

Q3 2025

SUPPLEMENTAL INFORMATION

November 4, 2025



**FIRST
WATCH**

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS AND NON-GAAP FINANCIAL MEASURES



FORWARD LOOKING STATEMENTS

In addition to historical information, this presentation may contain a number of “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995, 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 presentation in the context of the risks and uncertainties disclosed in our filings with the Securities and Exchange Commission (the “SEC”), accessible on the SEC’s website at www.sec.gov and the Investors Relations section of the Company’s website at <https://investors.firstwatch.com/financial-information/sec-filings>. 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 presentation 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.

NON-GAAP FINANCIAL MEASURES (UNAUDITED)

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 key 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.

This presentation does not constitute an offer to sell or a solicitation of an offer to buy any securities.

GOOD MORNING!

We are First Watch.

We're the leaders of the **Daytime Dining** category – a segment comprised of culinary-driven concepts operating exclusively during daytime hours. Our performance and successes are achieved during *one* 7½-hour shift, from 7 a.m. to 2:30 p.m.

We serve **made-to-order** breakfast, brunch and lunch using fresh ingredients, and our culture is built around a simple, people-focused mission: "You First."

Our **elevated offering** capitalizes on three long-term consumer trends: the attractive breakfast daypart, an increasing demand for fresh, healthy food and the heightened importance of on-demand dining.

We appeal to a **broad mix of customers** across generations from Gen Z to Baby Boomers.

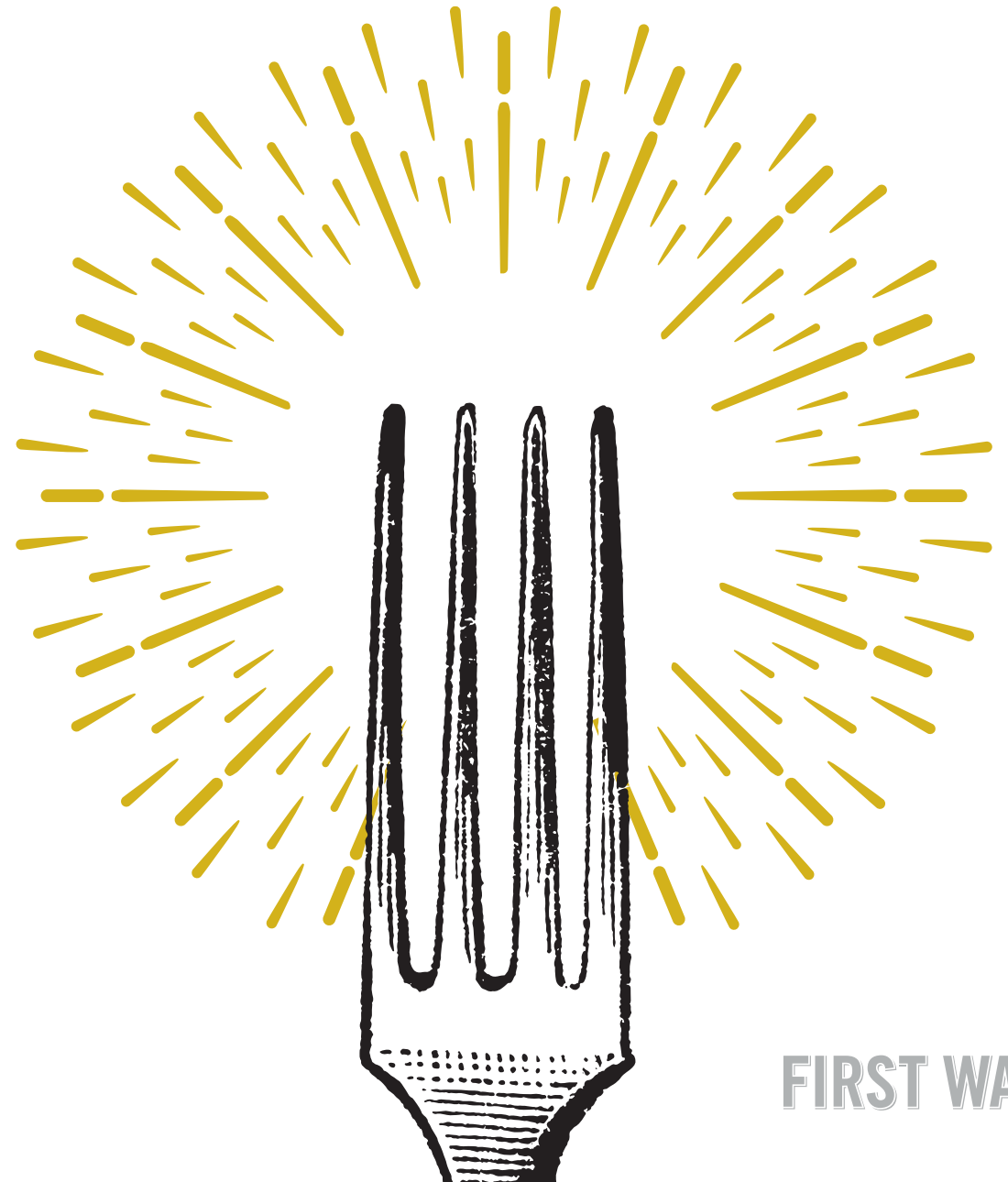
Since 1983, we have delivered sales and unit growth as a result of our broad brand appeal. At the end of the third quarter, we operated 620 system-wide restaurants in 32 states, and we believe we're just getting started.





