

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 9, 2023
Date of Report (date of earliest event reported)

First Watch Restaurant Group, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-40866
(Commission File Number)

82-4271369
(I.R.S. Employer Identification Number)

8725 Penderly Place, Suite 201,
Bradenton, FL 34201
(Address of principal executive offices and zip code)
(941) 907-9800
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Title of each class
Common stock, \$0.01 par value

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

Name of each exchange on which registered
The Nasdaq Stock Market LLC
(Nasdaq Global Select Market)

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 12b-2 of the Exchange Act.

Emerging growth company

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.

Item 7.01 - Regulation FD Disclosure.

Chris Tomasso, President and CEO, and Mel Hope, Chief Financial Officer, of First Watch Restaurant Group, Inc. (the “Company”) are scheduled to give a presentation at a meeting with investors on August 10, 2023, for a non-deal roadshow. The presentation materials are attached hereto as Exhibit 99.1. The presentation materials are also available on the Investor Relations section of the Company’s website at <https://investors.firstwatch.com>.

The information furnished under Item 7.01 of this Current Report on Form 8-K, including Exhibit 99.1, shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Current Report, regardless of any general incorporation language in the filing.

Item 8.01 - Other Events.

On August 9, 2023, the Company issued a press release announcing the acquisition of six franchise-owned restaurants, one restaurant under construction and corresponding development rights in Georgia and South Carolina. A copy of the press release is attached hereto as Exhibit 99.2.

Item 9.01 - Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Title or Description</u>
99.1	Investor presentation dated August 10, 2023
99.2	Press Release of First Watch Restaurant Group, Inc. dated August 9, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

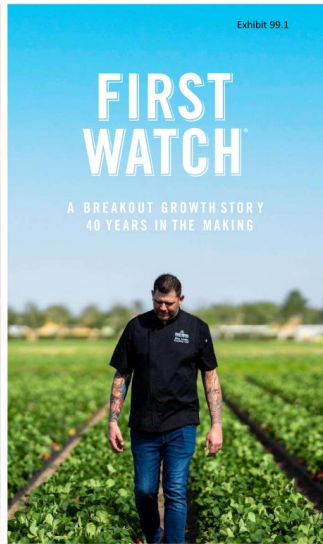
SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

First Watch Restaurant Group, Inc.
(Registrant)

Date: August 9, 2023

By: /s/ Jay Wolszczak
Name: Jay Wolszczak
Title: Chief Legal Officer, General Counsel and Secretary



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," "may be," "may not," "may result," "may be affected," "may be impacted," "may be subject to," "may be dependent on," "may be limited by," "may be constrained by," "may be restricted by," "may be influenced by," "may be determined by," "may be controlled by," "may be governed by," "may be subject to the discretion of," "may be subject to the approval of," "may be subject to the review of," "may be subject to the oversight of," "may be subject to the supervision of," "may be subject to the direction of," "may be subject to the control of," "may be subject to the management of," "may be subject to the operation of," "may be subject to the maintenance of," "may be subject to the repair of," "may be subject to the replacement of," "may be subject to the disposal of," "may be subject to the sale of," "may be subject to the acquisition of," "may be subject to the merger of," "may be subject to the divestiture of," "may be subject to the liquidation of," "may be subject to the bankruptcy of," "may be subject to the insolvency of," "may be subject to the reorganization of," "may be subject to the restructuring of," "may be subject to the consolidation of," "may be subject to the combination of," "may be subject to the integration of," "may be subject to the harmonization of," "may be subject to the synchronization of," "may be subject to the coordination of," "may be subject to the collaboration of," "may be subject to the cooperation of," "may be subject to the assistance of," "may be subject to the support of," "may be subject to the aid of," "may be subject to the help of," "may be subject to the services of," "may be subject to the facilities of," "may be subject to the use of," "may be subject to the employment of," "may be subject to the engagement of," "may be subject to the retention of," "may be subject to the termination of," "may be subject to the resignation of," "may be subject to the dismissal of," "may be subject to the discharge of," "may be subject to the release of," "may be subject to the exoneration of," "may be subject to the acquittal of," "may be subject to the absolution of," "may be subject to the pardon of," "may be subject to the commutation of," "may be subject to the remission of," "may be subject to the mitigation of," "may be subject to the alleviation of," "may be subject to the relief of," "may be subject to the exoneration of," "may be subject to the acquittal of," "may be subject to the absolution of," "may be subject to the pardon of," "may be subject to the commutation of," "may be subject to the remission of," "may be subject to the mitigation of," "may be subject to the alleviation of," "may be subject to the relief of."

