UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
(Mark One)

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

For the fiscal year ended September 30, 2025
OR

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

Commission file number 000-18590

good times restaurants inc.

Good Times Restaurants Inc.
(Exact name of registrant as specified in its charter)

Nevada	84-1133368
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
651 Corporate Circle #200, Golden, Colorado	80401
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: (303) 384-1400

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock $.001 par value	GTIM	NASDAQ Capital Market

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

Indicate by check mark whether the registrant has submitted electronically every interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

Large accelerated filer	☐	Non-accelerated filer	☑
Accelerated filer	☐	Smaller reporting company	☑
		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. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of April 1, 2025 (the last business day of our most recently completed second fiscal quarter), the aggregate market value of the 7,896,815 shares of common stock held by non-affiliates of the registrant was $20,057,910.

As of December 22, 2025, the registrant had 10,557,896 shares of common stock outstanding.

Documents Incorporated by Reference

Certain information required by Part III of this Annual Report on Form 10-K is incorporated by reference herein from the registrant’s definitive proxy statement relating to our 2026 Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended September 30, 2025.

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PART I

ITEM 1. BUSINESS

Our Company

Good Times Restaurants Inc., a Nevada corporation formed on October 6, 1996, operates Bad Daddy's Burger Bar restaurants ("Bad Daddy's") and Good Times Burgers & Frozen Custard restaurants ("Good Times"). Bad Daddy's and Good Times are two distinctly different restaurant concepts. Each is positioned as a unique brand within its respective segment of the industry. Bad Daddy's operates in the full-service dining segment as a specialty burger bar concept and Good Times operates in the quick-service restaurant segment as a drive-thru concept focused on all-natural burgers, fries, and frozen custard.

Through our wholly owned subsidiaries (the "Subsidiaries"), we currently own and operate or license thirty-eight Bad Daddy's restaurants in seven states. We own and operate fourteen Bad Daddy's restaurants in North Carolina, nine in Colorado, four in Georgia, four in South Carolina, three in Alabama, two in Tennessee and one in Oklahoma. We license the Bad Daddy's brand to a third-party licensee who owns and operates the Bad Daddy's restaurant located in the Charlotte Douglas International Airport.

We currently own and operate or franchise thirty Good Times restaurants. Of these restaurants, twenty-eight are in Colorado. Two of the restaurants are in Wyoming and are "dual brand" concept restaurants operated by a franchisee of both Good Times and Taco John's.

The terms "we," "us," "our," the "Company," "Good Times" and similar terms refer to Good Times Restaurants Inc., a Nevada corporation, and its consolidated subsidiaries. Unless otherwise indicated or the context otherwise requires, financial and operating data in this 10-K report reflect the consolidated business and operations of Good Times Restaurants Inc. and its subsidiaries.

The Company's fiscal year is a 52/53-week year ending on the last Tuesday of September. In a 52-week fiscal year, each of the Company's quarterly periods is comprised of 13 weeks. The additional week in a 53-week fiscal year is added to the first quarter, making such quarter consist of 14 weeks. Fiscal year 2025 ended on September 30, 2025 ("fiscal 2025") and covered a period of 53 full calendar weeks. Fiscal year 2024 ended on September 24, 2024 ("fiscal 2024") and covered a period of 52 calendar weeks. Fiscal 2026 will consist of 52 weeks and end on September 29, 2026.

Fiscal 2025 Financial & Brand Highlights

- Our net revenues for fiscal 2025 decreased by $750,000 (0.5%) to $141,630,000 from $142,380,000 in fiscal 2024.
- Same store sales decreased by 2.1% at our Bad Daddy's brand during fiscal 2025.
- Same store sales decreased by 5.0% at our Good Times brand during fiscal 2025.
- We ended fiscal 2025 with $2.6 million in cash and $2.3 million in long-term debt.

Same store sales is a metric used in evaluating the performance of established restaurants and is a commonly used metric in the restaurant industry. Same store sales for our brands are calculated using all Company-owned units open for at least eighteen full fiscal months and use the comparable operating weeks from the prior year to the current year's operating weeks. Stores are excluded from the calculation during fiscal periods in which a store is closed for multiple days for remodels, and for acquired restaurants, during any fiscal periods prior to the first full fiscal period under Company ownership.

Recent Developments

Macroeconomic Factors and Operating Environment

During fiscal 2025, inflation moderated, however economic indicators remain volatile and increases in inflation could affect the global and U.S. economies, which could have an adverse impact on our business and results of operations if we, and our franchisees, are not able to adjust prices sufficiently to offset the effect of cost increases without negatively impacting consumer demand. Further, recent concerns have centered more around potential economic weakness in the global economy, and within the restaurant industry, sales and traffic have exhibited greater weakness than at any time since the post-pandemic recovery. Within the restaurant industry, sales and traffic have exhibited greater weakness in the general casual dining sector than at any time since the post-pandemic recovery, and competitors in the QSR burger segment have been aggressively discounting to address pricing concerns that had been affecting traffic. As a result, traffic and sales trends have recently been more difficult to predict because of increased volatility in customer perception of the relative strength or weakness of the general economy.

Although we conduct all of our restaurant operations within the U.S., worldwide product supply chains have been impacted by international conflicts. The lack of supplies of such products may impact the availability and supplier pricing for products purchased by us for use in our business, which could result in higher food and packaging costs or reduced revenues. Additionally, recent policy changes related to tariffs have resulted in higher input costs, including the costs of food, paper, and operating supplies. These increases have affected the costs of domestic products, as reduced imports have affected overall supply in the market for comparable products resulting in scarcity and an overall high price level for certain goods.

Share Repurchase

On January 31, 2022, the Company's board of directors approved a program to purchase shares of its common stock at an aggregate amount of up to $5.0 million dollars on the open market, effective February 7, 2022. On December 12, 2024 the Company announced a $2.0 million expansion to its share repurchase program bringing the total authorization for repurchases of its common stock to $7.0 million. As of September 30, 2025, a total of 1,822,246 shares have been repurchased under the plan at an aggregate cost of approximately $5,019,000. In addition to purchases made under this Share Repurchase Program, on May 5, 2025, the company purchased an aggregate of 11,331 shares of its common stock at a price of $2.00 per share in a transaction in a private transaction negotiated with its Senior Vice President of Operations who retired on May 30, 2025.

Debt

Cadence Credit Facility. The Company and its wholly owned subsidiaries (the "Subsidiaries") maintain an amended and restated credit agreement with Cadence Bank ("Cadence"). Pursuant to the credit agreement, Cadence agreed to loan the Company up to $8,000,000, with a maturity date of April 20, 2028 (as amended to date, the "Cadence Credit Facility"). The Cadence Credit Facility amended and restated the Company's prior credit facility with Cadence in its entirety. The Cadence Credit Facility accrues commitment fees on the daily unused balance of the facility at a rate of 0.25%. The loans may from time to time consist of a mixture of SOFR Rate Loans and Base Rate Loans with differing interest rates based upon varying additions to the Federal Funds Rate, the Cadence prime rate or Term SOFR. Each of the Subsidiaries are guarantors of the Cadence Credit Facility. Proceeds from the Cadence Credit Facility, if and when drawn, may be used (i) to fund new restaurant development, (ii) to finance the buyout of non-controlling partners in certain restaurants, (iii) to finance the redemption, purchase or other acquisition of equity interests in the Company and (iv) for working capital and other general corporate purposes.

The Cadence Credit Facility includes customary affirmative and negative covenants and events of default. The Cadence Credit Facility also requires the Company to maintain various financial condition ratios, including minimum liquidity, an amended maximum leverage ratio and an amended minimum fixed charge coverage ratio. In addition, to the extent the aggregate outstanding balance under the revolver under the Cadence Credit Facility exceeds $4.0 million, the Company is required to meet a new specified leverage ratio, on a pro forma basis, before making further borrowings as well as certain restricted payments, investments and growth capital expenditures. As of the date of filing of this report, the Company was in compliance with each of these covenants under the Cadence Credit Facility.

As of September 30, 2025, the interest rate applicable to borrowings under the Cadence Credit Facility was 7.27%.

As a result of entering into the Cadence Credit Facility and the various amendments, the Company paid loan origination costs including professional fees of approximately $324,000 and is amortizing these costs over the term of the credit agreement. As of September 30, 2025, the unamortized balance of these fees was $93,000.

In connection with the Cadence Credit Facility, the Company and the Subsidiaries entered into an Amended and Restated Security and Pledge Agreement (the "Security Agreement") with Cadence. Under the Security Agreement, the Cadence Credit Facility is secured by a first priority security interest in substantially all the assets of the Company and the Subsidiaries.

As of September 30, 2025, there were $2,000,000 borrowings against the facility, all of which is due during the fiscal year ending September 2028 and is classified as a long-term liability in the accompanying balance sheet. Availability of the Cadence Credit Facility for borrowings is reduced by the outstanding face value of any letters of credit issued under the facility. As of September 30, 2025, there were approximately $10,000 in outstanding letters of credit issued under the facility, and approximately $5,990,000 of committed funds available.

Parker Promissory Note. Good Times Drive Thru, Inc., a wholly owned subsidiary of the Company, is the maker of an unsecured promissory note in connection with the purchase of the previously franchised Good Times Burgers and Frozen Custard restaurant located in the Denver suburb of Parker, Colorado. JGN Management, Inc., the former franchisee, is the holder of the note. The Parker Promissory Note fully amortizes over its original ten-year life maturing on June 1, 2034, carries an interest rate of 5.00% and is, in all respects, subordinate to the Cadence Credit Facility. As of September 30, 2025, the outstanding principal balance on the Parker Promissory Note was $342,000. Annual principal maturities over the next five years are approximately $35,000 each year.

Total interest expense on notes payable was $191,000 and $108,000 for fiscal 2025 and 2024, respectively.

Concepts

Bad Daddy's Burger Bar

Bad Daddy's Burger Bar is a full-service, casual dining small box "better burger" concept. Bad Daddy's currently operates all of its company-owned restaurants under a table service / full bar service model.

There are three primary elements of the concept that we believe differentiates us from our competition:

1. Indulgence. The menu consists of burgers, sandwiches, main-course salads, and appetizers carefully crafted in-house with high-quality ingredients to deliver bold flavor profiles along with portion sizes and presentations that are uncommon in the casual dining segment of the industry. Beyond simply assembling finished ingredients on a plate, most of our

sauces and dressings are prepared from scratch in our restaurant kitchens. We offer our guests an extensive ability to customize their burgers and salads, including Create Your Own Burgers and Salads, restricted only by the ingredients available in the kitchen, which include a variety of different protein options including bison, turkey, chicken, salmon, and plant-based protein.

2. A Bad Ass Bar. The food menu is complemented by a full bar that focuses on local and craft beers and proprietary, handcrafted cocktails. We collaborate with regional brewers to serve our house beer, which style varies based upon regional and cyclical beer trends, served under the Bad Daddy's Brand Name. Additionally, we are known for our margaritas, specifically our Bad Ass Margarita made with premium tequila and a proprietary blend of ingredients to provide a combination of intensity and drinkability. System-wide, total alcoholic beverages account for approximately 12% of all sales in our Bad Daddy's restaurants, and approximately 16% of on-premises sales. We focus on making our bar a place where both newcomers and regular guests can comfortably relax and enjoy a beverage at happy hour, with their meal, or at any other time of day.