Q3 2025

PERFORMANCE & COMMENTARY



FIRST WATCH



Q3 2025 Highlights:

- Total revenues increased 25.6% to \$316.0 million as compared to \$251.6 million in the same period of 2024
- System-wide sales increased 20.9% to \$352.7 million as compared to \$291.8 million in the same period of 2024
- Same-restaurant sales growth of 7.1%
- Same-restaurant traffic growth of 2.6%
- Income from operations margin increased to 3.2% as compared to 2.5% in the same period of 2024
- Restaurant level operating profit margin* increased to 19.7% as compared to 18.9% in the same period of 2024
- Net income increased to \$3.0 million, or \$0.05 per diluted share as compared to \$2.1 million, or \$0.03 per diluted share, in the same period of 2024
- Adjusted EBITDA* increased to \$34.1 million as compared to \$25.6 million in the same period of 2024
- 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

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

“Our strong third quarter results and sequential year-to-date improvement in same restaurant traffic growth, same restaurant sales growth, and restaurant-level operating profit margin, are testament to the enduring strength of our business model and the efforts of our teams.

In light of our performance and considering current trends, we are pleased to guide to the high end of our previous range for FY25 adjusted EBITDA at approximately \$123 million and remain confident in a robust finish to the year with continued aggressive growth.”

Chris Tomasso,
First Watch CEO and President





BLUEBERRY LEMON CORNBREAD

Freshly baked cornbread with sweet and juicy blueberries. Topped with house-whipped lemon butter and lightly dusted with powdered cinnamon sugar.



SHRIMP & GRITS

Sautéed Cajun shrimp and andouille sausage cooked Lowcountry-style with chicken stock, house-roasted tomatoes and onions, diced green bell peppers and scallions atop Bob's Red Mill Cheddar Parmesan Cheese grits. Served with artisan ciabatta toast.



ELOTE BREAKFAST BURRITO

Chorizo, scrambled cage-free eggs, freshly season potatoes, red bell pepper, Cheddar and Monterey Jack, seasoned black beans and fresh avocado. Wrapped in a grilled whole wheat tortilla, covered in Vera Cruz hollandaise and topped with house-roasted corn salsa, Cotija cheese, house-pickled red onions, chipotle aioli, Tajín® and cilantro.



WATERMELON WAKEUP

Fresh juice featuring watermelon, pineapple, lime and mint.



MAPLE BACON CROISSANT SANDWICH

Million Dollar Bacon, a Jones Dairy Farm all-natural pork sausage patty, folded cage-free eggs, house-pickled jalapeño, aged Cheddar and bacon apricot jam on a griddled, buttery croissant round. Served with freshly seasoned potatoes.



CHIPOTLE CHICKEN HASH

Honey-chipotle glazed all-natural chicken, hardwood smoked bacon, diced red bell peppers, house-roasted onions, Cheddar and Monterey Jack in a potato hash, topped with two cage-free eggs any style, Cotija cheese, house-pickled red onions, fresh avocado, lime crema and scallions.



PUMPKIN PANCAKE BREAKFAST

A classic, seasonal First Watch favorite. Two cage-free eggs cooked any style, Jones Dairy Farm all-natural chicken apple sausage patties and one of our signature spiced Pumpkin Pancakes.



BLAZING DRAGON

Fresh juice featuring strawberry, lemon, cane sugar and dragon fruit.