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 vary from period to period without any 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.



IF YOU HAVEN'T BEEN TO A FIRST WATCH,
CONSIDER THIS YOUR WAKE-UP CALL

- The disruptive leader defining the fast growing Daytime Dining category, boasting 40 years in operations
- **\$2.0M AUV¹** achieved in one **7½ hour** daytime shift (7:00 AM - 2:30 PM)
- More than **490 system-wide restaurants across 29 states** and growing
- Modest per person average under **-\$16.50**, making us an affordable luxury for most
- Broad consumer appeal to diverse demographics and socio-economic groups
- Elevated, "instagrammable" on-trend menu that features fresh, in-season produce
- Proven portability with NRO AUVs consistently outperforming comp cohort

FIRST WATCH

Note: AUV metric representative of FY 2022. All other figures as of Q2 2023.

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BREAKFAST IS

SERVED



- Daypart that has consistently grown since 2019
- Daypart growth still in its early stages, with upside potential vs established lunch and dinner
- Tremendous opportunity with a vast majority of breakfast occasions still occurring at home
- High consumer appeal for breakfast all day
- Compelling unit economics

**THE ALL DAY CAFE
IS CHANGING THE GAME AND
BRINGING EXCITEMENT TO A
GROWING DAYPART**

- Operating exclusively during daytime hours
- Inspired, chef-driven menu
- Legacy players have not evolved with consumer preferences & tastes
- Younger generations are more discerning and health focused, demanding more from brands
- Highly fragmented competitive set

1



HEALTH
& FRESHNESS

2



EXPLORATION
& CREATIVITY

3



ENGAGING
ENVIRONMENTS

FIRST WATCH IS THE LEADER

A PROVEN, WINNING DAYTIME DINING FORMULA FUELED BY FRESHNESS & INNOVATION



- "Follow the Sun" approach
- Fresh produce deliveries 3 - 4x a week

- Seasonal items & expanding menu platforms
- Familiar classics, elevated
- Craveable & photo-worthy

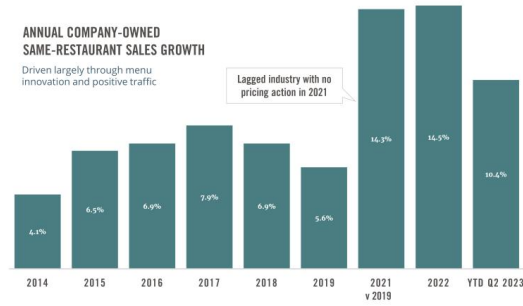
GROWTH &
PERFORMANCE



PROVEN ABILITY TO CONSISTENTLY DRIVE SAME-RESTAURANT TRAFFIC

ANNUAL COMPANY-OWNED SAME-RESTAURANT SALES GROWTH

Driven largely through menu innovation and positive traffic.



FIRST WATCH



- On-trend evolving menu ensures relevancy and newness
- Great customer experiences drive frequency
- Apply targeted marketing to increase awareness
- Prior to 2020, modest average pricing of 2-3% annually to offset cost increases, with no price taken in 2021

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**PERFORMANCE-DRIVEN
PORTABILITY, RAPID GROWTH
WITH CLEAR VISIBILITY TO 2,200
UNITS**

- Demonstrated success of rapid unit growth
- 15.7% system-wide unit CAGR from 2014-2022
- More than 490 locations across the U.S.
- 2,200 unit potential
- 100 franchise units with 51 subject to purchase option