3. Guest-First Mindset. The restaurants have a high-energy yet family friendly environment with iconic pop culture design elements and a personal, ultra-friendly and informal service platform with a legacy of southern hospitality. Bad Daddy's menu, service and environment are designed around an irreverent brand personality, with a blend of modern and classic rock music setting the theme and complemented by engaged, well-trained, and inviting hosts, servers, and bartenders.

While clearly available for on-premises customers, all three of these elements are available for our off-premises guests as well, as we (1) offer the same customization on our off-premises ordering platforms as we offer in-restaurant, (2) where allowable by state or local regulation, we also provide our alcoholic beverages in an off-premises format for those customers who are ordering their meal for carryout or delivery, and (3) we offer the same level of hospitality to our carry-out guests and tightly manage our delivery service providers to a similar expectation of over-the-top service.

This brand positioning results in transactions that generate average sales per transaction of approximately $38 across all transaction types. The lunch daypart (between open and 2 p.m.) represents approximately 33% and the happy hour and dinner dayparts (2 p.m. until close) represent approximately 67% of restaurant sales. Off-premises sales, including take-out, delivery and curbside pickup, accounted for approximately 27% of all system-wide sales in fiscal 2025.

A typical Bad Daddy's restaurant is approximately 3,500-4,000 square feet with an enclosed patio, smaller than most other chain casual dining restaurants.

While sharing common design elements, each restaurant has unique features intended to represent the local trade area of each Bad Daddy's and serves as a further point of differentiation from the larger casual dining chains. We believe Bad Daddy's innovative menu and personalized service combined with a unique, fun restaurant design enhance our customers' experience and differentiate Bad Daddy's from its competitors.

Good Times Burgers & Frozen Custard

Good Times is a drive-thru, quick-service burger-focused restaurant concept offering fresh, 100% all-natural beef and chicken. We own and operate twenty-seven Good Times restaurants, and franchise an additional three: one located in Aurora, Colorado and two in Wyoming.

We compete primarily on the quality of our products, consistently prompt service, and order accuracy. We support our quality position by using only beef and chicken raised humanely with no antibiotics and no added hormones. Our frozen custard is made fresh throughout the day. These quality commitments help Good Times challenge quick-serve restaurant norms and match quality found at fast casual restaurants. Our focus on speed of service satisfies our guests' need for convenience as most of our sales come from the drive-thru. With menu innovation, we strive to create flavor profiles unique to Good Times, such as our Guacamole Bacon Burger and our Mushroom Melt Burger. We have rotating limited time menu items and custard flavors. Our customers appreciate that we support local causes and do not take ourselves too seriously. Good Times makes use of various media including social and digital media, audio platforms including limited terrestrial radio, digital audio streaming, as well as streaming video services and outdoor media.

Good Times is primarily a drive-thru concept, as all our restaurants have at least one drive-thru lane and generally have a walk-up window where customers may additionally place orders. Most of our restaurants have no indoor seating and consist of one drive-thru lane and outdoor patio seating, though about one-fourth of our Company-owned restaurants have small indoor dining areas. Speed of service in this segment is critical for success, and we average less than three-minute transaction times, as measured from the time the customer places their order until they leave the drive-thru lane.

The success of our strategy is evident in our long-term same store sales growth (sales growth over the prior year period at restaurants open more than 18 months, also referred to as comparable sales). Same store sales decreased 5.0% in fiscal 2025 and increased 2.9% in fiscal 2024. We have increased same store sales in thirteen of the last fifteen years. Same store sales have grown at a compound annual growth rate of 3.5% between fiscal 2015 and 2025.

Our Business Strengths

Our Brands Are Complementary

While operating in different segments of the restaurant industry, our two brands complement each other in both their similarities and differences:

Each has a value proposition enhanced by superior quality ingredients and a focus on the specific elements of service relevant to the concept that deliver an exceptional experience to each guest. We believe Bad Daddy's resonates with consumers by consistently executing high-quality, scratch-made menu items with bold flavors delivered in a high-energy environment with a slightly irreverent brand personality. The appeal of Bad Daddy's is not solely based on a purely on-premises customer experience however, as the focus we place on indulgent meals through bold, unique flavors; superior ingredients; and scratch cooking in each kitchen translates into significant off-premises adoption, both through traditional customer carry-out and delivery by third-party delivery service providers. The quick-service, and in particular, drive-thru format of our Good Times concept offers a balancing effect to business cycles that are common in the full-service segment of the restaurant industry. Additionally, the Good Times business, being largely concentrated in a single state and serviced through a single food service distribution warehouse, leverages overhead that is necessary for the Bad Daddy's Brand.

Our Brands Have a Common Operating Philosophy

While each of our brands is led by separate operating teams, each shares a commitment to four dimensions of our business:

Dimensions of the Business:

- *Individual Fulfillment.* The first dimension speaks directly to people, whether that is fellow team members or our customers. Specific to our team members, we seek to hire people with aligned values and the appropriate knowledge and skills throughout the organization, provide them with comprehensive training programs, and provide a framework for self-directed, company-supported continuous development, as we believe that the individual fulfillment achieved from self-actualized team members with aligned values will deliver consistently superior products and service. We maintain incentive programs at all levels of management based on balanced metrics addressing performance related to people development and retention; consistent, strong operations; and superior economic value creation.
- *Guest-First Mindset.* Rather than merely being a feeding trough for the masses, we strive to differentiate our concepts through a level of hospitality that creates an emotional connection by the guest to each brand. This emotional connection drives loyalty and long-term strength in same store sales.
- *Operational Excellence.* We are content with neither mediocrity nor the status quo, even if it is "good enough." Rather we strive for excellence in execution, whether that is within the operations of our restaurants, or the operations of our shared services capabilities. We: (1) do things the *right* way, (2) take pride in our work, (3) take pride in our facilities, and (4) take pride in our brand. The pride that is shared by all of us and that drives us towards excellence in all of our activities.
- *Financial Discipline and Strength*. While growth is important, it needs to be sensible and bounded by financial strength. We want to achieve both growth in unit volumes and growth in number of units, but at the same time maintain a low debt load.

Our Brands Have Growth Potential

We believe both of our brands are well positioned to take advantage of consumers' changing demands for restaurants, whether regarding the quality of the ingredients, the ability to customize their order *exactly* to their liking, or the ability to eat their food in a restaurant dining room, on a patio, in their car, or to either pick it up or have it delivered. We believe Good Times and Bad Daddy's are both well positioned to capitalize on those macro-trends.

Both of our brands currently operate with relatively small market penetration and overall development footprints, providing significant expansion potential. It is our goal to primarily grow our Bad Daddy's brand and to do so relatively contiguously from our existing restaurants in order to maximize brand awareness and operating and distribution efficiencies.

We Have Assembled a Dedicated Senior Leadership Team with Significant Experience

Each of the members of our senior leadership team have many years of relevant experience in their field of expertise, and most have more than fifteen years of industry experience. Our executive leadership team has significant experience spanning both full-service and quick-service restaurant concepts.

Each brand is operated with distinct operations teams, while utilizing shared support capabilities in administration, finance, accounting, human resources, real estate, marketing and information technology. Each capability is led by its own qualified leader with many years of functional and leadership experience. We believe we have people with the right expertise as well as capable processes and systems in place to support both concepts and targeted future growth of both of our concepts.

We Have Maintained Operating Momentum

Although same store sales at Good Times decreased in fiscal 2025, they have increased thirteen of the past fifteen years. Our compound annual same store sales growth rate was approximately 3.5% over the past eleven years. We believe this performance is largely the result of the evolution in our brand positioning, the re-imaging of several of our older restaurants, effective management of media mix, and consistent execution of the customer experience. We plan to continue to periodically re-image and remodel our restaurants, maintain a relevant menu with a laser focus on speed and accuracy in execution, in keeping with our brand strategy, and communicate our brand story to maintain our same store sales growth.

The Bad Daddy's concept was started in 2007 in Charlotte, North Carolina by a qualified chef. Sales for the Bad Daddy's restaurants which were open for at least 18 months averaged $2.6 million for fiscal 2025. Though this is a decline from fiscal 2024, income from operations for the Bad Daddy's segment increased year over year. We believe that both organic growth and unit growth is important to our brand and expect expansion to be disciplined and financed primarily from operating cash flow from both brands. Near the end of fiscal 2025 and early into fiscal 2026 we closed a total of two Bad Daddy's restaurants, both having opened more than six years ago, both of which have demonstrated below average sales volumes during their entire operating history which current management attributes to misjudgment of the quality of real estate during the site selection process.

Business Strategies

We are focused on continuing to grow same store sales and profitability of the Good Times concept while continuing targeted unit growth of the Bad Daddy's Burger Bar concept in domestic markets. We believe that there are significant opportunities to develop new units, grow customer traffic and increase awareness of our brands. The following sets forth the key elements of our growth strategy:

1. **Organic sales growth in both brands**. Our primary strategy is to drive ongoing sales growth from our existing restaurants and therefore increasing our same store sales. We plan to further strengthen our fresh, all-natural brand positioning at Good Times with targeted merchandising around each of our menu categories and a targeted focus on speed and accuracy in execution instead of deep discounts or exotic, limited-reach menu items. We also expect to continue various advertising programs, shifting the media mix periodically as we determine appropriate to maximize advertising effectiveness and efficiency. At Bad Daddy's, we intend to increase Bad Daddy's same store sales through ongoing menu engineering around bold flavors and unique, concept-appropriate menu items that we believe drive increased customer visits as well as elevated per person average check, and a focus on expanding our beverage sales and creating energy in our bar areas. Bad Daddy's advertising has traditionally targeted individual trade areas, community involvement and in-store, "four-wall" marketing activities that focus on optimizing the guests' food, bar and service experience. We have enhanced those efforts by leveraging third parties who specialize in social and digital media advertising design.
2. **Improve operational capabilities.** We continue to focus on managing our expenses in the operation of our restaurants, with a particular focus on cost of sales, labor and operating expense controls and efficiencies while not adversely impacting our overall quality and service proposition. Macroeconomic, state legislative increases to wages and other external factors have resulted in upward trends in certain of these operating costs. We continue to implement programs to mitigate the impact of these external factors and continue to explore other opportunities to improve efficiency of general and administrative costs. We placed an elevated level of focus in managing overhead costs and gaining further efficiencies in supervision and support services costs and believe that those costs will be relatively stable, though we expect to invest in modern human resource and financial planning systems that will provide improved abilities for our restaurant leaders and support capability leaders to best create value for the business.
3. **Pursue disciplined unit growth of Company-operated Bad Daddy's Burger Bar restaurants**. We own the Bad Daddy's Burger Bar brand, including all associated intellectual property. We have identified potential new restaurant locations in the southeast U.S. market which are in various stages of negotiation. We continue to assess our development strategies and intend to follow a disciplined strategy of unit growth that may include both company-owned and franchisee-owned units. Consistent with our business dimension of *Financial Discipline and Strength*, we expect that growth in company-owned restaurants will remain more modest than it has been in the past and will stem from operating cash flow rather than through the use of significant debt financing to drive more rapid growth.