OUTLOOK FOR FISCAL YEAR 2025



Based upon third quarter results and current trends, the Company updated the following guidance metrics for the 52-week fiscal year ending December 28, 2025:

- Same-restaurant sales growth of ~4% with same-restaurant traffic growth of ~1%
- Total revenue growth of 20.0%-21.0%⁽¹⁾
- Adjusted EBITDA⁽²⁾ of ~\$123.0 million⁽¹⁾
- Blended tax rate of ~45.0%
- Capital expenditures of ~\$150.0 million invested primarily in new restaurant projects and planned remodels⁽³⁾
- 60 to 61 new system-wide restaurants, net of 3 company-owned restaurant closures (55 new company-owned restaurants and 8 to 9 new franchise-owned restaurants)

(1) Includes net impact of approximately 4.0% in total revenue growth and approximately \$7.0 million in Adjusted EBITDA associated with completed and announced acquisitions.

(2) We have not reconciled guidance for Adjusted EBITDA to the corresponding GAAP financial measure because we do not provide guidance for the various reconciling items. We are unable to provide guidance for these reconciling items because we cannot determine their probable significance, as certain items are outside of our control and cannot be reasonably predicted due to the fact that these items could vary significantly from period to period. Accordingly, a reconciliation to the corresponding GAAP financial measure is not available without unreasonable effort.

(3) Does not include the capital outlays associated with the acquisition of franchise-owned restaurants.



CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)



(in thousands)	THIRTEEN WEEKS ENDED		THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED		THIRTY-NINE WEEKS ENDED		FISCAL YEAR					
	September 28, 2025		September 29, 2024		September 28, 2025		September 29, 2024		2024		2023		2022	
Revenues														
Restaurant sales	\$ 313,636	99.2%	\$ 248,965	98.9%	\$ 898,210	99.1%	\$ 743,730	98.8%	\$ 1,004,355	98.9%	\$ 877,092	98.4%	\$ 719,181	98.5%
Franchise revenues	2,386	0.8%	2,644	1.1%	7,939	0.9%	8,889	1.2%	11,555	1.1%	14,459	1.6%	10,981	1.5%
Total revenues	316,022	100.0%	251,609	100.0%	906,149	100.0%	752,619	100.0%	1,015,910	100.0%	891,551	100.0%	730,162	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%	223,097	22.2%	197,374	22.5%	172,561	24.0%
Labor and other related expenses	102,387	32.6%	83,756	33.6%	300,451	33.4%	247,332	33.3%	335,038	33.4%	294,010	33.5%	238,257	33.1%
