

**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

November 15, 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))

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

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

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.

On November 15, 2023, First Watch Restaurant Group, Inc. (the “Company”) posted an investor presentation to its website at <https://investors.firstwatch.com> (the “Investor Presentation”). A copy of the Investor Presentation is attached as Exhibit 99.1. The Company expects to use the Investor Presentation in connection with presentations over the next several weeks to investors and analysts.

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 9.01 - Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Exhibit Title or Description</u>
99.1	Investor presentation dated November 15, 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

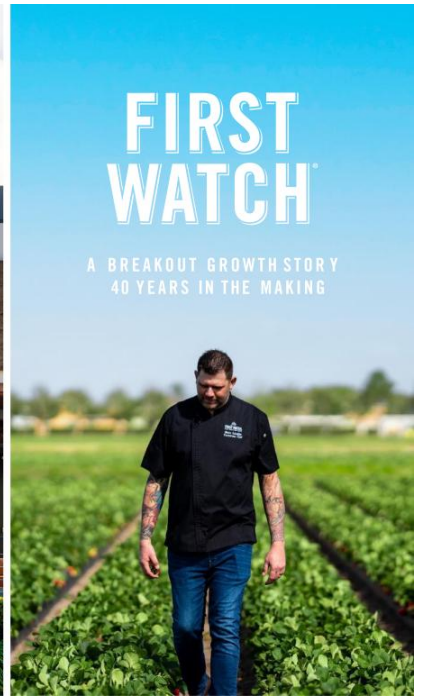
SIGNATURE

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: November 15, 2023

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





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," "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 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: uncertainty regarding ongoing hostility between Russia and Ukraine, renewed conflict in the Middle East 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.

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.

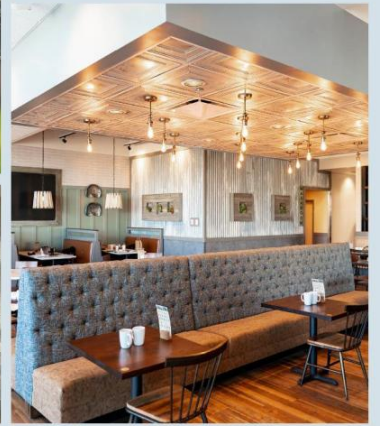


IF YOU HAVEN'T BEEN TO A FIRST WATCH,
CONSIDER THIS YOUR WAKE-UP CALL

- The disruptive leader defining the fast growing Daytime Dining category, boasting 40 years in operations
- **\$2.0M AUV*** achieved in one **7½ hour** daytime shift (7:00 AM - 2:30 PM)
- More than **500 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

*AUV metric representative of FY 2022. All other figures as of Q3 2023.



BREAKFAST IS
SERVED



- Consistent daypart growth since 2019
- Daypart still in its early stages with upside potential vs established lunch and dinner
- Tremendous opportunity since most breakfast occasions occur at home
- High consumer interest in breakfast all day
- Attractive and portable new unit economics

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

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

1



HEALTH
& FRESHNESS

2



EXPLORATION
& CREATIVITY

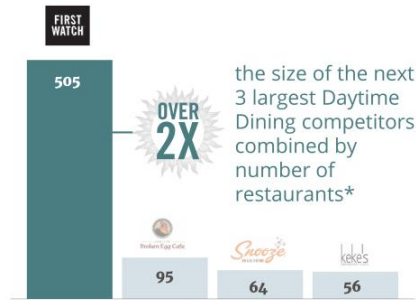
3



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 per week



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

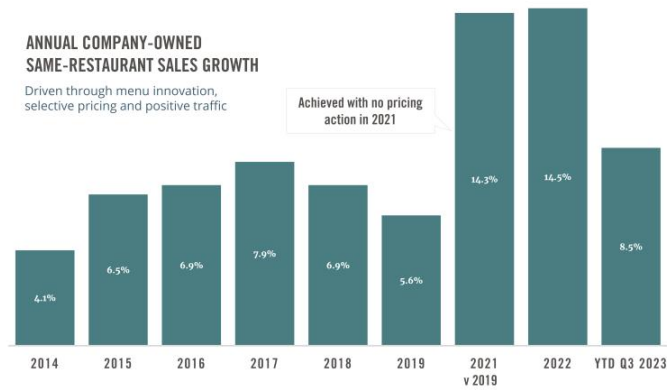
GROWTH &
PERFORMANCE



PROVEN ABILITY TO CONSISTENTLY DRIVE SAME-RESTAURANT SALES

ANNUAL COMPANY-OWNED SAME-RESTAURANT SALES GROWTH

Driven through menu innovation, selective pricing 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

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 500 locations across the U.S.
- 2,200 unit potential
- 97 franchise units with 46 subject to purchase option