Expansion strategy and site selection

Bad Daddy's Burger Bar

Our development of the Bad Daddy's Burger Bar concept in company-owned restaurants has focused on urban and suburban upper income demographic areas with median household incomes over $90,000, with a high concentration of daytime employment, specialty retail and entertainment venues. Site selection is a multi-factor process including the use of specialized applications that create sales forecasts for each site.

Bad Daddy's Burger Bar locations are primarily end-cap locations in new and existing shopping center developments using approximately 3,500 to 4,000 square feet within a multi-tenant building. Although the construction process is generally straightforward and comparatively quick compared to the process required to acquire land and develop a free-standing building, the full process of acquiring acceptable sites is involved and can take in excess of 18 months including lease negotiation, permitting, construction, and team training.

Good Times Burgers & Frozen Custard

We do not have explicit plans to develop additional Good Times restaurants, as we continue to refine the economic model of our primarily drive-thru business. However, we expect that any opportunistic development in Good Times locations would be through a lens of growth in Colorado and potentially surrounding states, which would preserve operating and marketing efficiencies created by the geographic concentration of our existing base of restaurants. Any development of new Good Times restaurants would involve a new prototype restaurant design focused primarily on drive-thru with an outside patio but without any enclosed dining room.

We currently lease either the land or the land and building for all of our Good Times restaurants, except for one restaurant in which we own the land and building. If we were to develop additional sites, a lease/buy decision would be based upon the economics of the property and our long-term point of view on the underlying real estate and do not have an explicit preference for leasing in the case of future Good Times restaurants. Our primary site objective is to secure a suitable site, with the decision to buy or lease as a secondary objective. Our site selection process includes evaluating several criteria, including a mix of substantial daily traffic, density of at least 30,000 people within a three-mile radius, strong daytime population and employment base, retail and entertainment traffic generators, good visibility and easy access.

Restaurant locations

We currently own and operate or license a total of thirty-eight Bad Daddy's Burger Bar locations. The location in the Charlotte Douglas International Airport is independently operated pursuant to a License Agreement with an established airport concessionaire. We closed one company-owned Bad Daddy's restaurant during fiscal 2025 and closed one in early fiscal 2026.

Additionally, we currently own and operate or franchise a total of thirty Good Times restaurants.

Company-Owned/Co-Developed/Joint-Venture

	Bad Daddy's Burger Bar		**Good Times Burgers & Frozen Custard**		**Total**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Alabama	3	3	-	-	3	3
Colorado	9	10	27	25	36	35
Georgia	4	5	-	-	4	5
North Carolina	14	14	-	-	14	14
Oklahoma	1	1	-	-	1	1
South Carolina	4	4	-	-	4	4
Tennessee	2	2	-	-	2	2
Total	**37**	**39**	**27**	**25**	**64**	**64**

Franchise/License

	Bad Daddy's Burger Bar		**Good Times Burgers & Frozen Custard**		**Total**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Colorado	-	-	1	3	1	3
North Carolina	1	1	-	-	1	1
Wyoming	-	-	2	2	2	2
Total	**1**	**1**	**3**	**5**	**4**	**6**

Menu

Bad Daddy's Burger Bar

The Bad Daddy's Burger Bar menu offers our guests a culinary-driven menu consisting of our own unique blend of high quality and handcrafted 1855 Black Angus® beef burgers with creative, scratch-made toppings including buttermilk-fried bacon, creamy ale queso made in-house, and our specialty signature Bad Daddy's sauce which is also completely made in-house. The customizable menu options also include a variety of proteins including house-made black bean patty, salmon, turkey, bison and chicken. Additionally, we offer giant chopped salads, a full gluten-friendly menu, appetizers including hand-cut fries and housemade potato chips, hand-spun ice cream milkshakes and our scratch-made banana pudding. We feature a variety of craft beers from local breweries and a full bar serving our Bad Ass Margarita and other innovative cocktails, and both red and white wine.

Our signature recipes include the Bacon Cheeseburger on Steroids; Sam I Am Burger and Emilio's Chicken Sandwich. Signature Chopped Salads include the Texican Chicken Salad and the Stella's Greek Salad. However, the true differentiator for the brand is our customers' ability to build their meal *exactly* the way they would like. The Bad Daddy's Create Your Own menu allows full customization of burgers and salads offering over sixty topping options. We have partnered with a craft brewer to make our Bad

Daddy's Amber Ale. Our creative cocktail menu uses fresh-squeezed housemade sours and fresh garnishes in our signature Bad Ass Margaritas and features creative and timeless options including the Daddy's Dragonberry and spiked milkshakes.

Bad Daddy's Burger Bar strives to provide proprietary flavors and recipes available nowhere else with fresh, handcrafted quality throughout the menu paired with genuine and warm hospitality. We also rotate through seasonal food and beverage specials to provide variety for our guests while still maintaining the spirited flavor profiles that distinguish us from others.

Good Times Burgers & Frozen Custard

The menu of each Good Times restaurant is focused primarily on burgers made with a fresh custom grind ground beef, chicken sandwiches and chicken tenders using only all-natural chicken from Springer Mountain Farms, and our signature vanilla and monthly featured-flavor custard. This menu is supplemented by side selections including our famous Wild Fries, crinkle cut fries, jalapeno cheddar cheese poppers, and onion rings. Beverages include typical soft drinks and fresh lemonades, with a selection of shakes and floats made with our frozen custard. We have a breakfast menu consisting of breakfast burritos, orange juice and coffee and a kid's meal menu featuring a choice of main item, side, drink, and a token redeemable for a free kid's custard cup or cone.

Both of our beef and chicken suppliers are committed to animal welfare and all-natural standards, raising animals without the use of any antibiotics, added hormones, or animal byproducts that are normally used in the open market. We believe that these attributes of our beef and chicken deliver a better tasting product and, because of the rigorous protocols and testing that are a part of the Meyer all-natural, all-Angus Beef and Springer Mountain Farms Chicken processes, may also minimize the risk of any food-borne bacteria-related illnesses. We also believe that the use of premium, all-natural beef and chicken products differentiates our concept in a crowded quick-service segment of the restaurant industry.

Our fresh frozen custard is a premium ice cream that is smoother, creamier and thicker than typical soft serve or hard-packed ice cream products. We serve the frozen custard as vanilla and a flavor of the month in cups and cones; as Spoonbenders, a mix of custard and toppings; and as shakes and floats made with our frozen custard.

The breakfast menu is centered around Green Chile Burritos made with our own proprietary green chile recipe using regional roasted green chiles, eggs, potatoes, and cheese offered with the choice of bacon, sausage or chorizo. During breakfast we offer soda, coffee and juice, along with Wild Spuds as a signature fried potato side offering.

Marketing & Advertising

Bad Daddy's Burger Bar

Our marketing strategy for Bad Daddy's Burger Bar focuses on iconic, in-store merchandising materials and local store marketing to the surrounding trade area around each restaurant, including public relations and community-based events. We generally do not focus on large media buys or "traditional" advertising, but on the in-store customer experience, building word-of-mouth reputation and recommendations and local public relations based on prior and recent awards and recognitions received by Bad Daddy's. We have recently supplemented this with additional investments in social and digital media using third-party resources who specialize in highly targeted advertisements on social media and digital platforms. We also use public relations, and trade area specific direct mail materials, particularly in support of new restaurant openings, to drive trial and initial awareness.

Good Times Burgers & Frozen Custard

Our marketing strategy for Good Times focuses on: 1) driving same store restaurant sales through attracting new customers and increasing the frequency of visits by current customers; 2) communicating specific product news and attributes to build strong points of difference from competitors; and 3) communicating a unique, strong and consistent brand personality.

Media is an important component of building our brand awareness and distinctiveness. Though most of our media advertising dollars were spent on audio advertising during fiscal 2024, including terrestrial radio, podcasts, and advertising-based streaming platforms, in 2025 we expanded to outdoor advertising and significantly reduced audio advertising. We shifted focus significantly to social and digital media that provides us with a higher level of engagement and targets current customers with an increased level of product giveaways to support high sales opportunity products.

Operations

We maintain separate operating teams for each of our concepts and have extensive operating, training and quality control systems in place.

Restaurant Management

Bad Daddy's Burger Bar was developed as a chef-driven concept and utilizes a team of three or four managers in our operations at most restaurants. Managers are cross-trained in back of the house skills (kitchen execution, kitchen management, expediting, and line management), front of the house service positions (host, server and bar) and all other management functions, however each manager is assigned one or more specific areas of responsibility over which they have direct accountability for results. Our managers at each restaurant participate in a bonus pool for each restaurant based on a combination of restaurant sales, income, and specific financial and operational objectives. As a full-service concept, our operating leadership structure for Bad Daddy's Burger

Bar operations is distinct and separate, including a separate operations leader from our Good Times operations team as the experience, qualifications and compensation of team members are significantly different between the quick-service and full-service segments of the industry. Although this is the case, we have combined recruiting into a single shared services capability and believe that long term, our training capabilities for the brands will similarly be combined into single shared services capability.

Each Good Times restaurant employs a general manager, generally one or two hourly assistant managers, up to four hourly shift managers and approximately 10 to 20 non-management team members. Most of our shift managers, assistant managers, and general managers are internally promoted from team member positions. Ongoing training and development is provided as necessary. We believe that incentive compensation of our restaurant managers is essential to the success of our business. Accordingly, our general managers and assistant managers in each restaurant participate in a bonus program based upon meeting financial, customer service and quality performance objectives tied to a monthly scorecard of measures.

Operational and Management Systems and Processes

We have implemented highly effective operating systems and processes relative to those in the industry for both of our concepts. Detailed processes have been developed for all responsibilities that drive consistency across our system of restaurants and performance against our standards within different day parts. We utilize a combination of industry-leading labor programs and proprietary algorithms to determine optimal staffing needs of each restaurant based on its actual customer flow and demand. We also employ several additional operational tools to continuously monitor and improve speed of service, food waste, food quality, sanitation, financial performance and employee development. The order system at each Good Times restaurant is equipped with an internal timing device that displays and records the time each order takes to prepare and deliver.

We use several sources of customer feedback to evaluate each restaurant's service and quality performance, including a transaction-driven survey outreach, website comments and a customer feedback tool that aggregates and analyzes all social media comments. We believe that information will assist us in evaluating opportunities for improved execution of the customer experience.

Training

We strive to maintain quality and consistency in each of our restaurants for both Good Times and Bad Daddy's through the careful training and supervision of our restaurant leadership team members and the establishment of, and adherence to, high standards relating to personnel performance, food and beverage preparation and maintenance of our restaurants. Each manager must complete an eight-week training program, be certified on several core processes and is then closely supervised to show both comprehension and capability before they are allowed to manage autonomously. We have a defined weekly and monthly goal-setting process around service, employee development, financial management and store maintenance goals for every restaurant. Additionally, we have a library of video training tools to drive training efficiencies and consistency at both brands.