Other restaurant operating expenses	50,140	16.0%	38,891	15.6%	141,002	15.7%	113,232	15.2%	151,968	15.1%	134,477	15.3%	114,476	15.9%
Occupancy expenses	25,891	8.3%	21,075	8.5%	73,849	8.2%	60,733	8.2%	82,694	8.2%	68,400	7.8%	59,919	8.3%
Pre-opening expenses	3,813	1.2%	2,387	1.0%	9,980	1.1%	5,782	0.8%	10,109	1.0%	7,173	0.8%	5,414	0.8%
General and administrative expenses	33,746	10.7%	27,680	11.0%	97,150	10.7%	82,527	11.0%	113,270	11.1%	103,121	11.6%	84,959	11.6%
Depreciation and amortization	19,662	6.2%	15,153	6.0%	54,355	6.0%	41,960	5.6%	57,715	5.7%	41,223	4.6%	34,230	4.7%
Impairments and loss on disposal of assets	175	0.1%	114	0.0%	311	0.0%	386	0.1%	525	0.1%	1,359	0.2%	920	0.1%
Transaction expenses, net	428	0.1%	375	0.1%	2,220	0.2%	1,769	0.2%	2,587	0.3%	3,147	0.4%	2,513	0.3%
Total operating costs and expenses	305,972	96.8%	245,296	97.5%	887,673	98.0%	717,573	95.3%	977,003	96.2%	850,284	95.4%	713,249	97.7%
Income from operations (1)	10,050	3.2%	6,313	2.5%	18,476	2.1%	35,046	4.7%	38,907	3.9%	41,267	4.7%	16,913	2.4%
Interest expense	(4,567)	(1.4%)	(3,441)	(1.4%)	(11,904)	(1.3%)	(9,421)	(1.3%)	(12,640)	(1.2%)	(8,063)	(0.9%)	(5,232)	(0.7%)
Other income, net	191	0.1%	624	0.2%	1,141	0.1%	1,663	0.2%	1,759	0.2%	2,871	0.3%	910	0.1%
Income before income taxes	5,674	1.8%	3,496	1.4%	7,713	0.9%	27,288	3.6%	28,026	2.8%	36,075	4.0%	12,591	1.7%
Income tax expense	(2,683)	(0.8%)	(1,384)	(0.6%)	(3,445)	(0.4%)	(9,062)	(1.2%)	(9,101)	(0.9%)	(10,690)	(1.2%)	(5,684)	(0.8%)
Net income	\$ 2,991	0.9%	\$ 2,112	0.8%	\$ 4,268	0.5%	\$ 18,226	2.4%	\$ 18,925	1.9%	\$ 25,385	2.8%	\$ 6,907	0.9%
Net income	\$ 2,991		\$ 2,112		\$ 4,268		\$ 18,226		\$ 18,925		\$ 25,385		\$ 6,907	
Other comprehensive income:														
Unrealized gain (loss) on derivatives	88		(3,560)		(920)		(2,421)		301		(889)		-	
Income tax related to other comprehensive income (loss)	(22)		888		229		604		(75)		222		-	
Comprehensive income (loss)	\$ 3,057		\$ (560)		\$ 3,577		\$ 16,409		\$ 19,151		\$ 24,718		\$ 6,907	
Net income per common share - basic	\$ 0.05		\$ 0.03		\$ 0.07		\$ 0.30		\$ 0.31		\$ 0.43		\$ 0.12	
Net income per common share - diluted	\$ 0.05		\$ 0.03		\$ 0.07		\$ 0.29		\$ 0.30		\$ 0.41		\$ 0.11	
Weighted average number of common shares outstanding - basic	61,027,278		60,428,016		60,933,443		60,275,167		60,365,393		59,531,404		59,097,512	
Weighted average number of common shares outstanding - diluted	62,834,080		61,851,127		62,798,962		62,343,751		62,351,222		61,191,613		60,140,045	

