in interest expense associated with increased borrowings to fund acquisitions, offset partially by the impact of income taxes.

Restaurant Level Operating Profit and Restaurant Level Operating Profit Margin

(in thousands)	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Restaurant level operating profit	\$ 61,675	\$ 46,991	31.2 %	\$ 164,573	\$ 152,799	7.7 %
Restaurant level operating profit margin	19.7 %	18.9 %	0.8 %	18.3 %	20.5 %	(2.2)%

Restaurant level operating profit margin during the thirteen weeks ended September 28, 2025 increased as compared to the same period in the prior year primarily due to (i) favorable labor and other related expenses as a percent of sales, (ii) favorable food and beverage costs as a percent of sales and (iii) favorable occupancy expenses as a percent of sales. This was partially offset by the deleverage of other restaurant operating expenses.

Restaurant level operating profit margin during the thirty-nine weeks ended September 28, 2025 decreased as compared to the same period in the prior year primarily due to (i) inflation across commodities, (ii) increases in restaurant-level wages and (iii) increases in preopening expenses. This was partially offset by the leverage associated with menu price increases.

Restaurant level operating profit for the thirteen and thirty-nine weeks ended September 28, 2025 increased as compared to the same periods in the prior year due to sales growth driven by the increase in (i) restaurant locations, (ii) traffic and (iii) menu prices. This was partially offset by an increase in (i) labor costs, (ii) food and beverage expenses, (iii) other restaurant operating expenses, (iv) occupancy expense and (v) preopening expenses.

Adjusted EBITDA and Adjusted EBITDA Margin

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED			THIRTY-NINE WEEKS ENDED		
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	Change
Adjusted EBITDA	\$ 34,099	\$ 25,624	33.1 %	\$ 87,231	\$ 89,539	(2.6)%
Adjusted EBITDA margin	10.8 %	10.2 %	0.6 %	9.6 %	11.9 %	(2.3)%

Adjusted EBITDA increased during the thirteen weeks ended September 28, 2025 compared to the same period in the prior year primarily due to an increase in restaurant level operating profit partially offset by an increase in general and administrative expenses.

Adjusted EBITDA margin increased during the thirteen weeks ended September 28, 2025 compared to the same period in the prior year primarily due to (i) an increase in restaurant level operating profit margin and (ii) a decrease in general and administrative expenses as a percentage of revenues.

Adjusted EBITDA decreased during the thirty-nine weeks ended September 28, 2025 as compared to the same period in the prior year primarily due to the increase in general and administrative expenses partially offset by the increase in restaurant level operating profit.

Adjusted EBITDA margin decreased during the thirty-nine weeks ended September 28, 2025 as compared to the same period in the prior year primarily due to the decrease in restaurant level operating profit margin partially offset by the decrease in general and administrative expenses as a percentage of revenues.

Non-GAAP Financial Measures Reconciliations

Adjusted EBITDA and Adjusted EBITDA margin - The following table reconciles Net income and Net income margin, the most directly comparable GAAP measures to Adjusted EBITDA and Adjusted EBITDA margin, for the periods indicated:

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Net income	\$ 2,991	\$ 2,112	\$ 4,268	\$ 18,226
Depreciation and amortization	19,662	15,153	54,355	41,960
Interest expense	4,567	3,441	11,904	9,421
Income tax expense	2,683	1,384	3,445	9,062
EBITDA	29,903	22,090	73,972	78,669
Strategic costs ⁽¹⁾	715	558	2,748	954
Loss on extinguishment and modification of debt	—	—	—	428
Stock-based compensation, net of amounts capitalized	2,877	2,076	7,926	6,394
Delaware Voluntary Disclosure Agreement Program ⁽³⁾	1	26	54	101
Transaction expenses, net ⁽⁴⁾	428	375	2,220	1,769
Impairments and loss on disposal of assets ⁽⁵⁾	175	114	311	386
Recruiting and relocation costs ⁽⁶⁾	—	359	—	634
Severance costs ⁽⁷⁾	—	26	—	204
Adjusted EBITDA	\$ 34,099	\$ 25,624	\$ 87,231	\$ 89,539
Total revenues	\$ 316,022	\$ 251,609	\$ 906,149	\$ 752,619
Net income margin	0.9 %	0.8 %	0.5 %	2.4 %
Adjusted EBITDA margin	10.8 %	10.2 %	9.6 %	11.9 %
Additional information				
Deferred rent expense ⁽⁸⁾	\$ (141)	\$ 327	\$ 337	\$ 1,076

(1) Represents costs related to process improvements and strategic initiatives. These costs are recorded within General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss).