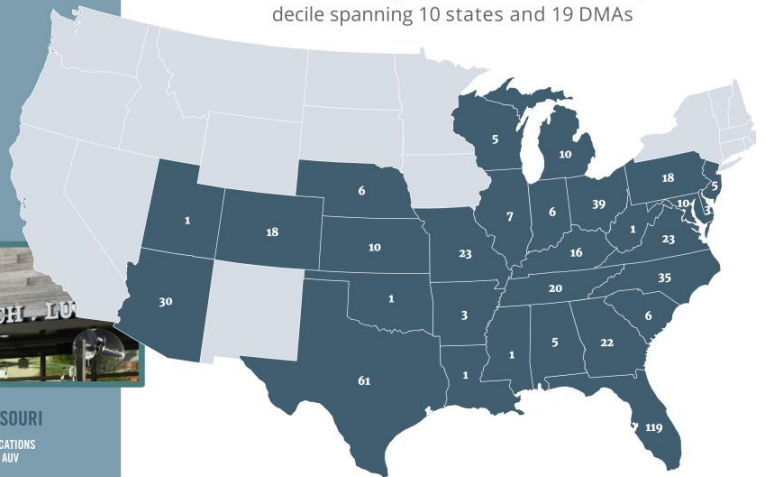
FLORIDA	TEXAS	OHIO	ARIZONA	MISSOURI
119 LOCATIONS \$2.2M AUV	61 LOCATIONS \$2.1M AUV	39 LOCATIONS \$2.2M AUV	30 LOCATIONS \$2.2M AUV	23 LOCATIONS \$2.3M AUV

FIRST WATCH

Note: Restaurant counts represent system-wide restaurants; AUV metrics is for Company-Owned restaurants only, representing trailing 12 months as of the end of Q3 2023.

SYSTEM-WIDE RESTAURANT COUNT BY STATE AS OF Q3'23

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



ATTRACTIVE NEW UNIT ECONOMICS THAT WORK 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⁾



FIRST WATCH

⁽¹⁾ Representative of our target 3-year new unit 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 (including 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 expense, net of landlord incentives. ⁽³⁾ Represents fiscal 2022 annualized average sales of all company-owned restaurants opened through the respective carryover year. ⁽⁴⁾ Represents fiscal 2022 annualized average sales of all company-owned restaurants opened through fiscal 2020.



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

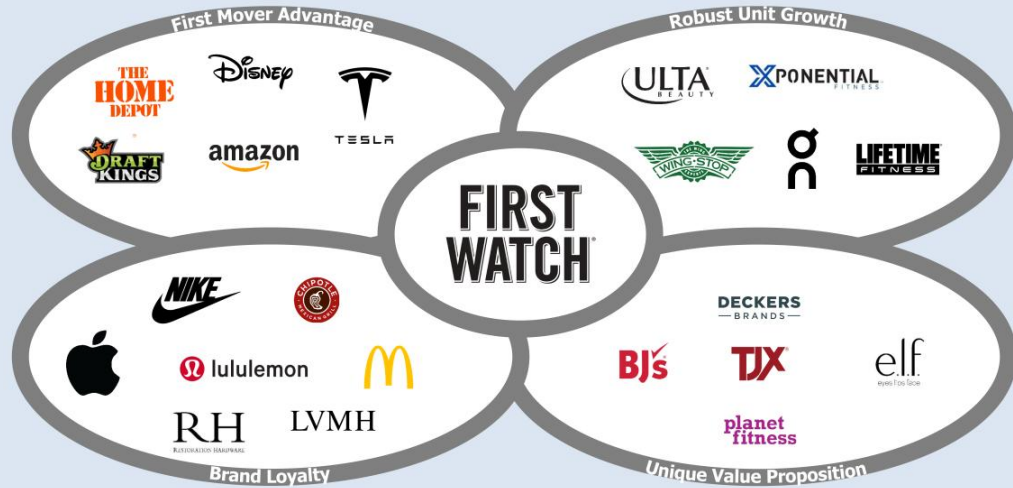
UNIT GROWTH	SAME-RESTAURANT SALES GROWTH	SYSTEM-WIDE SALES GROWTH ⁽¹⁾	ADJ. EBITDA GROWTH
LOW DOUBLE DIGITS	APPROX. 3.5%	MID-TEENS	MID-TEENS

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 will vary and those variations may be material. For a discussion of the important factors that could cause these variations, please consult the "Risk Factors" section of the Registration Statement, or the documents incorporated by reference thereto. Nothing in this presentation should be regarded as a representation by any person that these goals/targets will be achieved and the Company undertakes no duty to update its goals/targets. (1) Systemwide restaurants refers to First Watch company-owned and franchisee-owned restaurants.