(1) Percentages are calculated as a percentage of restaurant sales

The table summarizes our results of operations and the percentages of items in our Consolidated Statements of Operations in relation to Total revenues or, where indicated, Restaurant sales, for fiscal years 2024, 2023 and 2022, and the thirteen and thirty-nine weeks ended September 28, 2025 and ended September 29, 2024, respectively.

SELECTED OPERATING DATA

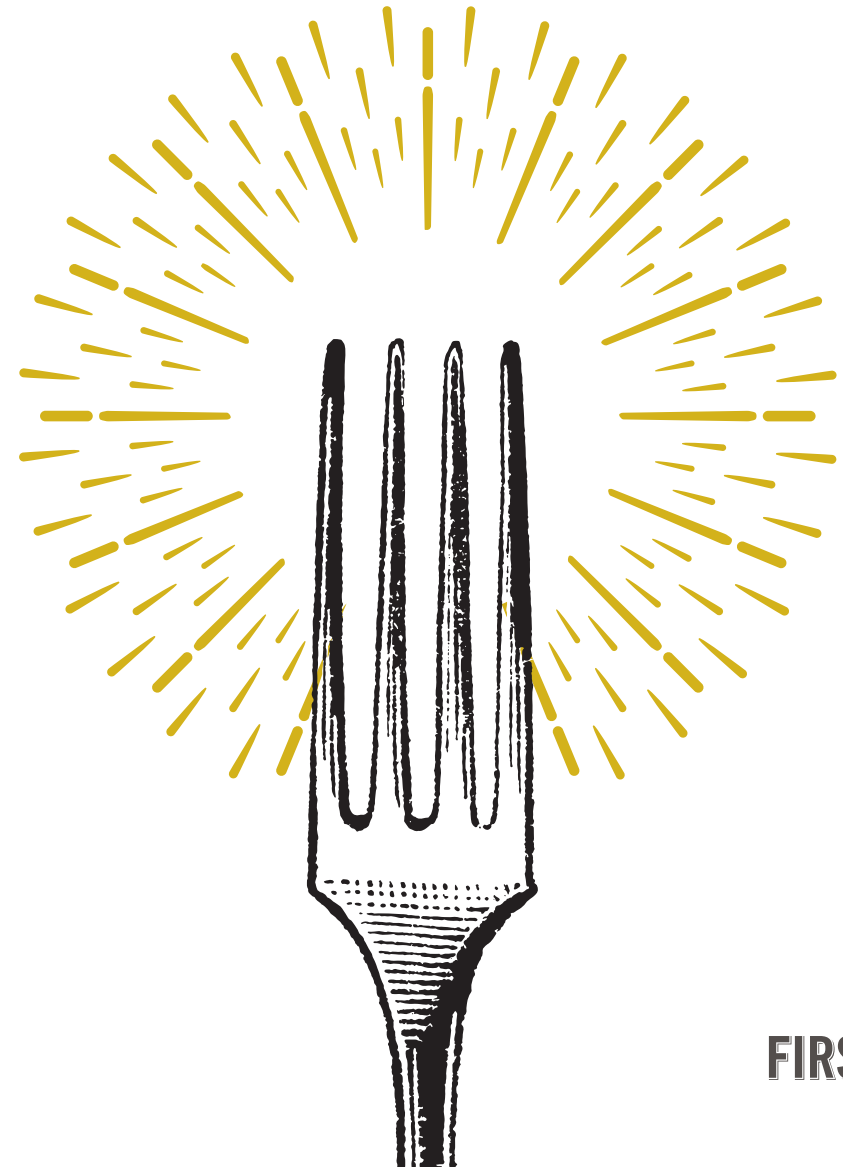


	THIRTEEN WEEKS		THIRTY-NINE WEEKS		FISCAL YEAR		
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024	2024	2023	2022
Operating weeks	13	13	39	39	52	53	52
System-wide restaurants	620	547	620	547	572	524	474
Company-owned	548	466	548	466	489	425	366
Franchise-owned	72	81	72	81	83	99	108
System-wide sales (in thousands)	\$352,688	\$291,806	\$1,021,896	\$880,364	\$1,184,469	\$1,103,089	\$914,816
Same-restaurant sales growth (1)	7.1%	(1.9%)	3.7%	(0.6%)	(0.5)%	7.6%	14.5%
Same-restaurant traffic growth (1)	2.6%	(4.4%)	1.3%	(4.3%)	(4.0)%	0.2%	7.7%
Average Unit Volume (in thousands) *					\$2,204	\$2,250	\$2,032
Income from operations (in thousands)	\$10,050	\$6,313	\$18,476	\$35,046	\$38,907	\$41,267	\$16,913
Income from operations margin	3.2%	2.5%	2.1%	4.7%	3.9%	4.7%	2.4%
Restaurant level operating profit (in thousands) (2)	\$61,675	\$46,991	\$164,573	\$152,799	\$201,761	\$175,658	\$128,936
Restaurant level operating profit margin (2)	19.7%	18.9%	18.3%	20.5%	20.1%	20.0%	17.9%
Net income (in thousands)	\$2,991	\$2,112	\$4,268	\$18,226	\$18,925	\$25,385	\$6,907
Net income margin	0.9%	0.8%	0.5%	2.4%	1.9%	2.8%	0.9%
Adjusted EBITDA (in thousands) (3)	\$34,099	\$25,624	\$87,231	\$89,539	\$113,836	\$99,483	\$69,278
Adjusted EBITDA margin (3)	10.8%	10.2%	9.6%	11.9%	11.2%	11.2%	9.5%

*Average unit volume presented on an annual basis only.

- (1) Comparing the 52-week period ended December 29, 2024 with the 52-week period ended December 31, 2023 in order to compare like-for-like periods. See "Key Performance Indicators" for additional information.
- (2) 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 Measure Reconciliations section below.
- (3) Reconciliations from Net (loss) income and Net (loss) 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 Measure Reconciliations section below.