(2) Represents non-cash, stock-based compensation expense, net of amounts capitalized, which is recorded within General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss).

(3) Represents professional service costs incurred in connection with the Delaware Voluntary Disclosure Agreement Program related to unclaimed or abandoned property. These costs are recorded in General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss).

(4) Represents costs incurred in connection with the acquisition of franchise-owned restaurants, secondary offering costs and, in 2024, an offsetting gain on release of contingent consideration liability and expenses related to debt.

(5) Represents costs related to the disposal of assets due to retirements, replacements or certain restaurant closures. There were no impairments recognized during the periods presented.

(6) Represents costs incurred for hiring qualified individuals. These costs are recorded within General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss).

(7) Severance costs are recorded in General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss).

(8) Represents the non-cash portion of straight-line rent expense recorded within both Occupancy expenses and General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Restaurant level operating profit and Restaurant level operating profit margin - The following table reconciles Income from operations and Income from operations margin, the most comparable GAAP measures to Restaurant level operating profit and Restaurant level operating profit margin, for the periods indicated:

<i>(in thousands)</i>	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Income from operations	\$ 10,050	\$ 6,313	\$ 18,476	\$ 35,046
Less: Franchise revenues	(2,386)	(2,644)	(7,939)	(8,889)
Add:				
General and administrative expenses	33,746	27,680	97,150	82,527
Depreciation and amortization	19,662	15,153	54,355	41,960
Transaction expenses, net ⁽¹⁾	428	375	2,220	1,769
Impairments and loss on disposal of assets ⁽²⁾	175	114	311	386
Restaurant level operating profit	\$ 61,675	\$ 46,991	\$ 164,573	\$ 152,799
Restaurant sales	\$ 313,636	\$ 248,965	\$ 898,210	\$ 743,730
Income from operations margin	3.2 %	2.5 %	2.1 %	4.7 %
Restaurant level operating profit margin	19.7 %	18.9 %	18.3 %	20.5 %
Additional information				
Deferred rent expense ⁽³⁾	\$ (168)	\$ 277	\$ 211	\$ 927

(1) Represents costs incurred in connection with the acquisition of franchise-owned restaurants, secondary offering costs and, in 2024, an offsetting gain on release of contingent consideration liability and expenses related to debt.

(2) Represents costs related to the disposal of assets due to retirements, replacements or certain restaurant closures. There were no impairments recognized during the periods presented.

(3) Represents the non-cash portion of straight-line rent expense recorded within Occupancy expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss).

Liquidity and Capital Resources

As of September 28, 2025, we had cash and cash equivalents of \$20.7 million and outstanding borrowings under the Credit Facility of \$249.4 million, excluding unamortized debt discount and deferred issuance costs. We had availability of \$87.9 million under our revolving credit facility of \$125.0 million, of which \$2.1 million is reserved under letters of credit pursuant to our credit agreement, dated as of October 6, 2021 as amended (“Credit Agreement”). Our principal uses of cash include capital expenditures for the development, acquisition or remodeling of restaurants, lease obligations, debt service payments and strategic infrastructure investments. Our working capital requirements are low due to our restaurants storing minimal inventory and customers pay for their purchases at the time of the sale, which frequently precedes our payment terms with suppliers.

We believe that our cash flow from operations combined with our availability under the Credit Facility and our cash and cash equivalents will be sufficient to meet the Company’s liquidity needs for at least the next 12 months. We anticipate that to the extent that we require additional liquidity, or should we decide to pursue one or more significant acquisitions, the funds would be furnished first through additional indebtedness and thereafter through the issuance of equity. Although we believe that our current level of total available liquidity is sufficient to meet our short-term and long-term liquidity requirements, we regularly evaluate opportunities to improve our liquidity position in order to enhance financial flexibility.

We estimate that our capital expenditures will total approximately \$150.0 million in 2025, not including the capital allocated to franchise acquisitions. This capital is invested primarily in new restaurant projects and planned remodels. We plan to fund the capital expenditures primarily with cash generated from our operating activities as well as with borrowings pursuant to our Credit Agreement.