Prior to opening a new restaurant, a training and opening team travels to the new restaurant location to prepare for an intensive training program for all team members hired for the new restaurant opening. Part of the training team remains on-site for a period after the opening of the restaurant while an additional team provides several weeks of support following opening.

Recruiting and Retention

At Bad Daddy's when recruiting for managers, we seek to hire experienced restaurant managers, though increasingly we have pivoted to greater development of high-performing team members providing a robust source of internal management candidates. At Good Times, substantially all our managers are promoted from team member positions. We support employees by offering competitive wages and benefits, including a matching 401(k) plan, medical insurance, and incentive plans for certain management positions that are tied to performance against key goals and objectives. We motivate and prepare our employees by providing them with opportunities for increased responsibilities and advancement. We also provide various other incentives, including paid time off, communication allowances, incentive performance bonuses and referral bonuses. We have implemented an online screening and hiring tool that has proven to reduce hourly employee turnover.

Franchising and Licensing

For Good Times, we have previously prepared forms of area rights and franchise agreements and advertising material to be utilized in soliciting prospective franchisees. We have historically sought to attract franchisees that are experienced restaurant operators, are well capitalized and have demonstrated the ability to develop one to five restaurants. We review sites selected for franchises and monitor performance of franchise units. Currently, we are not actively soliciting new franchisees but are assessing potential future growth strategies that include the development of franchised Good Times restaurants.

We currently have one license agreement for a Bad Daddy's location in the Charlotte Douglas International Airport. We currently have one Good Times restaurant operating under a franchise agreement in the greater Denver metropolitan area and two dual-branded franchised restaurants operating in Wyoming. In addition, we are, through one of our wholly owned subsidiaries, the controlling partner in a joint venture related to six Good Times restaurants operating in the greater Denver metropolitan area.

We actively work with and monitor our franchisees and licensees to ensure successful operations as well as compliance with our systems and procedures. We advise franchisees on menu, management training and marketing. On an ongoing basis we conduct standards reviews of all franchise restaurants in key areas including product quality, service standards, restaurant cleanliness and sanitation and food safety.

Management Information Systems

The systems in our restaurants are designed in a manner to minimize the amount of time our managers spend on administrative tasks. We utilize up-to-date versions of a leading point-of-sale system in each of our company-owned restaurants that captures transaction-level data required to support information about sales, product mix, and average check. The configuration of restaurant point-of-sales systems is performed by our technology shared service capability. We are implementing a new cloud-based point of sale system and have completed the implementation at all company-owned Good Times restaurants and expect to complete the implementation at all traditional Bad Daddy's restaurants in the next eighteen months.

We use a cloud-based back-office solution across both brands that collects sales, labor and cash data from the restaurant point-of-sale system in near real-time and is the primary source of capture for inventory and supply chain management information. This back-office solution interfaces with our primary financial accounting systems and provides all levels of management with relevant daily, weekly and monthly reports across substantially all store-level income and expense categories.

Food Preparation, Quality Control & Purchasing

We believe that we have excellent food quality standards relative to the industry. Our systems are designed to protect our food supply throughout the preparation process. We inspect specific qualified manufacturers and work together with those manufacturers to provide specifications and quality controls. Our operations management teams are trained in a nationally recognized comprehensive safety and sanitation course specific to food service. Minimum cook temperature requirements, periodic line checks throughout the day, and daily facilities checklists ensure the safety and quality of both burgers and other items we use in our restaurants.

We currently distribute nearly all of the food and paper supplies for our Good Times restaurants and the majority of the food and paper supplies for our Bad Daddy's restaurants through US Foods. We directly contract with suppliers for key products who are chosen based upon their ability to provide (i) a continuous supply of product that meets all safety and quality specifications, (ii) logistics expertise and freight management, (iii) product innovation and differentiation, (iv) customer service, (v) transparency of business relationships and (vi) competitive pricing. Specified products are distributed to all restaurants through US Foods, or directly in the case of certain bread and produce suppliers, under negotiated contracts directly to our restaurants two to five times per week depending on restaurant requirements. We do not believe that the current reliance on these distributors will have any long-term material adverse effect since we believe that there are a sufficient number of other suppliers from which food and paper supplies could be purchased with little or no interruption in service. We actively monitor the primary commodities we purchase and selectively contract pricing when practical in order to minimize the impact of fluctuations in price and availability. Most pricing agreements are based on published commodity indices and so in spite of pricing agreements, most of our commodities, including ground beef, chicken, and bacon remain subject to monthly market price fluctuations.

Employees

At September 30, 2025, we had approximately 2,078 active employees of which 1,839 are hourly team members and 239 are salaried managers or professional staff working full time. We strive to provide competitive salary and benefits, strong development opportunities, and a meaningful job or career for all of our employees and believe that this has translated into good employee relations. None of our employees are covered by a collective bargaining agreement.

Competition

The restaurant industry, including both limited service and full-service segments, is highly competitive. Bad Daddy's Burger Bar competes with both local, regional, and national gourmet, "better burger" concepts as well as more legacy grill and bar concepts. As such, Bad Daddy's competes with both full-service and limited-service better burger restaurants. There are other burger-centric fast casual concepts that operate at a lower average customer check than Bad Daddy's Burger Bar and others in both fast casual and full-service formats that operate with a higher average customer check. We believe that we offer sufficient price choice to be able to compete effectively in the full range of such concepts. We believe that Bad Daddy's Burger Bar has an advantage in the premium quality of our ingredients, unparalleled ability for guests to customize their order, distinctiveness of its atmosphere and the indulgence created by our bold, unique flavors. Nevertheless, Bad Daddy's Burger Bar may be at a competitive disadvantage to other restaurant chains with greater name recognition and operating scale.

Good Times competes with many other hamburger-oriented quick-service restaurants in the areas in which it operates. Many of these restaurants are owned and operated by regional and national restaurant chains, many of which have greater financial resources and experience than we do. In-N-Out, a California-based, burger-focused quick-service restaurant concept, and Whataburger, a Texas-based burger-focused quick-service restaurant concept have expanded into Colorado with future development expected in markets where we currently operate. Double drive-thru restaurant chains such as Checkers & Rally's Restaurants, which currently operate double drive-thru restaurants in various markets in the United States, are not currently operating in Colorado. We are aware of three significant quick-service competitors offering frozen custard as a primary menu item operating in the Colorado market, two of which have a significant presence in Midwestern markets that may be targeted for expansion. New concepts centered around sliders compete with our Bambino product; one such concept has begun development in the greater Denver area. Fast casual hamburger restaurants have been developed in the Colorado market, including markets where we operate. Increasingly, traditionally fast-casual concepts are including drive-thru ordering and pickup as part of their operating model, and though they generate an average per person check that is meaningfully higher than the average check at a Good Times restaurant, now represent competition that is more relevant than it was previously.

We believe that Good Times may have a competitive advantage in terms of quality of product compared to traditional quick-service burger chains. Nevertheless, we may be at a competitive disadvantage to other restaurant chains with greater name recognition and marketing capability. Furthermore, most of our competitors in the fast-food business operate more restaurants, have been established for longer, and have greater financial resources and name recognition than we do. There is also active competition for management personnel, as well as for attractive commercial real estate sites suitable for restaurants.

Intellectual Property

We have registered our marks “Bad Daddy’s Burger Bar” and “Good Times” with the United States Patent and Trademark Office. We received approval of our federal registration of “Bad Daddy’s Burger Bar” in 2011 and “Good Times” in 2003. Additionally, we own trademarks or service marks that have been registered with the United States Patent and Trademark Office including, but not limited to, “Bad Daddy’s Burger Bar EST. 2007”, “Big Daddy Bacon Cheeseburger,” and “Spoonbender”. The registration for our “Bad Daddy’s Burger Bar” mark will be renewed prior to September 2031. The registration for our “Good Times” marks will be renewed prior to February 2028 and December 2033 respectively. We intend to maintain our marks and renew registrations on a timely basis.

Government Regulation

Each of our restaurants is subject to the regulations of various health, sanitation, safety and fire agencies in the jurisdiction in which the restaurant is located. Difficulties or failures in obtaining the required licenses or approvals could delay or prevent the opening of a new restaurant. Federal and state environmental regulations have not had a material effect on our operations. More stringent and varied requirements of local governmental bodies with respect to zoning, land use and environmental factors could delay or prevent development of new restaurants in particular locations. We are subject to the Fair Labor Standards Act, which governs such matters as minimum wages, overtime, and other working conditions. In addition, we are subject to the Americans with Disabilities Act, which requires restaurants and other facilities open to the public to provide for access and use of facilities for people with disabilities. Management believes that we are in compliance with the Americans with Disabilities Act. Beginning in 2015, we became subject to the Affordable Care Act which requires us to have the required health insurance benefits for eligible employees.

We are also subject to federal and state laws regulating franchise operations, which vary from registration and disclosure requirements in the offer and sale of franchises to the application of statutory standards regulating franchise relationships. Many state franchise laws impose restrictions on franchise agreements, including limitations on non-competition provisions and the termination or non-renewal of a franchise. Some states require that franchise materials be registered before franchises can be offered or sold in that state.

In addition, each Bad Daddy’s Burger Bar restaurant requires a liquor license and adherence to the attendant laws and requirements regulating the serving and consumption of alcohol. Alcoholic beverage control regulations govern various aspects of these restaurants’ daily operations, including the minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing and inventory control, handling and storage. Typically, licenses to sell alcoholic beverages require annual renewal and may be suspended or revoked at any time for cause, the definition of which varies by locality.

Segment Reporting

We operate as two reportable business segments: Good Times Burgers and Frozen Custard restaurants and Bad Daddy’s Burger Bar restaurants. Refer to Note 10, *Segment Reporting*, in the notes to our consolidated financial statements for more information.

Available Information

Our Internet website address is goodtimesburgers.com We make available through our website’s investor relations information section our Annual Reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed with or furnished to the Securities and Exchange Commission (“SEC”) under applicable securities laws as soon as reasonably practical after we electronically file such material with, or furnish it to, the SEC. Our website information is not part of or incorporated by reference into this Annual Report on Form 10-K.