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: great people

COMFORTING & FAMILIAR MENU MEETS INTRIGUE & INNOVATION

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



WE FOLLOW THE SUN

AND CARE WHERE OUR FOOD
COMES FROM



- 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

...AND
WE KEEP
RAISING
THE BAR

MILLION DOLLAR
BREAKFAST SANDWICH

FIRST WATCH



PURPLE HAZE

19



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
- 6.1% of customers purchased shareables in Q3 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

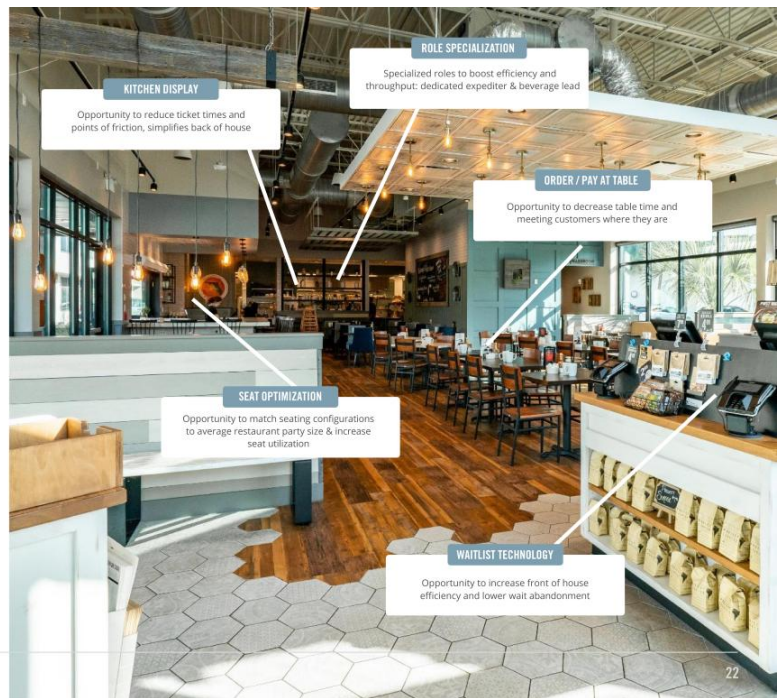


Enhances the brunch occasion, creating additional opportunity to attract younger demographics

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

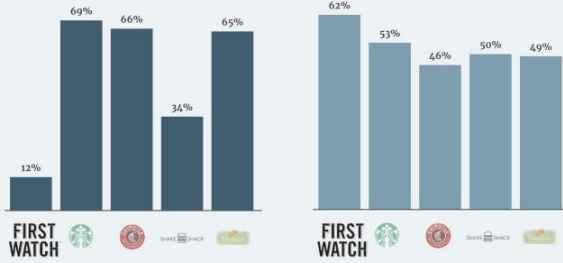
- Waits can range up to **90 minutes** during peak periods, signifying unmet demand
- We have identified significant **technology** and **operational** initiatives within our four walls to help us actualize this opportunity

FIRST WATCH



THE GROWTH OPPORTUNITY IS CLEAR

AIDED AWARENESS VS. GUEST SATISFACTION



AWARDS AND RECOGNITION



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



2022 & 2023 Top 100 Most Loved
Workplace



2022 Culture at Work Award



2019 & 2020 Best People Practices Finalist



2023 Customer Experience All-Star



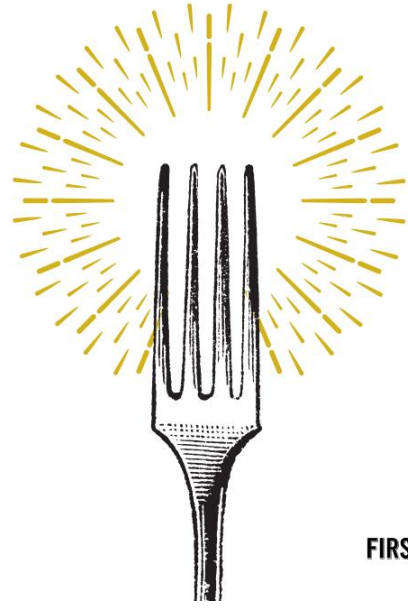
2020 America's Favorite Restaurant Brand



2018 Best Places to work



APPENDIX



FIRST WATCH

HISTORICAL DATA



Same-Restaurant Sales & Traffic Growth

	2023				2022					2021				
	Q1	Q2	Q3	YTD Q3	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Same-Restaurant Sales Growth	12.9%	7.8%	4.8%	8.5%	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%)	0.7%	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	327	305	304	303	301	301	270	270	270	269	269