Summary of Cash Flows

The following table presents a summary of our cash provided by (used in) operating, investing and financing activities for the thirty-nine weeks ended September 28, 2025 and September 29, 2024:

<i>(in thousands)</i>	THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2025	SEPTEMBER 29, 2024
Cash provided by operating activities	\$ 107,452	\$ 92,749
Cash used in investing activities	(175,771)	(165,919)
Cash provided by financing activities	55,721	74,338
Net (decrease) increase in cash and cash equivalents and restricted cash	\$ (12,598)	\$ 1,168

Cash provided by operations is our typical source of liquidity used (i) to fund capital expenditures for new restaurants, (ii) to maintain and remodel existing restaurants and (iii) for debt service. Cash provided by operations increased during the thirty-nine week period ended September 28, 2025 as compared to the thirty-nine week period ended September 29, 2024 primarily due to the increase from (i) the timing of operational payments and (ii) the impact of non-cash charges, offset by the decrease to income from operations.

Cash used in investing activities increased during the thirty-nine weeks ended September 28, 2025 from the thirty-nine weeks ended September 29, 2024 due principally to increases in the number of new restaurants and capital projects into which the Company is investing, offset by amounts paid to acquire franchise locations.

Cash provided by financing activities includes borrowings from the Company's Credit Facility to fund capital projects and related debt issuance costs.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations is based upon the accompanying unaudited interim consolidated financial statements and notes thereto, which have been prepared in accordance with GAAP. The preparation of these unaudited interim consolidated financial statements and related notes requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. By their nature, these judgments are subject to an inherent degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, our evaluation of trends in the industry and information available from other outside sources, as appropriate. We evaluate our estimates and judgments on an on-going basis. Our actual results may differ from these estimates. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. There have been no significant changes to our critical accounting policies as disclosed in "Critical Accounting Estimates" in the 2024 Form 10-K.

Recently Issued Accounting Pronouncements

For a discussion of recently issued accounting pronouncements, see Note 2, *Summary of Significant Accounting Policies*, in the accompanying notes to the unaudited interim consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk**Commodity and Food Price Risks**

We project our full year commodity inflation to be approximately 6%.

Except as described above, there have been no material changes to our exposure to market risks as disclosed in the 2024 Form 10-K.

Item 4. Controls and Procedures**Evaluation of Disclosure Controls and Procedures**

We are responsible for establishing and maintaining disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, such as this Quarterly Report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms.

Disclosure controls and procedures also include, without limitation, controls and procedures that are designed to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Due to the material weaknesses in our internal control over financial reporting discussed below, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 28, 2025, our disclosure controls and procedures were not effective. In light of this fact, our management has performed additional analyses, reconciliations, and other post-closing procedures and has concluded that, notwithstanding the material weaknesses in our internal control over financial reporting, the consolidated financial statements for the periods covered by and included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with GAAP.

Previously Identified Material Weaknesses

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of annual or interim financial statements would not be prevented or detected on a timely basis.

Refer to the management report on internal control over financial reporting in Part II - Item 9A of the 2024 Form 10-K filed with SEC on March 11, 2025 for a discussion of the material weaknesses, which continue to exist as of September 28, 2025.

Remediation Efforts

In connection with the material weaknesses, management has taken the following remedial actions:

- Hired new and reassigned existing financial reporting, accounting, and information technology leadership with public company experience to enhance public company financial reporting, technical accounting, and information technology services and solutions.
- Augmented financial reporting capabilities by staffing professionals with knowledge and experience in income tax, internal audit, information technology, and legal.
- Established various policies, including a formal delegation of authority policy defining the protocols for reviewing and authorizing commitments, contracts, invoices, and transactions as well as account reconciliation and journal entry policies that provide the framework to ensure the performance of consistent procedures in reconciling general ledger balances to supporting documentation and set the standards for the preparation and review of journal entries.
- Formalized certain roles and reviewed responsibilities, including ensuring appropriate segregation of duties. Implemented preventive and detective controls designed to segregate certain duties to reduce the risk of fraud and errors.
- Designed and implemented period-end financial reporting controls, such as controls over the preparation and review of account reconciliations, financial statement disclosures, and the consolidated financial statements, including controls around classification of cash flows and disclosure of noncash items, as well as establishing a formal management Disclosure Committee to review the draft financial statements and disclosures prior to release, including a sub-certification process from various functional groups.
- Enhanced access restrictions for certain users over general ledger journal entries and designed new processes to further automate journal entries and segregate journal entry creation from journal entry approval authority.
- Designed and implemented a comprehensive risk assessment process during second quarter of 2025 to identify risks of material misstatement and ensure our internal control framework has the appropriate business process controls to meet the objectives and address the risks identified.