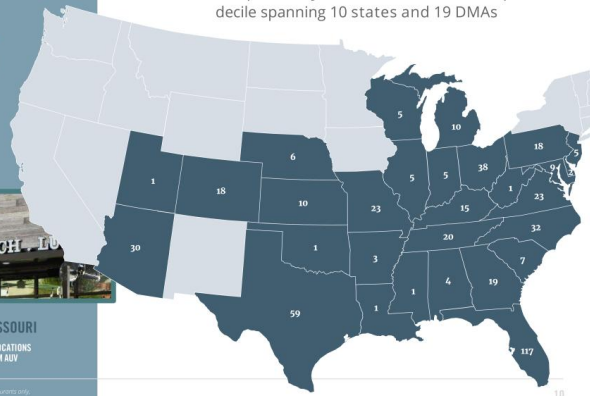
FLORIDA	TEXAS	OHIO	ARIZONA	MISSOURI
117 LOCATIONS \$2.2M AUV	59 LOCATIONS \$2.1M AUV	38 LOCATIONS \$2.1M AUV	30 LOCATIONS \$2.1M AUV	23 LOCATIONS \$2.3M AUV

FIRST WATCH

Note: Restaurant count represents system-wide restaurants. AUV reflects all Franchisor-owned restaurants only. Reporting period: 12 months ending the end of Q2'23.

**SYSTEM-WIDE RESTAURANT
COUNT BY STATE AS OF Q2'23**

Proven portability with restaurants in our top decile spanning 10 states and 19 DMAs



ATTRACTIVE NEW UNIT ECONOMICS THAT WORKS EVERYWHERE

Our flexible box size of ~3,000–6,600 square feet with a net build-out cost of ~\$0.9M–\$1.4M allows us to fit in any real estate and we can succeed in many markets



YEAR 3 SALES



YEAR 3 RLOP



YEAR 3 CASH-ON-CASH RETURNS⁽³⁾



2021 & 2022 NEW RESTAURANT OPENINGS (NROs) OUTPERFORMING THE SYSTEM AND OUR EXPECTATIONS



FIRST WATCH

(1) Representative of our target Year 3 new unit performance which is comparable to the historical 3-year performance of our new restaurants. (2) Cash-on-Cash Return is defined as Restaurants Unit Operating Profit (including gift card breakage and deferred rent expense) incurred in the third year of operations divided by (3) (a) of operations for company owned restaurants divided by net cash build-out cost, net of start-up expenses. (3) Represents Fiscal 2022 annualized average unit volume of company owned restaurants opened through the respective calendar year. (4) Represents Fiscal 2022 annualized average unit volume of company owned restaurants opened through Fiscal 2019.



WE ARE EXCEEDING THE LONG-TERM PERFORMANCE TARGETS WE IDENTIFIED AT THE IPO

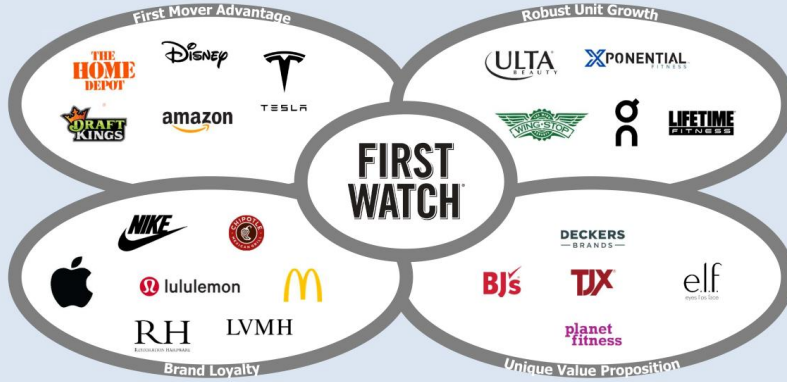
UNIT GROWTH	SAME-RESTAURANT SALES GROWTH	SYSTEM-WIDE SALES GROWTH ⁽¹⁾	ADJ. EBITDA GROWTH
LOW DOUBLE DIGITS	APPROX. 3.5%	MID-TEENS	MID-TEENS

FIRST WATCH

Note: These are not projections, they are goals/targets and are forward looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results may differ and there is no assurance that the Company will achieve these goals/targets. (1) System-wide sales growth is based on the system-wide sales of the Company's restaurants, excluding the sales of the Company's restaurants that are not owned or operated by the Company.