Special Note About Forward-Looking Statements

This Form 10-K may include “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and such statements are subject to the safe harbors created thereby. A forward-looking statement is neither a prediction nor a guarantee of future events. We try, whenever possible, to identify these forward-looking statements by using words such as "anticipate," "assume," "believe," "estimate," "expect," "intend," "plan," "project," "may," "will," "would," and similar expressions. Certain forward-looking statements are included in this Form 10-K, principally in the sections captioned "Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements are related to, among other things:

- the sufficiency of the supply of commodities and labor pool to carry on our business;

- anticipated price increases and the impact of inflation;
- business objectives and strategic plans;
- operating strategies;
- our ability to open and operate additional restaurants profitably and the timing of such openings;
- expectations that most, if not all, of the Company's unit growth will be through the development of additional Bad Daddy's Burger Bar locations;
- restaurant and franchise acquisitions;
- expected future revenues and earnings, comparable and non-comparable restaurant sales, results of operations, and future restaurant growth (both company-owned and franchised);
- estimated costs of opening and operating new restaurants, including general and administrative, marketing, franchise development and restaurant operating costs;
- anticipated selling, general and administrative expenses and restaurant operating costs, including commodity prices, labor and energy costs;
- our expectations as to the impact of a global or regional pandemic or epidemic on our business;
- future capital expenditures;
- our expectation that we will have adequate cash from operations and credit facility borrowings to meet all future debt service, capital expenditure and working capital requirements in fiscal 2026;
- success of advertising and marketing activities;
- the absence of any material adverse impact arising out of any current litigation in which we are involved;
- impact of the adoption of new accounting standards and our financial and accounting systems and analysis programs;
- expectations regarding competition and our competitive advantages;
- impact of our trademarks, service marks, and other proprietary rights; and
- effectiveness of our internal control over financial reporting.

Although we believe that the expectations reflected in our forward-looking statements are based on reasonable assumptions, such expectations may prove to be materially incorrect due to known and unknown risks and uncertainties.

In some cases, information regarding certain important factors that could cause actual results to differ materially from any forward-looking statements appears together with such statement. In addition, the factors described under Critical Accounting Policies and Estimates in Part II, Item 7, and Risk Factors in Part I, Item 1A, as well as other possible factors not listed, could cause actual results to differ materially from those expressed in forward-looking statements, including, without limitation, the following: concentration of restaurants in certain markets and lack of market awareness in new markets; changes in disposable income; consumer spending trends and habits; increased competition in the quick-service restaurant market; costs and availability of food and beverage inventory; the increasing inflationary environment, supply chain constraints; our ability to attract qualified managers, employees, and franchisees; changes in the availability of capital or credit facility borrowings; costs and other effects of legal claims by employees, franchisees, customers, vendors, shareholders and others, including settlement of those claims; effectiveness of management strategies and decisions; weather conditions and related events in regions where our restaurants are operated; and changes in accounting standards, policies and practices or related interpretations by auditors or regulatory entities. Additionally, in the context of a global or regional pandemic or epidemic, future facts and circumstances could change, and impact assumptions relied upon in our forward-looking statements.

All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors before making an investment decision with respect to our securities. You are cautioned that the risk factors discussed below are not exhaustive.

Risks Related to Our Business

Our operations are susceptible to the cost of, and changes in, food availability which could adversely affect our operating results.

Our profitability depends in part on our ability to anticipate and react to changes in food costs. Various factors beyond our control, including adverse weather conditions, governmental regulation, production, availability, recalls of food products, seasonality and supply chain impacts due to pandemics or other public health situations may affect our food costs or cause a disruption in our supply chain. We enter annual contracts with our chicken and other miscellaneous suppliers. Our Good Times contracts for chicken are fixed price contracts. Our Bad Daddy's contracts for chicken and all contracts for beef are generally based on current market prices plus a processing fee. Changes in the price or availability of our all-natural chicken or beef supply or other commodities could materially adversely affect our profitability. We cannot predict whether we will be able to anticipate and react to changing food costs by adjusting our purchasing practices and menu prices, and a failure to do so could adversely affect our operating results. In addition, we may not be able to pass along higher costs through price increases to our customers.

Macroeconomic conditions and inflation could affect our operating results.

General economic conditions, including economic downturns related to pandemics or other public health emergencies, have adversely affected our results of operations and may continue to do so. Similarly, significant inflation has negatively affected our labor and product input costs and could continue to do so. If the economy experiences a more significant economic downturn or there are uncertainties regarding continued economic prosperity, declines in stock market indices, or other negative macroeconomic occurrences, consumer spending and the unemployment rate may be affected, which may adversely affect our sales in the future. A proliferation of heavy discounting or highly competitive pricing by our major competitors may also negatively affect our sales and operating results.

Tariffs that are implemented or merely threatened may increase the cost of commodities we purchase for use in our restaurants.

The federal government may threaten or implement tariffs on other countries that supply commodities we purchase for use in our restaurants. The tariffs themselves could have the impact of increasing the aggregate purchase cost of the same products or reducing the supply of available products. Additionally, these tariffs may result in retaliation by the affected countries, leading to trade wars with an unpredictable result. We may not be able to offset increased cost through menu price increases, and even if we were to increase menu prices to cover some or all of the increased cost, such action could lead to decreased traffic to our restaurants which would negatively affect our financial results. During fiscal 2025 the ground beef market price indices reached record highs, due to multiple factors, one of which was tariffs imposed on foreign beef-exporting nations.

Price increases may impact customer visits.

We may make price increases on selected menu items in order to offset increased operating expenses we believe will be recurring. Although we have not experienced significant consumer resistance to our past price increases, future price increases may deter customers from visiting our restaurants or affect their purchasing decisions.

Labor shortages could slow our growth or harm our business.

Our success depends in part upon our ability to attract, motivate and retain a sufficient number of qualified, high-energy employees. Qualified individuals needed to fill these positions are in short supply in some areas, and in recent years we have seen an extreme shortage of qualified workers by historical standards. The inability to recruit and retain these individuals may delay the planned openings of new restaurants or result in high employee turnover in existing restaurants, which could harm our business. Additionally, competition for qualified employees has required us to pay meaningfully higher wages to attract enough employees than has historically been the case, and continued tightness in labor markets could result in continued escalation of labor costs. Most of our employees are paid market wages on an hourly basis that are influenced by applicable minimum wage regulations. Accordingly, any increase in the minimum wage, whether state or federal, could have a material adverse impact on our business.

Increasingly competitive labor markets and our need to provide additional incentives to remain competitive in our hiring and retention efforts may continue to negatively impact our margins and, if we are unable to staff and retain qualified restaurant management and operating personnel, we may be unable to effectively operate and grow our business and revenues, which could materially adversely affect our financial performance.

Our ongoing success requires us to attract, motivate and retain a sufficient number of qualified, high-energy employees, including both restaurant managers and crew. However, qualified individuals needed to fill these positions are in short supply in many areas, and we and other companies in our industry have experienced high turnover. Many individuals have left the restaurant industry altogether due to difficult pandemic-related operating demands and, in some cases, current unemployment subsidies. These conditions have resulted in aggressive competition for talent, wage inflation and pressure to improve benefits and workplace conditions to remain competitive and attract talent, which in turn has led to higher labor costs and margin compression. If this trend continues, it will negatively impact our ability to effectively operate and grow our business and revenues and materially adversely affect our financial performance.

If we fail to appropriately plan and sustain our workforce and proactively respond to employee dissatisfaction, it could adversely impact guest satisfaction and operational efficiency, lead to increased litigation and unionization efforts and negatively impact restaurant profitability. Our restaurants could be short-staffed, we may be forced to incur overtime expenses, and our ability to operate and expand our concepts effectively and meet customer demand could be limited. Difficulties recruiting and retaining new restaurant crew members in a timely manner also negatively impacts our ability to grow sales at existing restaurants and open new restaurants. Any or all of these factors could materially adversely affect our financial performance.

Labor organizing could adversely affect our operations and harm our competitive position in the restaurant industry, which could harm our financial performance.

Our employees or others may attempt to unionize the workforce in one or more of our restaurants, which could increase our labor costs, limit our ability to manage our workforce effectively, negatively impact our ability to adequately serve our guests, and disrupt our operations. A loss of our ability to effectively manage our workforce and the compensation and benefits we offer to our employees could negatively affect our financial performance.

The outbreak of, and local, state and federal governmental responses to, pandemics or other future health concerns have previously significantly disrupted and could disrupt our business again in the future, which has and could materially affect our financial condition and operating results.

Public health concerns including pandemics and the associated government response, change in consumer behavior, labor market effects and supply chain impacts significantly affected the results of operations and financial condition of our business. The risk of similar government and consumer response to future public health concerns, and the risk of similar impacts within the labor markets and global supply chain, could cause significant disruption to our business.

The failure of banks where we maintain deposits in excess of the limits insured by FDIC or other government, or quasi-government agencies could materially affect our financial position and operating results.

The Company maintains deposits with certain banks in excess of the maximum insured limits by the FDIC. The significant interest rate increases by the Federal Reserve have caused recent bank failures. Although in certain of those cases, depositors have been protected from loss by government intervention, no assurances can be made in the case of any failure of a bank in which the Company has uninsured deposits, that the Company would be similarly protected against loss of such uninsured deposits.

International conflicts could disrupt our business and could materially affect our financial condition and operating results.

Although we conduct all of our restaurant operations within the USA, worldwide product supply chains have been impacted by international conflicts, which have expanded into new regions of the world recently. The lack of availability of supplies of such products may impact the availability and supplier pricing for products purchased by us for use in our business, which could result in higher food and packaging costs or reduced revenues. Consumer behavior may also be affected by international conflicts and may result in reduced traffic and sales at our restaurants.

We have accumulated losses and cannot guarantee future profits.

We have incurred losses in 29 of our 37 years since inception. As of September 30, 2025, we had an accumulated deficit of $16,598,000. Though we recognized net income in fiscal 2025, in light of the uncertainty of macroeconomic conditions, increasing inflation and other factors affecting our supply chain and employee markets, we cannot provide assurance that we will produce income again for the fiscal year ending September 29, 2026.

If we are unable to continue to increase same store sales at existing restaurants, our ability to attain profitability may be adversely affected.

We have increased same store sales for thirteen of the past fifteen years at Good Times. We have operated Bad Daddy's for a shorter period of time and have recently experienced declines in same store sales. Same store sales increases will depend in part on the success of our advertising and promotion of new and existing menu items and consumer acceptance and could be greatly impacted by changes in general customer behavior and preferences. If our same store sales decline, and our operating costs increase, our ability to attain profitability will be adversely affected.

New restaurants, when and if opened, may not be profitable, if at all, for several months.

We anticipate that our new restaurants, when and if opened, will generally take several months to reach normalized operating levels due to inefficiencies typically associated with new restaurants, including lack of market awareness, the need to hire and train a sufficient number of employees, operating costs which are often materially greater during the first several months of operation than thereafter, preopening costs and other factors. In addition, restaurants opened in new markets may open at lower average weekly sales volumes than restaurants opened in existing markets and may have higher restaurant level operating expense ratios than in existing markets. Sales at restaurants opened in new markets may take longer to reach average annual company-owned restaurant sales, if at all, thereby affecting the profitability of these restaurants.

The hamburger restaurant market is highly competitive.

The hamburger restaurant market is highly competitive. Our competitors in the quick-service restaurant segment include many recognized national and regional fast-food hamburger restaurant chains, such as McDonald's, Burger King, Wendy's, Carl's Jr., Sonic, Jack in the Box, Freddy's and Culver's. In-N-Out has expanded into the state of Colorado, the primary state in which we operate, and is continuing to expand in the market, and Whataburger has expanded into the state of Colorado with future development expected in markets where we currently operate. We also compete with small regional and local hamburger and other fast-food restaurants, many of which feature drive-thru service. Increasingly, fast casual burger restaurants such as Shake Shack have incorporated drive-thru service into their operating model, and in the case of Shake Shack, also feature an all-natural beef platform. Finally, new competitors in the business of selling sliders which compete with our Bambino product, have begun to penetrate the Colorado market. Most of our competitors have greater financial resources, marketing programs and name recognition than we do. Discounting by our quick-service restaurant competitors may adversely affect the revenues and profitability of our restaurants.