While management believes that these actions will remediate the material weaknesses, the material weaknesses will not be considered remediated until the applicable controls have operated for a sufficient period of time, and management has concluded, through testing, that these controls are designed and operating effectively. As management continues to evaluate and improve the Company's internal control over financial reporting, additional improvements may be implemented, or management may further modify the remediation plan described above.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the fiscal quarter ended September 28, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II - Other Information

Item 1. Legal Proceedings

From time to time, we are involved in various claims and legal actions that arise in the ordinary course of business. We currently do not believe that the ultimate resolution of any of these actions, individually or taken in the aggregate, will have a material adverse effect on our financial position, results of operations, liquidity or capital resources. A significant increase in the number of claims or an increase in amounts owing under successful claims could materially adversely affect our business, financial condition, results of operations and cash flows. See Note 13, *Commitments and Contingencies*, in the accompanying notes to the unaudited interim consolidated financial statements.

Item 1A. Risk Factors

In addition to the other information discussed in this report, please consider the factors described in Part I, Item 1A., “Risk Factors” in our 2024 Form 10-K, which could materially affect our business, financial condition or future results. There have been no material changes to the risk factors disclosed in our 2024 Form 10-K, but these are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Insider Adoption or Termination of Trading Arrangements:

During the fiscal quarter ended September 28, 2025, none of our directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as those terms are defined in Regulation S-K, Item 408, except as described in the table below:

Name & Title	Date Adopted	Character of Trading Arrangement (1)	Aggregate Number of Shares of Common Stock to be Sold Pursuant to Trading Arrangement	Duration (2)
Eric Hartman, Chief Development Officer	9/4/2025	Rule 10b5-1 Trading Arrangement	Up to 75,000 shares to be sold (3)	5/1/2026
William Kussell, Director	9/9/2025	Rule 10b5-1 Trading Arrangement	Up to 98,650 shares to be sold (4)	8/31/2027

(1) Each trading arrangement marked as a “Rule 10b5-1 Trading Arrangement” is intended to satisfy the affirmative defense of Rule 10b5-1(c), as amended (the “Rule”).

(2) Each trading arrangement permits transactions through and including the earliest to occur of (i) the completion of all purchases or sales or the expiration of all of the orders relating to such trades, or (ii) the date listed in the table. Trading

arrangements marked as a “Rule 10b5-1 Trading Arrangement” only permits transactions upon the expiration of the applicable mandatory cooling-off period under the Rule.

(3) Mr. Hartman’s trading plan provides for the sale of up to 75,000 shares after the applicable mandatory cooling-off period subject to limit prices.

(4) Mr. Kussell’s trading plan provides for the sale of up to 98,650 shares after the applicable mandatory cooling-off period subject to limit prices.

Item 6. Exhibits

The exhibits listed in the Exhibits index to this Form 10-Q are incorporated herein by reference.

<u>Exhibit No.</u>	<u>Description</u>	<u>FILINGS REFERENCED FOR INCORPORATION BY REFERENCE</u>
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Furnished herewith
101	The financial information from First Watch Restaurant Group, Inc.’s Quarterly Report on Form 10-Q for the third fiscal quarter ended September 28, 2025, filed on November 4, 2025, formatted in Inline Extensible Business Reporting Language (“iXBRL”)	Filed herewith
104	Cover Page Interactive Data File (formatted as iXBRL and contained in Exhibit 101)	Filed herewith

* Denotes a management contract or compensatory plan or arrangement.

** This certification is not deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section. This certification will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates them by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on November 4, 2025.

FIRST WATCH RESTAURANT GROUP, INC.

By: /s/ Christopher A. Tomasso
Name: Christopher A. Tomasso
Title: President, Chief Executive Officer and Director (Principal Executive Officer)

By: /s/ Mel Hope
Name: Mel Hope
Title: Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)

Certification of Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Christopher A. Tomasso, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of First Watch Restaurant Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2025

/s/ Christopher A. Tomasso
Christopher A. Tomasso
Chief Executive Officer
(Principal Executive Officer)

**Certification of Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a) as Adopted
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Mel Hope, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of First Watch Restaurant Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2025

/s/ Mel Hope
Mel Hope
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER AND PRINCIPAL FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of First Watch Restaurant Group, Inc. (the "Company") for the period ended September 28, 2025, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Christopher A. Tomasso, Chief Executive Officer of the Company, and Mel Hope, Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 4, 2025

/s/ Christopher A. Tomasso

Christopher A. Tomasso
Chief Executive Officer
(Principal Executive Officer)

/s/ Mel Hope

Mel Hope
Chief Financial Officer
(Principal Financial Officer)