APPENDIX



FIRST WATCH



ATTRACTIVE NEW UNIT ECONOMICS, FLEXIBLE SIZE, WORKS EVERYWHERE



Year 3
Avg Sales⁽¹⁾



Year 3
Restaurant-Level
Operating Profit⁽¹⁾

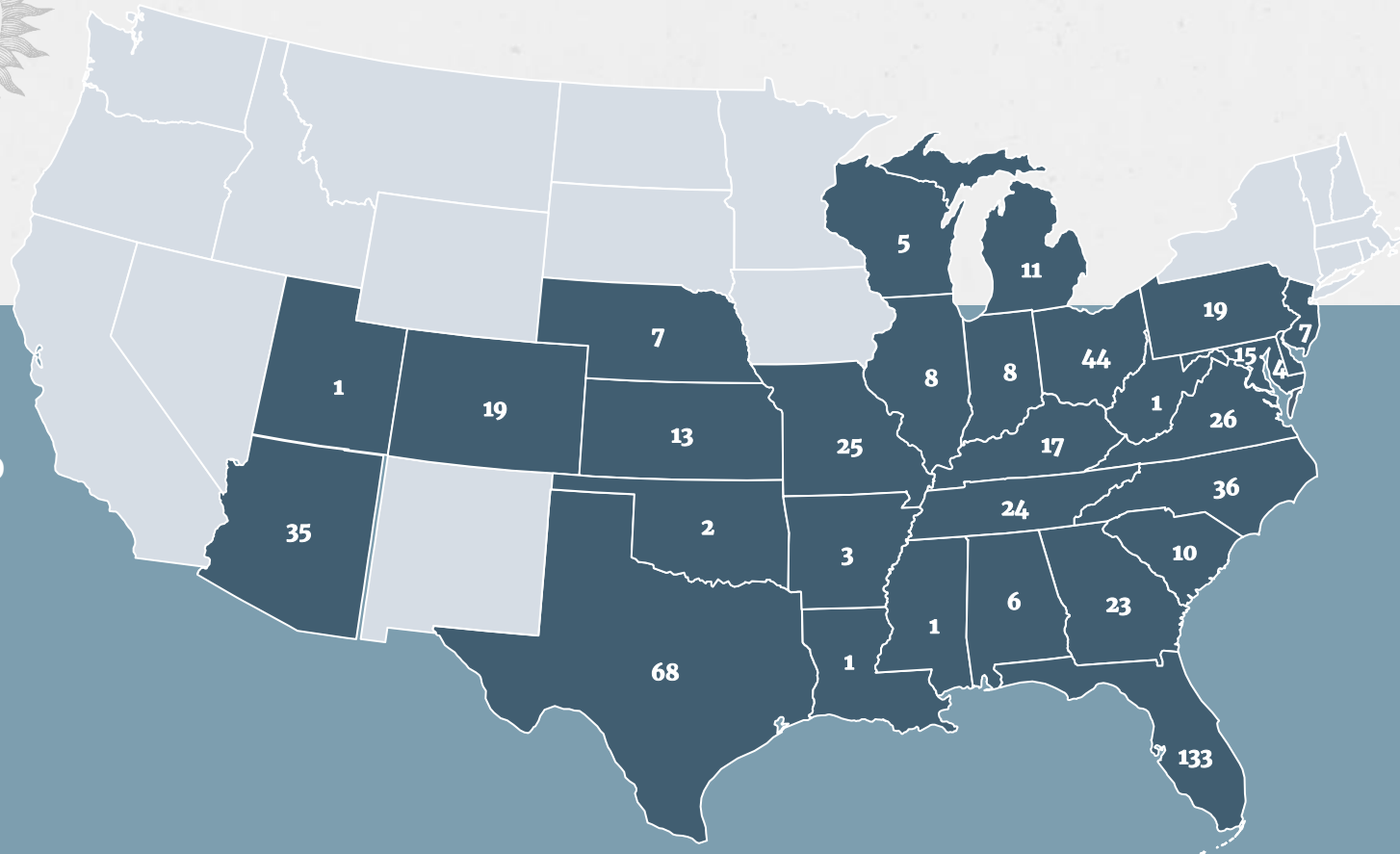


Year 3
Cash-On-Cash
Returns⁽¹⁾⁽²⁾



IRR⁽³⁾

SYSTEM-WIDE RESTAURANT COUNT BY STATE AS OF 2024 YEAR END



Our flexible box size of ~3,800–6,600 sq ft with an average net build-out cost of ~\$1.75M allows us to fit in any real estate and supports visibility to 2,200 restaurants

- Demonstrated success of rapid unit growth
- 14.5% system-wide unit CAGR from 2014-2024
- 572 locations across the U.S. at the 2024 year end
- Proven portability with restaurants in our top decile spanning 14 states and 22 DMAs

(1) Representative of our target 3-year new units performance, which is comparable to the historical 3-year performance of our new restaurants. (2) Cash-on-Cash Return is defined as Restaurant Level Operating Profit (excluding gift card breakage and deferred rent expense (income)) in the third year of operation (months 25-36 of operation) for company-owned restaurants divided by their cash build-out expenses, net of landlord incentives. (3) The Internal Rate of Return (IRR) is the annual growth rate that makes the net present value (NPV) of all cash flows from the investment zero. IRR represents the minimum yearly return needed for the investment in a new restaurant location to break even over the lease term. Note: Restaurant counts represent system-wide restaurants. AUV metrics by state is for Company-Owned restaurants only, representing trailing 12 months as of the end of Q4 2024.