While Bad Daddy's Burger Bar operates in the "better burger" restaurant segment, it offers a relatively broad menu and competes with other full-service restaurants in the bar and grill segment. Additionally, customers of both our Good Times restaurants and Bad Daddy's Burger Bar restaurants are also customers of fast casual hamburger restaurants. Further, changes in customer taste preferences, dietary trends, and preference for delivery and/or carry-out options often affect the restaurant business. If we are unable to continue to compete effectively with other restaurant concepts, our traffic, sales, and restaurant-level profitability could be negatively affected.

Sites for new restaurants may be difficult to acquire.

Locating our restaurants in high-traffic and readily accessible areas is an important factor for our success. We intend to continue to locate Bad Daddy's Burger Bar restaurants in leased in-line and end-cap retail locations. Since suitable locations are in great demand, in the future we may not be able to obtain optimal sites for either of our restaurant concepts at a reasonable cost or at all. In addition, we cannot assure you that the sites we do obtain will be successful.

Our franchisees could take actions that could harm our business.

Franchisees are independent contractors and are not our employees. We provide training and support to franchisees; however, franchisees operate their restaurants as independent businesses. Consequently, the quality of franchised restaurant operations may be diminished by any number of factors beyond our control. Moreover, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements or may not hire and train qualified managers and other restaurant personnel. Our image and reputation, and the image and reputation of other franchisees, may suffer materially, and system-wide sales could significantly decline if our franchisees do not operate successfully.

We depend on key management employees.

We believe our current operations and future success depend largely on the continued services of our management employees, particularly Ryan Zink, our President and Chief Executive Officer and Keri August our Senior Vice President of Finance and Accounting. Although we have entered into an employment agreement with Mr. Zink, he may voluntarily terminate his employment with us at any time. In addition, we do not currently maintain key-person insurance on the lives of Messrs. Zink or Ms. August. We have not entered into any employment agreement with Ms. August; she is an employee at will. The loss of services by Mr. Zink or Ms. August, or those of other key management personnel, could have a material adverse effect on our financial condition and results of operations.

Security breaches of confidential customer information in connection with our electronic processing of credit and debit card transactions may adversely affect our business.

The majority of our restaurant sales are by credit or debit cards. Other restaurants and retailers have experienced security breaches in which credit and debit card information of their customers has been stolen. We may in the future become subject to lawsuits or other proceedings for purportedly fraudulent transactions arising out of the actual or alleged theft of our customers' credit or debit card information. In addition, most states have enacted legislation requiring notification of security breaches involving personal information, including credit and debit card information. Any such claim, proceeding, or mandatory notification could cause us to incur significant unplanned expenses, which could have an adverse impact on our financial condition and results of operations. Further, adverse publicity resulting from these allegations may have a material adverse effect on us and our restaurants.

In addition to systems where we directly control the security procedures, policies, and standards, confidential customer information is also handled by third-party service providers. Though our agreements with these service providers typically include indemnification provisions and requirements as to the providers' security practices, no assurance can be given that these third party providers would be able to provide such indemnification in the case of a significant breach, and many of the same risks, including reputational risk, apply to information they handle. In the case of delivery service providers, the end user is a direct customer of the delivery provider, however reputational risk to our Company still exists with respect to those customers who receive food and beverage through us that has been delivered by such service provider.

Information technology system failures or breaches of our network security could interrupt our operations and harm our business, financial condition and results of operations.

We rely on our computer systems and network infrastructure across our operations, including point-of-sale processing at our restaurants and various cloud-based systems that are an integral part of our operations and financial reporting processes. Our operations depend upon our ability to protect our technology and digital assets against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches or attacks, malware, and other disruptions. Any damage or failure of our computer systems or network infrastructure or any cybersecurity incident that causes an interruption in our operations or otherwise compromises our technology or digital assets, an interruption in our operations or otherwise compromises our computer systems or network infrastructure, or if software or third-party vendors that support our information technology environment are compromised, our business, financial condition and results of operations could be harmed and subject us to litigation or actions by regulatory authorities. These risks extend beyond services with which we directly contract. Recent outages with cloud infrastructure providers such as Amazon's AWS, can cascade throughout multiple systems and could inhibit the majority or entirety of our system from accepting orders or otherwise operating. Further, adverse publicity resulting from such an event may harm our business, financial condition and results of operations. Although we have a comprehensive program to protect and mitigate risks associated with physical infrastructure and digital assets, including various vulnerability thefts, firewalls, data encryption and other security controls and intend to maintain and upgrade our security technology and operational procedures to prevent damage, breaches or other disruptions, these measures may not eliminate all risks Further, although we purchase cybersecurity insurance, such insurance is a responsive, not a preventive measure, and there can be no assurances that the limits of the policy will be sufficient to cover the costs associated with a cybersecurity event.

We are subject to extensive government regulation that may adversely hinder or impact our ability to govern various aspects of our business including our ability to expand and develop our restaurants.

The restaurant industry is subject to various federal, state and local government regulations, including those relating to the sale of food. Our failure to maintain necessary governmental licenses, permits and approvals, including food licenses, could adversely affect our operating results. Difficulties or failures in obtaining the required licenses and approvals could delay, or result in our decision to cancel, the opening of new restaurants. Local authorities may suspend or deny renewal of our food licenses if they determine that our conduct does not meet applicable standards or if there are changes in regulations. In addition, any adverse food safety event could result in regulatory and other investigations, and/or fines and penalties, any of which could disrupt our operations, increase our costs, require us to respond to findings from regulatory agencies that may divert resources and assets, and result in potential fines and penalties as well as other legal action, any of which could materially adversely affect our financial performance.

Various federal, state and labor laws govern our relationship with our employees and affect operating costs. These laws govern minimum wage requirements, overtime pay, meal and rest breaks, unemployment tax rates, workers' compensation rates, citizenship or residency requirements, child labor regulations and sales taxes. Additional government-imposed increases in minimum wages, overtime pay, paid leaves of absence and mandated health benefits may increase our operating costs. Several states and cities, including the city of Denver and the state of Colorado, where many of our restaurants are located, have legislation passed which provides for annual increases in their respective minimum wage. Additional states may raise their respective minimum wage in the future. This could impact the profitability of existing restaurants as well as impact development opportunities in those states.

The federal Americans with Disabilities Act prohibits discrimination on the basis of disability in public accommodations and employment. Although our restaurants are designed to be accessible to the disabled, we could be required to make modifications to our restaurants to provide service to, or make reasonable accommodations for, disabled persons.

We are also subject to federal and state laws that regulate the offer and sale of franchises and aspects of the licensor-licensee relationship. Many state franchise laws impose restrictions on the franchise agreement, including limitations on non-competition provisions and the termination or non-renewal of a franchise. Some states require that franchise materials be registered before franchises can be offered or sold in the state.

Our Bad Daddy's Burger Bar restaurants are also subject to state and local laws that regulate the sale of alcoholic beverages. Alcoholic beverage control regulations govern various aspects of these restaurants' daily operations, including the minimum age of patrons and employees, hours of operation, advertising, wholesale purchasing and inventory control, handling and storage. Typically, licenses to sell alcoholic beverages require annual renewal and may be suspended or revoked at any time for cause, the definition of which varies by locality. The failure of any of our Bad Daddy's Burger Bar restaurants to timely obtain and maintain any required licenses, permits or approvals to serve alcoholic beverages could delay or prevent the opening of a new restaurant or prevent regular day-to-day operations, including the sale of alcoholic beverages, at a restaurant that is already operating, any of which would adversely affect our business.

Concerns relating to food safety, food-borne illness, pandemics and other diseases could reduce customer traffic to our restaurants, or cause us to be the target of litigation, which could materially adversely affect our financial performance.

We face food safety risks, including the risk of food-borne illness and food contamination (including allergen cross contamination), which are common both in the restaurant industry and the food supply chain. While we dedicate substantial resources and provide training to ensure the safety and quality of the food we serve, these risks cannot be completely eliminated. Additionally, we rely on our network of suppliers to properly handle, store and transport our ingredients for delivery to our restaurants. Any failure by our suppliers, or their suppliers, could cause our ingredients to be contaminated, which could be difficult to detect and put the safety of our food in jeopardy.

Consumer preferences could be affected by health concerns about outbreaks of other viruses, including various strains of influenza; the consumption of beef, the key ingredient in many of our menu items; or negative publicity concerning food quality, illness and injury generally, such as negative publicity concerning E. coli, "mad cow" or "foot-and-mouth" disease, publication of government or industry findings concerning food products served by us, or other health concerns or operating issues stemming from one restaurant or a limited number of restaurants. This negative publicity may adversely affect demand for our food and could result in a decrease in customer traffic to our restaurants. If we react to the negative publicity by changing our concept or our menu, we may lose customers who do not prefer the new concept or menu, and we may not be able to attract a sufficient new customer base to produce the revenue needed to make our restaurants profitable. In addition, we may have different or additional competitors for our intended customers as a result of a concept change and may not be able to compete successfully against those competitors. A decrease in customer traffic to our restaurants as a result of these health concerns or negative publicity or as a result of a change in our menu or concept could materially harm our business. Additionally, if our customers or staff members become infected with a pathogen which was actually or claimed to be contracted at our restaurants, customers may avoid our restaurants and/or it may become difficult to adequately staff our restaurants. Any adverse food safety occurrence may result in litigation against us. The negative publicity associated with such an event could damage our reputation and materially adversely affect our financial performance.

The inability of the company to successfully negotiate extended terms on leases reaching end-of-term may reduce future profitability.

The company leases the real estate underlying substantially all of its restaurants. While our leases generally have options for extension of the initial term, in the case of some of our Good Times restaurants, we have exercised all of the options granted to us under the lease. Additionally, some options are set at fair market rental rates, and in the case of one Bad Daddy's restaurant, no option to extend exists in the lease. Furthermore, many of our Good Times leases are at rates below current market prices. Although the Company has generally been successful in negotiations with our landlords, the risk that we are unable to negotiate additional lease term on expiring leases at reasonable rental rates could materially impact our future profitability, and even in the case we are able to negotiate additional term at rates that are acceptable to us, those rates may be significantly higher than the expiring rate and may result in lower profitability for the Company.

If we are unable to protect our reputation, the value of our brands and sales at our restaurants may be negatively impacted, which may materially adversely affect our financial performance.

One of our largest assets is the value of our brands, which is directly linked to our reputation. We must protect our reputation in order to continue to be successful and to grow the value of our brands. Negative publicity directed at any of our brands, regardless of factual basis, such as, relating to food quality, restaurant facilities, customer complaints or litigation alleging injury or food-borne illnesses, food tampering or contamination or poor health inspection scores, sanitary or other issues with respect to food processing by us or our suppliers, the condition of our restaurants, labor relations, any failure to comply with applicable regulations or standards, allegations of harassment, or other negative publicity, could damage our reputation. Negative publicity about us could harm our reputation and damage the value of our brands, which could materially and adversely affect our financial performance.