First Watch Core Brand Pillars

First Watch shares similar fundamental strengths that distinguish top consumer brands*



*Solely for convenience, the trademarks, trade names, service marks and copyrights referred to herein are listed without the ©, ® and TM symbols, but such references are not intended to indicate, in any way, that we, or the applicable owner, will not assert, to the fullest extent under applicable law, our or their, as applicable, rights to these trademarks, trade names, service marks and copyrights. Other trademarks, trade names, service marks or copyrights appearing in this presentation are the property of their respective owners.

**THE SECRET
INGREDIENTS
TO OUR
SUCCESS**



OUR MISSION IS SIMPLE. WE PUT

**YOU
FIRST**

WE PUT EMPLOYEES FIRST

- Single shift from 7 AM to 2:30 PM
- No night shifts, ever
- Investment in employees' personal and professional growth

WHO IN TURN PUT GUESTS FIRST

- Employees are empowered to make guests happy
- Culture of service
- Superior restaurant execution



One Shift, One Menu, One Focus Driving Operational Excellence

- One menu all day
- One scheduling shift allows GM to oversee the entire business
- No shoulder periods - highly efficient

Our unique single-shift operating model has allowed us to staff up and retain our most important asset: people

FIRST WATCH 16

COMFORTING & FAMILIAR MENU MEETS INTRIGUE & INNOVATION

- Familiar forms with seasonal flavors
- Early trend identification
- Five seasonal menu changes a year





- Track record of establishing partnerships with the best makers, bakers and growers
- Menu rotates every 10 weeks to reflect the season and ensure ongoing relevancy
- Focus is on quality and freshness





SHAREABLES CREATE ADD-ON OPPORTUNITIES

- Capitalizes on the social nature of breakfast / brunch meals
- Generates incremental sales and opportunity to test pricing with menu mix as high as 9.2% of customers
- 5.6% of customers purchased shareables Q2 2023 vs. 1.9% in 2017
- Shareables instead of appetizers or desserts (maintains table turns)

CRAFTED COCKTAILS

(REALLY GOOD MORNINGS)

- ~88% of system rolled out
- Highly incremental and margin accretive to all other beverages including fresh juice
- Accounts for 6% of dine-in customers at serving restaurants
- Presents continued innovation opportunity
- No physical bar needed for alcohol roll-out

FIRST WATCH

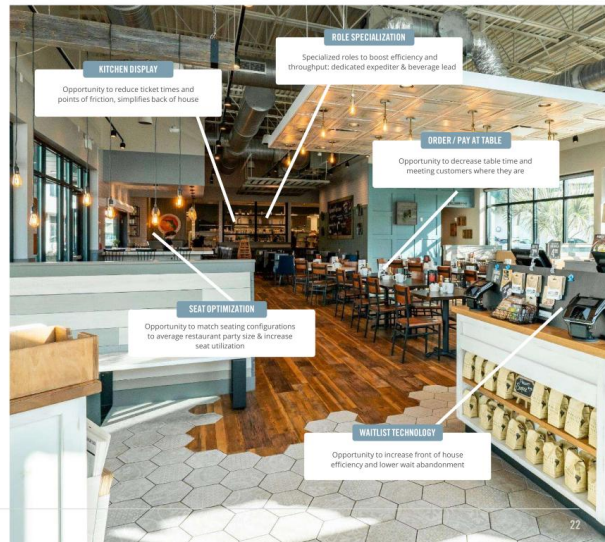


21

WE HAVE A LOT OF DEMAND AND WE ARE FOCUSED ON SERVING IT

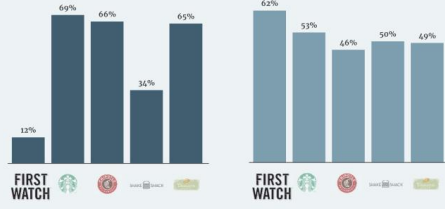
- Waits can range up to **90 minutes** during peak periods, signifying unmet demand
- We have identified significant **technology** and **operational** initiatives within our four walls to help us actualize this opportunity

FIRST WATCH



THE GROWTH OPPORTUNITY IS CLEAR

AIDED AWARENESS VS. GUEST SATISFACTION



FIRST WATCH

Note: All figures are sourced from Technomic for the July 2022 year. Survey Question: On a Scale of 1 to 7 where 1 = "Not at all satisfied" and 7 = "Extremely satisfied," how satisfied are you with each of the following restaurants? LTM Customers 16-6 or 7.