FLORIDA
133
\$2.3M AUV

TEXAS
68
\$2.2M AUV

OHIO
44
\$2.2M AUV

ARIZONA
35
\$2.4M AUV

MISSOURI
25
\$2.3M AUV



Same-Restaurant Sales & Traffic Growth

	2025				2024					2023				
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Same-Restaurant Sales Growth	0.7%	3.5%	7.1%	3.7%	0.5%	(0.3)%	(1.9)%	(0.3)% *	(0.5)% *	12.9%	7.8%	4.8%	5.0%	7.6%
Same-Restaurant Traffic Growth (Decline)	(0.7)%	2.0%	2.6%	1.3%	(4.5)%	(4.0)%	(4.4)%	(3.0)% *	(4.0)% *	5.1%	(1.2)%	(1.9)%	(1.3)%	0.2%
Comparable Restarant Base	383	382	381	381	344	344	344	344	344	328	327	327	327	327

*Comparison to the 13-weeks and 52-weeks ended December 31, 2023, is provided for enhanced comparability.

Pre-opening Expenses **

	2025				2024					2023				
	Q1	Q2	Q3	YTD	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Other restaurant operating expenses	\$ 1,443	\$ 2,088	\$ 2,358	\$ 5,889	\$ 957	\$ 928	\$ 828	\$ 2,971	\$ 5,684	\$ 654	\$ 643	\$ 1,122	\$ 1,956	\$ 4,375
Occupancy expenses	1,217	1,419	1,455	4,091	610	900	1,559	1,356	4,425	382	609	913	894	2,798
Total Pre-opening expenses	\$ 2,660	\$ 3,507	\$ 3,813	\$ 9,980	\$ 1,567	\$ 1,828	\$ 2,387	\$ 4,327	\$ 10,109	\$ 1,036	\$ 1,252	\$ 2,035	\$ 2,850	\$ 7,173

** Pre-opening expenses are presented in one line item on the Consolidated Statements of Operations and Comprehensive Income

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS



Adjusted EBITDA and Adjusted EBITDA margin

Management uses Adjusted EBITDA and Adjusted EBITDA margin (i) as factors in evaluating management's performance when determining incentive compensation, (ii) to evaluate the Company's operating results and the effectiveness of our business strategies, (iii) internally as benchmarks to compare the Company's performance to that of its competitors and (iv) to provide investors with additional transparency of the Company's operations. The use of Adjusted EBITDA and Adjusted EBITDA margin as performance measures permit a comparative assessment of the Company's operating performance relative to the Company's performance based on the Company's GAAP results, while isolating the effects of some items that are either nonrecurring in nature or vary from period to period without any correlation to the Company's ongoing core operating performance.

The adjacent table reconciles Net income and Net income margin, the most directly comparable GAAP measures, to Adjusted EBITDA and Adjusted EBITDA margin, respectively, for the periods indicated.

(in thousands)	THIRTEEN WEEKS		THIRTY-NINE WEEKS		FISCAL YEAR		
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024	2024	2023	2022
Net income	\$2,991	\$2,112	\$4,268	\$18,226	\$18,925	\$25,385	\$6,907
Depreciation and amortization	19,662	15,153	54,355	41,960	57,715	41,223	34,230
Interest expense	4,567	3,441	11,904	9,421	12,640	8,063	5,232
Income taxes	2,683	1,384	3,445	9,062	9,101	10,690	5,684
EBITDA	29,903	22,090	73,972	78,669	98,381	85,361	52,053
Strategic costs (1)	715	558	2,748	954	1,843	892	2,318
Loss on extinguishment of debt	-	-	-	428	428	-	-
Stock-based compensation, net of amounts capitalized (2)	2,877	2,076	7,926	6,394	8,525	7,604	10,374
Delaware Voluntary Disclosure Agreement Program (3)	1	26	54	101	126	1,250	149
Transaction expenses, net (4)	428	375	2,220	1,769	2,587	3,147	2,513
Insurance proceeds in connection with natural disasters, net (5)	-	-	-	-	329	(621)	115
Impairments and loss on disposal of assets (6)	175	114	311	386	525	1,359	920
Recruiting and relocation costs (7)	-	359	-	634	888	465	681
Severance costs (8)	-	26	-	204	204	26	155
Adjusted EBITDA	\$34,099	\$25,624	\$87,231	\$89,539	\$113,836	\$99,483	\$69,278
Total revenues	\$316,022	\$251,609	\$906,149	\$752,619	\$1,015,910	\$891,551	\$730,162
Net income margin	0.9%	0.8%	0.5%	2.4%	1.9%	2.8%	0.9%
Adjusted EBITDA margin	10.8%	10.2%	9.6%	11.9%	11.2%	11.2%	9.5%
Additional information							
Deferred rent expense (9)	(\$141)	\$327	\$337	\$1,076	\$1,318	\$2,090	\$2,418