Ongoing capital expenditures at existing restaurants will require significant capital expenditures and remodel initiatives may not result in increased sales.

Most of our Good Times restaurants are more than a decade old. As a result, we are in the process of replacing signage and making other significant capital investments in our existing restaurants. These signage, technology, and other remodeling expenditures may not increase sales and we may not be able to attract enough additional customers to meet our targeted level of performance and our business and results of operations may be adversely affected.

Our ability to succeed with the Bad Daddy's Burger Bar restaurant concept will require significant capital expenditures and management attention.

We believe that new openings of Bad Daddy's Burger Bar restaurants are likely to serve as the primary contributor of our new unit growth and increased profitability over the longer term based on the unit economics of that concept. Our ability to succeed with this concept will require significant capital expenditures and management attention and is subject to certain risks in addition to those of opening a new Good Times restaurant, including customer acceptance of and competition with the Bad Daddy's Burger Bar concept. If the "ramp-up" period for new Bad Daddy's Burger Bar restaurants does not meet our expectations, our operating results may be adversely affected. There can be no assurance that we will be able to successfully develop and grow the Bad Daddy's Burger Bar concept to a point where it will become profitable or generate positive cash flow. We may not be able to attract enough customers to meet targeted levels of performance at new Bad Daddy's Burger Bar restaurants because potential customers may be unfamiliar with the concept, or the atmosphere or menu might not be appealing to them. If we cannot successfully execute our growth strategies for Bad Daddy's Burger Bar, our business and results of operations may be adversely affected.

Our growth, including the development of Bad Daddy's Burger Bar restaurants, may strain our management and infrastructure.

Any growth of our business would increase our operating complexity and place increased demands on our management and infrastructure, including our current restaurant management systems, financial and management controls, and information systems. If our infrastructure is insufficient to support our growth, our ability to open new restaurants, including the development of the Bad Daddy's Burger Bar concept, would be adversely affected.

Bad Daddy's Burger Bar is subject to all of the risks of a relatively new business, including competition, and there is no guarantee of a return on our capital investment.

The Bad Daddy's Burger Bar concept has been in existence for approximately eighteen years and the average age for all Bad Daddy's restaurants, as of the date of this filing, is approximately nine years. Existing restaurants are currently located in Alabama, Colorado, Georgia, North Carolina, Oklahoma, South Carolina, and Tennessee. Because of the small number of existing Bad Daddy's Burger Bar restaurants and the relatively short period of time that they have been in operation, there is substantial uncertainty that additional restaurants in other locations will be successful. Though the Company currently has no franchisee-owned restaurants, the Company has offered franchises in the past and may do so again in the future. There is no guarantee that we will be successful in offering Bad Daddy's Burger Bar franchises throughout the U.S. or that, if and when, such franchises are granted, the restaurants developed by franchisees will be successful.

Costs associated with our employee health care programs continue to escalate and we may not be able to fully pass along those cost increases to employees.

We maintain various health care programs, including coverage for medical claims, to employees who select such programs. All of our salaried managers are eligible to participate in these programs and those of our hourly employees who meet the service requirements under the Affordable Care Act are also eligible. We maintain insurance coverage for claims in excess of a certain threshold on a per-member basis (“Stop-Loss” insurance) but do not maintain insurance coverage for aggregate claims. We have a limited number of participants in our plans and should a significant number of participants report claims in a given year, the actual claims under the plan may meaningfully exceed our expected claims, and any such costs would be borne by us and not by the participants in the plan (our Employees). Further, excessive claims may result in the inability for us to renew our Stop-Loss policies at reasonable rates, if at all, and we may be required to self-insure significantly higher levels of claims or to completely self-insure all claims under the plans which could have a material and adverse effect on our business and financial performance.

Our business is subject to evolving corporate governance and public disclosure regulations, including environmental, social and governance (“ESG”) matters, that could expose us to numerous risks.

We are subject to changing rules and regulations arising from governmental, quasi-governmental, and other self-regulatory organizations, including state and local governments. These rules and regulations are evolving in scope and complexity and many new requirements have been created in response to recently enacted laws, making compliance more difficult and uncertain. In addition, regulators, customers, investors, employees and other stakeholders may focus on environmental, social and governance (“ESG”) matters and related disclosures. Within our industry, concerns have been expressed regarding energy sourcing and management, water usage, chemicals used in food and supplies (such as PFAS or other “forever chemicals”), food safety, labor policies and practices and supply chain and management of food sourcing. These changing rules, regulations and stakeholder expectations could result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. For example, developing and acting on policies, procedures, and practices within the scope of ESG, and collecting, measuring and reporting ESG related information may be costly and time intensive. We may also communicate certain information regarding ESG-related matters in our SEC filings or in other public disclosures. Even to the extent to which we are not subject to certain rules or regulations, shareholders or other interested parties could make intensive efforts to push for our voluntary compliance with such rules or regulations, or could be criticized for the accuracy or completeness of the disclosure; all of which could lead to increased costs. Our approach towards compliance, whether required or voluntary, toward ESG-related matters, and criticism over such, could adversely affect our reputation, business and financial performance.

Changes in enforcement practices related to existing immigration laws and/or modified or newly adopted immigration legislation may affect labor markets related to our suppliers or the QSR business segment

The increasingly dynamic nature of the federal government may affect the likelihood for Congress to amend existing immigration laws or adopt new immigration laws. Further, recent policy decisions from the current federal government administration related to more strict enforcement of, and rulemaking related to, immigration laws has significantly altered the current environment. Those policies include a lesser degree of tolerance of undocumented workers employed in various segments of the workforce. Various subsegments of the agricultural industry, as well as the QSR subsegment of the restaurant industry itself are at risk for employees who obtain fraudulent documentation but that contains data related to actual individuals or are of such quality that they may not be detected through appropriate document validation practices. Any new or modified immigration laws or a further change in these policy decisions may have an adverse impact on the number of individuals participating in these markets, and may reduce the total number of employees in the population from which we recruit, affecting our ability to conduct our business, and with respect to our suppliers, may have an adverse impact on their ability to produce products that we purchase for ingredients in our recipes.

Risks Related to the Ownership of Our Common Stock

Our business could be negatively affected as a result of significant shareholders or potential shareholders attempting to effect changes or acquire control over our company, which could cause us to incur significant expense, hinder execution of our business strategy and impact the trading value of our securities.

Shareholders may from time-to-time attempt to effect changes, engage in proxy solicitations or advance shareholder proposals. Responding to proxy contests and other actions by activist shareholders can be costly and time-consuming, disrupting our operations and diverting the attention of our board of directors and senior management from the pursuit of business strategies. Any of these impacts could materially and adversely affect our business and operating results. Further, the market price of our common stock could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties described above.

A future ownership change as defined by Section 382 of the Internal Revenue Code (“IRC”) could limit our ability to utilize tax loss and credit carryforwards to offset our taxable income.

Our deferred tax assets include certain general business credit tax credits and loss carryforwards. Our ability to realize these deferred tax assets through their use to offset future taxable income may be significantly limited if we experience an ownership change, as defined by Section 382 of the IRC. In general, an ownership change under Section 382 occurs if the percentage of stock owned by an entity’s 5% stockholders (as defined for tax purposes) increases by more than 50 percentage points over a rolling three-year period. Such an ownership change has occurred several times in the Company’s history, although during the periods in which such prior ownership changes occurred, the Company had placed a 100% valuation allowance on its deferred tax assets. The limitation on our ability to utilize these credits and tax loss carryforwards that could arise from an ownership change under Section 382 would depend on the value of our equity at the time of any ownership change. If we were to experience an ownership change, it is possible that a significant portion of our tax loss and credit carryforwards could expire before we would be able to use them to offset future taxable income and could result in the recognition of loss associated with the reduced value of the Company’s deferred tax assets.

Future changes in financial accounting standards may cause adverse unexpected operating results and affect our reported results of operations.

Changes in accounting standards can have a significant effect on our reported results and may affect our reporting of transactions completed before the change is effective. See Note 1 to our Consolidated Financial Statements for further discussion. New pronouncements and varying interpretations of pronouncements have occurred and may occur in the future. Changes to existing rules or differing interpretations with respect to our current practices may adversely affect our reported financial results.

Because we currently qualify as a "smaller reporting company," our disclosures of non-financial and financial information are less than is required by non-smaller reporting companies.

Currently we qualify as a "smaller reporting company" under SEC rules. A smaller reporting company prepares and files SEC reports and registration statements using the same forms as other SEC reporting companies, though the information required to be disclosed may differ and be less comprehensive.

We cannot predict whether investors will find our common stock less attractive because of our reliance on any of the reduced disclosure requirements available to smaller reporting companies. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

The price of our common stock may fluctuate significantly.

The trading price of our shares of common stock has from time to time fluctuated widely and, in the future may be subject to similar fluctuations. Our average daily volume traded is extremely low and even smaller amounts of activity can cause significant movements in the price of our common stock. This volatility may affect the price at which you could sell your common stock. The market price of our common stock is likely to continue to be volatile and may fluctuate significantly in response to many factors, including:

- the impact of public health concerns on our business;
- operating results that vary from the expectations of management, securities analysts and investors;
- developments in our business;
- the operating and securities price performance of companies that investors consider to be comparable to us;
- announcements of implementation of strategic transactions or developments and other material events by us or our competitors;
- negative economic conditions that adversely affect the economy, commodity prices, the job market and other factors that may affect the markets in which we operate;
- publication of research reports about us or the sectors in which we operate generally;
- changes in market valuations of similar companies;
- news, publication of research reports, or speculation related to companies similar to us
- additions or departures of key management personnel;
- actions by institutional shareholders;
- speculation in the press, investment community, or on social media about our company, our stock or similar companies or of their stock;
- increased trading volume in our stock caused by individual or algorithmic trading activity; and
- the realization of any of the other risk factors included in this Annual Report on Form 10-K.

Holders of our common stock will be subject to the risk of volatile and depressed market prices of our common stock. In addition, many of the factors listed above are beyond our control. These factors may cause the market price of our common stock to decline, regardless of our financial condition, results of operations, business or prospects. It is impossible to assure investors in our common stock that the market price of our common stock will not fall in the future.

Sales of a substantial number of shares of our common stock in the public market by our existing shareholders could cause our stock price to fall.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales might occur, could depress the market price of our common stock and could impair our ability to raise adequate capital through the sale of additional equity securities. We are unable to predict the effect that sales may have on the prevailing market price of our common stock.

There may be future sales or other dilution of our equity, which may adversely affect the market price of the shares of our common stock and/or dilute the value of shares of our common stock.

We are not restricted from issuing, and shareholder approval is not required in order to issue, additional shares of common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, shares of common stock, except any shareholder approval required by The NASDAQ Capital Markets. We have in the past, and may in the future, sell such equity and equity-linked securities. Sales of a substantial number of shares of our common stock or other equity-related securities in the public market could depress the market price of our shares of common stock. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our shares of common stock. The market price of our common stock may be adversely affected if we issue additional shares of our common stock.