23

AWARDS AND RECOGNITION



2023 Most Loved Brands,
#1 Restaurant, #4 Overall

Newsweek

2022 Top 100 Most Loved Workplace



2022 Culture at Work Award



**Black Box
Intelligence**

2019 & 2020 Best People Practices Finalist

Forbes

2023 Customer Experience All-Star



marketforce

2020 America's Favorite Restaurant Brand

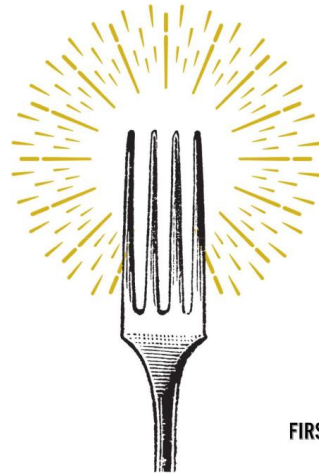


**Business
Intelligence
GROUP**

2018 Best Places to work



APPENDIX



FIRST WATCH

HISTORICAL DATA



Same-Restaurant Sales & Traffic Growth

	2023			2022				2021					
	Q1	Q2	YTD Q2	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Same-Restaurant Sales Growth	12.9%	7.8%	10.4%	27.2%	13.4%	12.0%	7.7%	14.5%	14.1%	403.5%	46.2%	36.7%	63.0%
Same-Restaurant Traffic Growth (Decline)	5.1%	(1.2%)	1.9%	21.9%	8.1%	3.7%	(0.6%)	7.7%	2.2%	360.9%	40.1%	31.9%	52.6%
Comparable Restaurant Base	328	327	327	305	304	303	301	301	270	270	270	269	269

Pre-opening Expenses^{**}

(in thousands)

	2023			2022				2021					
	Q1	Q2	YTD Q2	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Other restaurant operating expenses	\$ 654	\$ 643	\$ 1,297	\$ 648	\$ 563	\$ 813	\$ 1,301	\$ 3,325	\$ 724	\$ 649	\$ 280	\$ 402	\$ 2,055
Occupancy expenses	\$ 382	\$ 609	\$ 991	\$ 337	\$ 531	\$ 677	\$ 544	\$ 2,089	\$ 440	\$ 250	\$ 230	\$ 335	\$ 1,255
Total Pre-opening expenses	\$ 1,036	\$ 1,252	\$ 2,288	\$ 985	\$ 1,094	\$ 1,490	\$ 1,845	\$ 5,414	\$ 1,164	\$ 899	\$ 510	\$ 737	\$ 3,310

^{**} Pre-opening expenses are presented in one line item on the Consolidated Statements of Operations and Comprehensive Income (Loss).

NON-GAAP FINANCIAL MEASURES



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 permits 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 (loss) and Net income (loss) margin, the most directly comparable GAAP measures, to Adjusted EBITDA and Adjusted EBITDA margin, respectively, for the periods indicated.