Pre-opening Expenses^{*}

	2023				2022					2021				
	Q1	Q2	Q3	YTD Q3	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
<i>(in thousands)</i>														
Other restaurant operating expenses	\$ 654	\$ 643	\$ 1,122	\$ 2,419	\$ 648	\$ 563	\$ 813	\$ 1,301	\$ 3,325	\$ 724	\$ 649	\$ 280	\$ 402	\$ 2,055
Occupancy expenses	\$ 382	\$ 609	\$ 913	\$ 1,904	\$ 337	\$ 531	\$ 677	\$ 544	\$ 2,089	\$ 440	\$ 250	\$ 230	\$ 335	\$ 1,255
Total Pre-opening expenses	\$ 1,036	\$ 1,252	\$ 2,035	\$ 4,323	\$ 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

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

(dollars in thousands)	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED		FISCAL YEAR		
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022	2022	2021	2020
Net income (loss)	\$5,418	\$46	\$22,737	\$7,393	\$6,907	(\$2,107)	(\$49,691)
Depreciation and amortization	10,434	8,679	29,992	25,302	34,230	32,379	30,725
Interest expense	1,848	1,362	5,792	3,494	5,232	20,099	22,815
Income taxes	1,243	1,329	7,833	4,942	5,684	2,477	(19,873)
EBITDA	18,943	11,416	65,354	41,131	52,053	52,849	(18,014)
Stock-based compensation ⁽¹⁾	1,764	2,719	5,386	7,821	10,374	8,596	750
Transaction expenses (income), net ⁽²⁾	546	1,419	2,543	1,976	2,513	(1,156)	(258)
Strategic transition costs ⁽³⁾	168	780	681	1,951	2,318	2,402	4,247
Delaware Voluntary Disclosure Agreement ⁽⁴⁾	44	-	456	-	149	-	-
Insurance (proceeds) costs, in connection with natural disasters, net ⁽⁵⁾	(326)	-	(621)	-	115	-	-
Impairments and loss on disposal of assets ⁽⁶⁾	185	338	618	572	920	381	315
Recruiting and relocation costs ⁽⁷⁾	305	351	415	570	681	351	228
Severance costs ⁽⁸⁾	-	-	26	155	155	265	239
Loss on extinguishment of debt	-	-	-	-	-	2,403	-
COVID-19 - related charges	-	-	-	-	-	211	4,749
Adjusted EBITDA	\$21,629	\$17,023	\$74,858	\$54,176	\$69,278	\$66,301	(\$5,744)
Total revenues	\$219,212	\$186,852	\$646,918	\$544,417	\$730,162	\$601,193	\$342,388
Net income (loss) margin	2.5%	%	3.5%	1.4%	0.9%	(0.4%)	(14.5%)
Adjusted EBITDA Margin	9.9%	9.1%	11.6%	10.0%	9.5%	11.0%	(1.7%)
Additional information							
Deferred rent expense (income) ⁽⁹⁾	\$661	\$680	\$1,575	\$1,911	\$2,418	(\$2,011)	\$10,087

⁽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 secondary offerings by Advent International Corporation and the acquisition of certain franchise-owned restaurants.

⁽³⁾ 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.

⁽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, 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.

⁽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.

(dollars in thousands)	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED		FISCAL YEAR		
	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022	2022	2021	2020
Income (Loss) from operations	\$7,738	\$2,621	\$34,412	\$15,434	\$16,913	\$22,243	(\$47,222)
Less: Franchise revenues	(3,717)	(2,874)	(10,868)	(8,088)	(10,981)	(8,850)	(4,955)
Add:							
General and administrative expenses	25,179	21,689	73,168	63,194	84,959	70,388	46,322
Depreciation and amortization	10,434	8,679	28,992	25,302	34,230	32,379	30,725
Transaction expenses (income), net ⁽¹⁾	546	1,419	2,543	1,976	2,513	(1,156)	(258)
Impairments and loss on disposal of assets ⁽²⁾	185	338	618	572	920	381	315
Costs in connection with natural disasters	-	-	-	-	382	-	-
COVID-19 related charges ⁽³⁾	-	-	-	-	-	19	3,309
Restaurant level operating profit	\$40,365	\$31,872	\$128,865	\$98,390	\$128,936	\$115,404	\$28,236
Restaurant sales	\$215,495	\$183,978	\$636,050	\$536,329	\$719,181	\$592,343	\$337,433
Income (Loss) from operations margin	3.6%	1.4%	5.4%	2.9%	2.4%	3.8%	(14.0%)
Restaurant level operating profit margin	18.7%	17.3%	20.3%	18.3%	17.9%	19.5%	8.4%
Additional information							
Deferred rent expense (income) ⁽⁴⁾	\$611	\$631	\$1,425	\$1,762	\$2,219	(\$2,075)	\$10,029

⁽¹⁾ Represents costs incurred in connection with the secondary offerings by Advent International Corporation and the acquisition of certain franchise-owned restaurants.
⁽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.

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.

FIRST WATCH[®]

BREAKFAST · BRUNCH · LUNCH

STEVEN L. MAROTTA
Vice President, Investor Relations
941-500-1918
INVESTORS@FIRSTWATCH.COM