- (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 insurance recoveries, net of costs incurred, in connection with hurricane damage, which were recorded in Other income, net on the Consolidated Statements of Operations and Comprehensive Income (Loss).
- (6) 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.
- (7) 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).
- (8) Severance costs are recorded in General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Income (Loss).
- (9) 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).

NON-GAAP FINANCIAL MEASURES RECONCILIATIONS



Restaurant level operating profit and Restaurant level operating profit margin

Restaurant level operating profit and Restaurant level operating profit margin are not indicative of our overall results, and because they exclude corporate-level expenses, do not accrue directly to the benefit of our stockholders. We will continue to incur such expenses in the future. Restaurant level operating profit and Restaurant level operating profit margin are important measures we use to evaluate the performance and profitability of each operating restaurant, individually and in the aggregate and to make decisions regarding future spending and other operational decisions. We believe that Restaurant level operating profit and Restaurant level operating profit margin provide useful information about our operating results, identify operational trends and allow for transparency with respect to key metrics used by us in our financial and operational decision-making.

The adjacent table reconciles Income from operations and Income from operations margin, the most directly comparable GAAP financial measures, to Restaurant level operating profit and Restaurant level operating profit margin, respectively, for the periods indicated.

(in thousands)	THIRTEEN WEEKS	THIRTEEN WEEKS	THIRTY-NINE WEEKS	THIRTY-NINE WEEKS	FISCAL YEAR		
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024	2024	2023	2022
Income from operations	\$10,050	\$6,313	\$18,476	\$35,046	\$38,907	\$41,267	\$16,913
Less: Franchise revenues	(2,386)	(2,644)	(7,939)	(8,889)	(11,555)	(14,459)	(10,981)
Add:							
General and administrative expenses	33,746	27,680	97,150	82,527	113,270	103,121	84,959
Depreciation and amortization	19,662	15,153	54,355	41,960	57,715	41,223	34,230
Transaction expenses (income), net (1)	428	375	2,220	1,769	2,587	3,147	2,513
Impairments and loss on disposal of assets (2)	175	114	311	386	525	1,359	920
Costs in connection with natural disasters (3)	-	-	-	-	312	-	382
Restaurant level operating profit	\$61,675	\$46,991	\$164,573	\$152,799	\$201,761	\$175,658	\$128,936
Restaurant sales	\$313,636	\$248,965	\$898,210	\$743,730	\$1,004,355	\$877,092	\$719,181
Income from operations margin	3.2%	2.5%	2.1%	4.7%	3.9%	4.7%	2.4%
Restaurant level operating profit margin	19.7%	18.9%	18.3%	20.5%	20.1%	20.0%	17.9%
Additional information							
Deferred rent expense (4)	(\$168)	\$277	\$211	\$927	\$1,119	\$1,891	\$2,219

(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 costs incurred in connection with hurricane damage. The costs include inventory spoilage and labor costs, which were recorded in Food and beverage costs and Labor and other related expenses, respectively, on the Consolidated Statements of Operations and Comprehensive Income (Loss).

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

DEFINITIONS USED IN PRESENTATION



Adjusted EBITDA: a non-GAAP financial measure, is defined as net income (loss) before depreciation and amortization, interest expense, income taxes and items that the Company does not consider in the evaluation of its ongoing core operating performance.

Adjusted EBITDA margin: a non-GAAP financial measure, is defined as Adjusted EBITDA as a percentage of total revenues.

Average Unit Volume: the total restaurant sales (excluding gift card breakage) recognized in the comparable restaurant base, which is defined 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”), divided by the number of restaurants in the Comparable Restaurant Base during the period. This measurement allows management to assess changes in consumer spending patterns at our restaurants and the overall performance of our restaurant base.

Restaurant level operating profit: a non-GAAP financial measure, is defined as 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 items that are not considered in the Company’s evaluation of its ongoing core operating performance.

Restaurant level operating profit margin: a non-GAAP financial measure, is defined as Restaurant level operating profit as a percentage of restaurant sales.

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, 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.

For more information, visit investors.firstwatch.com or email investors@firstwatch.com



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