	THIRTEEN WEEKS ENDED		TWENTY-SIX WEEKS ENDED		FISCAL YEAR		
	June 25, 2023	June 26, 2022	June 25, 2022	June 26, 2022	2022	2021	2020
(in thousands)							
Net income (loss)	\$7,959	\$2,707	\$17,319	\$7,347	\$6,907	(\$2,107)	(\$49,681)
Depreciation and amortization	8,441	8,460	16,558	16,623	34,230	32,375	30,725
Interest expense	2,037	1,126	3,944	2,132	5,232	20,099	22,815
Income taxes	2,632	1,336	6,590	3,613	5,684	2,477	(19,873)
EBITDA	21,469	13,569	46,411	29,715	52,053	52,848	(18,914)
Stock-based compensation ⁽¹⁾	2,125	2,808	3,822	5,102	10,374	8,596	755
Transaction expenses (income), net ⁽²⁾	1,744	300	1,997	557	2,513	(1,156)	(258)
Strategic transition costs ⁽³⁾	208	721	513	1,171	2,318	2,402	4,247
Delaware Voluntary Disclosure Agreement ⁽⁴⁾	45	-	412	-	149	-	-
Insurance (proceeds) costs, in connection with natural disasters, net ⁽⁵⁾	(154)	-	(295)	-	115	-	-
Impairments and loss on disposal of assets ⁽⁶⁾	299	155	433	234	650	381	315
Recruiting and relocation costs ⁽⁷⁾	80	143	110	219	681	351	228
Severance costs ⁽⁸⁾	-	93	26	155	155	285	239
Loss on extinguishment of debt	-	-	-	-	-	2,403	-
COVID-19-related charges	-	-	-	-	-	211	4,769
Adjusted EBITDA	\$25,816	\$17,789	\$53,229	\$37,153	\$69,278	\$66,301	(\$5,744)
Total revenues	\$216,300	\$184,453	\$427,706	\$357,565	\$730,192	\$601,193	\$342,389
Net income (loss) margin	3.7%	1.5%	4.0%	2.1%	0.9%	(0.4%)	(14.5%)
Adjusted EBITDA Margin	11.9%	9.6%	12.4%	10.4%	9.5%	11.0%	(1.7%)
Additional information							
Deferred rent expense (income) ⁽⁹⁾	\$330	\$651	\$914	\$1,231	\$2,418	(\$2,011)	\$10,007

⁽¹⁾ Represents non-cash, stock-based compensation expense which is recorded within General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Income.
⁽²⁾ Represents costs incurred in connection with the sale of the Company's common stock through underwritten secondary public offerings and the acquisition of certain franchise-owned restaurants. During the thirteen and twenty-six weeks ended June 26, 2022, represents termination fees incurred in connection with certain service contracts and a termination fee in connection with the closure of one company-owned restaurant.
⁽³⁾ Represents costs incurred in connection with the sale of the Company's common stock through underwritten secondary public offerings and the acquisition of certain franchise-owned restaurants. During the thirteen and twenty-six weeks ended June 26, 2022, represents termination fees incurred in connection with certain service contracts and a termination fee in connection with the closure of one company-owned restaurant.
⁽⁴⁾ 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.
⁽⁵⁾ Represents insurance recoveries, net of costs incurred, in connection with Hurricane Ian, which were recorded in Other income, net on the Consolidated Statements of Operations and Comprehensive Income.
⁽⁶⁾ Represents costs related to the disposal of assets due to retirements, relocations 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.
⁽⁸⁾ Represents costs recorded in General and administrative expenses on the Consolidated Statements of Operations and Comprehensive Income.
⁽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.

NON-GAAP FINANCIAL MEASURES



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 (Loss) from operations and Income (Loss) 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 ENDED		TWENTY-SIX WEEKS ENDED		FISCAL YEAR		
	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022	2022	2021	2020
Income (Loss) from operations	\$11,343	\$5,053	\$26,674	\$12,813	\$16,913	\$22,243	(\$47,222)
Less: Franchise revenues	(3,713)	(2,771)	(7,151)	(5,214)	(10,981)	(8,850)	(4,950)
Add:							
General and administrative expenses	25,284	21,942	47,989	41,505	84,959	70,388	46,322
Depreciation and amortization	9,441	8,400	18,558	16,623	34,230	32,379	30,726
Transaction expenses (income), net ⁽¹⁾	1,744	300	1,997	557	2,513	(1,156)	(258)
Impairments and loss on disposal of assets ⁽²⁾	299	155	433	234	820	381	315
Costs in connection with natural disasters	-	-	-	-	382	-	-
COVID-19 related charges	-	-	-	-	-	19	3,369
Restaurant level operating profit	\$44,398	\$33,079	\$88,500	\$66,518	\$128,936	\$115,404	\$28,238
Restaurant sales	\$212,587	\$181,682	\$420,555	\$352,351	\$719,181	\$592,343	\$337,433
Income (Loss) from operations margin	5.3%	2.8%	6.3%	3.6%	2.4%	3.8%	(14.0%)
Restaurant level operating profit margin	20.9%	18.2%	21.0%	18.9%	17.9%	19.5%	8.4%
Additional information							
Deferred rent expense (income) ⁽³⁾	\$280	\$601	\$814	\$1,131	\$2,219	(\$2,075)	\$10,029

⁽¹⁾ Represents costs incurred in connection with the Secondary Offerings and the acquisition of certain franchise owned restaurants. During the thirteen and twenty-six weeks ended June 26, 2022, represents termination fees incurred in connection with certain service contracts and a termination fee in connection with the closure of one company owned restaurant.

⁽²⁾ Represents costs related to the disposal of assets due to relocations, relocations 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.

DEFINITIONS



The following definitions apply to these terms as used in this 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.

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.

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.

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First Watch Announces Acquisition of Six Franchise Restaurants in Georgia and South Carolina

BRADENTON, Fla. – August 9, 2023 – First Watch Restaurant Group, Inc. (NASDAQ: FWRG) (“First Watch” or the “Company”), the leading Daytime Dining concept, announced that it has acquired, effective today six of its previously franchise-owned restaurants, one restaurant under construction and corresponding development rights in Georgia and South Carolina.

“We are excited to welcome our newest teams in Georgia and South Carolina to the First Watch company-owned system and we are thankful for a successful transition from our wonderful franchise partners who began operating their first restaurant in 2018,” said Chris Tomasso, First Watch CEO and President. “We continue to execute on our long-term growth strategy by acquiring 17 franchise restaurants so far this year. We look forward to serving new communities and empowering our new restaurant teams in our You First culture.”

The acquisition was funded with cash on hand.

About First Watch

First Watch is an award-winning Daytime Dining concept serving made-to-order breakfast, brunch and lunch using fresh ingredients. A recipient of hundreds of local “Best Breakfast” and “Best Brunch” accolades, First Watch’s chef-driven menu includes elevated executions of classic favorites along with First Watch specialties such as the protein-packed Quinoa Power Bowl[®], Farm Stand Breakfast Tacos, Avocado Toast, Chickichanga, Morning Meditation (juiced in-house daily), Spiked Lavender Lemonade and its signature Million Dollar Bacon. In 2023, First Watch was named the top restaurant brand in Yelp’s inaugural list of the top 50 most-loved brands in the U.S. In 2022, First Watch was awarded a sought-after MenuMasters honor by Nation’s Restaurant News for its seasonal Braised Short Rib Omelet, recognized with ADP’s coveted Culture at Work Award and named a Most Loved Workplace[®] in Newsweek by the Best Practice Institute. In 2021, First Watch was recognized as FSR Magazine’s Best Menu and as the fastest-growing full-service restaurant chain based on unit growth. There are more than 490 First Watch restaurants in 29 states, and the restaurant concept is majority owned by Advent International, one of the world’s largest private-equity firms. For more information, visit www.firstwatch.com.

Forward-Looking Statements

In addition to historical information, this release contains a number of “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, without limitation, information concerning First Watch’s acquisitions of franchise-owned restaurants, possible or assumed future results of operations, new restaurant openings, business strategies, competitive position, industry environment, potential growth opportunities and the effects of regulation. When used in this press release, the words “estimates,” “projected,” “expects,” “anticipates,” “forecasts,” “plans,” “intends,” “believes,” “seeks,” “target,” “may,” “will,” “should,” “future,” “propose,” “preliminary,” “outlook,” “guidance,” “on track” and variations of these words or similar expressions (or the negative versions of such words or expressions) are intended to identify forward-looking statements. Forward-looking statements in this press release are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include the following: uncertainty regarding ongoing hostility between Russia and Ukraine and the related impact on macroeconomic conditions, including inflation, as a result of such conflict 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; adverse effects of the COVID-19 pandemic or other infectious diseases; 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; 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 majority stockholder may differ from those of public stockholders. For additional discussion of factors that could impact our operational and financial results, please refer to 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>. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual financial condition, results of operations, future performance and business may vary in material respects from the performance projected in these forward-looking statements.

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