Provisions in our articles of incorporation and bylaws and provisions of Nevada law may prevent or delay an acquisition of our company, which could decrease the trading price of our common stock.

We are subject to anti-takeover laws for Nevada corporations. These anti-takeover laws prevent a Nevada corporation from engaging in a business combination with any shareholder, including all affiliates and associates of the shareholder, who is the beneficial owner of 10% or more of the corporation's outstanding voting stock, for two years following the date that the shareholder first became the beneficial owner of 10% or more of the corporation's voting stock, unless specified conditions are met. If those conditions are not met, then after the expiration of the two-year period the corporation may not engage in a business combination with such shareholder unless certain other conditions are met.

Our articles of incorporation and our bylaws contain several provisions that may deter or impede takeovers or changes of control or management. These provisions:

- authorize our board of directors to establish one or more series of preferred stock the terms of which can be determined by the board of directors at the time of issuance;
- do not allow for cumulative voting in the election of directors unless required by applicable law. Under cumulative voting a minority shareholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors;
- state that special meetings of our shareholders may be called only by the chairman of the board of directors, the president or any two directors and must be called by the president upon the written request of the holders of 25% of the outstanding shares of capital stock entitled to vote at such special meeting; and
- provide that the authorized number of directors is no more than five, as determined by our board of directors.

These provisions, alone or in combination with each other, may discourage transactions involving actual or potential changes of control, including transactions that otherwise could involve payment of a premium over prevailing market prices to shareholders for their common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company recognizes the critical importance of maintaining the safety and security of our systems and data amidst an ever-evolving landscape of cybersecurity threats and has adopted a process for overseeing and managing cybersecurity and related risks.

Our approach to cybersecurity encompasses a wide range of strategies, practices, and technologies designed to safeguard our systems and data. This process involves continuous monitoring, risk assessment, implementation of advanced security measures, and regular updates to our protocols to address emerging threats.

As of the date of this report, we are not aware of any cybersecurity incidents that have had a material effect on our operations, business, results of operations, or financial condition.

Cybersecurity Risk Management and Strategy

As part of the Company's overall risk management strategy, the Company has instituted a cybersecurity risk management program and a set of procedures to protect, identify, detect, respond to, and manage reasonably foreseeable cybersecurity risks and threats. A variety of security tools are utilized to prevent, identify, investigate, address, and recover from identified vulnerabilities and security incidents. We employ security technologies, including firewalls, encryption, intrusion detection systems, and multi-factor authentication. In addition, we purchase cybersecurity insurance through a reputable carrier, which includes access to a breach coach and a preferred panel of experienced, qualified vendors to respond to an actual attack.

There can be no assurances that our cybersecurity risk management program, including policies, controls, or procedures will be effective in preventing successful attacks on our information technology infrastructure or digital assets, or that the limits of our cybersecurity policy will be sufficient to cover losses which could be incurred in a successful attack.

Personnel and Third-Party Engagement

Our Information Technology department is led by the Director of Technology and Innovation who has more than twenty-five years of experience in technology management and cybersecurity, conducts regular risk assessments and continuously monitors our networks and systems.

The Company engages third-party risk security vendors to identify, mitigate, and remediate cybersecurity risks. A third-party vendor is utilized to perform quarterly scans of all our network endpoints. Any issues identified by the scans are remediated. Annual penetration tests are conducted, which simulate real-world threats, including social engineering threats, to the Company's network and other digital assets. These tests include comprehensive "Dark Web" searches of all domain user emails. We require the annual submission of SOC 1 security certificates from third-party vendors that provide systems underlying our financial reporting infrastructure or with access to our financial and sales data.

Governance

The Director of Technology and Innovation's presentation at the Company's monthly senior leadership meeting, led by the CEO, includes the results of the most recent scans and routine testing. Should a cybersecurity incident occur, the Director of Technology and Innovation is required to immediately report it to the CEO, who is required to report any material cybersecurity breach promptly to the Company's Board of Directors.

The Board of Directors is acutely aware of the critical nature of managing risks associated with cybersecurity threats. The Audit Committee has the primary responsibility to oversee effective governance in managing risks associated with cybersecurity threats. At each quarterly Audit Committee meeting, Management presents a cybersecurity update, which includes results of testing by third-party vendors and any suspected cybersecurity incidents.

ITEM 2. PROPERTIES

We currently lease approximately 7,650 square feet of space for our executive offices in Golden, Colorado for approximately $130,000 per year, under a lease agreement which expires in October 2027.

Most of our existing Good Times restaurants are a combination of free-standing structures containing approximately 880 to 1,000 square feet for the double drive-thru format and approximately 2,100 to 2,400 square feet for those locations with a 45 to 70-seat dining room. Except for one Good Times restaurant where we own both the land and building underlying, we do not own the land underlying these restaurants and either lease the land or the land and building. In addition, we have several restaurants that are conversions from other concepts in various sizes ranging from 1,700 square feet to 3,500 square feet. The buildings are situated on lots of approximately 16,000 to 50,000 square feet. Any future development is expected to be conducted through a combination of ground leases and land purchases.

Our Bad Daddy's restaurants are leased spaces of approximately 3,500 to 4,000 square feet in retail developments located in Alabama, Colorado, Georgia, North Carolina, Oklahoma, South Carolina, and Tennessee. We expect future development to be conducted through the leasing of end-cap spaces in retail developments, ground leases, and or land purchases upon which we would be able to build 3,500 – 4,000 square foot standalone building suitable for restaurants, or if the site characteristics otherwise met our criteria, larger sites where we would be able to construct multi-tenant buildings, where we would be able to occupy a portion of the space with a Bad Daddy's restaurant and lease other portions of the building to restaurant or non-restaurant tenants.

All of the restaurants are regularly maintained by our repair and maintenance staff as well as by outside contractors, when necessary. We believe that all of our properties are in good condition and that there will be a need for periodic capital expenditures to maintain the operational and aesthetic integrity of our properties for the foreseeable future, including recurring maintenance and periodic capital improvements. All of our properties are covered up to replacement cost under our property and casualty insurance policies and in the opinion of management are adequately covered by insurance. Our restaurants serve as collateral for the Cadence Credit Facility as discussed in the Notes to Consolidated Financial Statements included in this report.

ITEM 3. LEGAL PROCEEDINGS

There may be various claims in process, matters in litigation, and other contingencies brought against the Company by employees, vendors, customers, franchisees, or other parties. Evaluating these contingencies is a complex process that may involve substantial judgment on the potential outcome of such matters, and the ultimate outcome of such contingencies may differ from our current analysis. We regularly review the adequacy of accruals and disclosures related to such contingent liabilities in consultation with legal counsel. While it is not possible to predict the outcome of these claims with certainty, it is management's opinion that any reasonably possible losses associated with such contingencies have been adequately accrued or would be immaterial to our financial statements.

The Company was the defendant in a lawsuit styled as White Winston Select Asset Funds, LLC and GT Acquisition Group, Inc. v. Good Times Restaurants, Inc., arising from the failed negotiations between plaintiffs and the Company for the sale of the Good Times Drive Thru subsidiary to plaintiffs. The lawsuit was initially filed on September 24, 2019, in Delaware Chancery Court, and the Company removed the case to federal court in the US District Court for the District of Delaware on November 5, 2019. On July 30, 2021, the plaintiffs moved the Court for leave to amend their complaint and add new causes of action and a claim for $18 million in damages. On January 25, 2023, the Court rendered judgment dismissing the plaintiffs' claims in their entirety and denying all of the requested relief.

The plaintiffs filed a notice of appeal of the Court's January 25, 2023, decisions. Good Times, in turn, filed a notice of appeal of the Court's previous dismissal of its counterclaim against the plaintiffs. On March 1, 2024, the court of appeals issued a ruling affirming the trial court's dismissal of the plaintiffs' claims and reversed the trial court's previous dismissal of Good Times' own claim for the plaintiffs' breach of their covenant not to sue Good Times. The court of appeals ordered that Good Times' counterclaim be remanded to the trial court for further consideration. Due to this favorable decision, during the quarter ended March 26, 2024, we reversed our previous contingency reserve of $332,000. The plaintiffs petitioned the court of appeals for rehearing on its reversal of the trial court's dismissal of Good Times' counterclaim. On June 20, 2024, the court of appeals affirmed its previous reversal of the trial court's dismissal of Good Times' counterclaim. The trial court considered the issue of White Winston's liability to Good Times and Good Times' claimed damages which exceeded $3 million and consisted largely of Good

Times’ legal fees. The trial court ordered the parties to submit briefing on the issue of damages. On April 11, 2025, the Court-appointed special master issued a recommendation that Good Times recover damages in the amount of $3.826 million plus pre- and post-judgment interest. White Winston filed a written objection to the Special Master’s recommendation, and Good Times filed a written response. On July 30, 2025, the Court entered a final judgment in Good Times’ favor in the amount of $3,826,715.07 in damages, $813,845.34 in pre-judgment interest, and post-judgment interest at a rate of 9.5% per annum. Following the end of Good Times’ 2025 fiscal year, the parties reached a preliminary agreement, subject to final documentation, to resolve Good Times’ claims against White Winston for an amount significantly less than this judgment. Final documentation of this settlement will conclude the litigation.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED SHAREHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Shares of our Common Stock are listed for trading on the NASDAQ Capital Market under the symbol "GTIM". As of the date of this filing, there were approximately 45 holders of record of our common stock. Because many shares of our common stock are held by brokers and other institutions on behalf of shareholders, we are unable to estimate the total number of shareholders represented by these holders of record.

Dividend Policy

We have never paid dividends on our common stock and at the present time do not anticipate paying dividends in the immediate future. In addition, the Cadence Credit Facility places restrictions on the payment of dividends. Any ability to pay future dividends would necessarily depend on our earnings, financial condition and willingness of our lender to allow for the payment of dividends.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities

The Company's Board of Directors authorized a $5 million share repurchase program which became effective February 7, 2022. On December 12, 2024, the Company announced a $2 million expansion of its existing share repurchase program, which now provides authorization for a total of $7 million dollars of aggregate share repurchases. The authorization to repurchase will continue until the maximum value of shares is achieved or the Company terminates the program. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions, restrictions in purchases associated with the Cadence Credit Facility, and alternative investment opportunities. As of September 30, 2025, the Company has purchased approximately 1,822,246 shares of its common stock pursuant to the share repurchase plan leaving approximately $1,981,000 available for repurchases under the plan.

Period	Total number of shares (or units) purchased	Average price paid per share (or unit)	Total number of shares (or units) purchased as part of publicly announced plans or programs	Maximum dollar value of shares that may yet be purchased under the plans or programs
7/02/2025 – 7/29/2025	15,600	$ 1.73	15,600	
7/30/2025 – 8/26/2025	-	-	-	
8/27/2025 – 9/30/2025	-	-	-	
Total	15,600		15,600	$ 1,981,000

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K.

Overview

We operate as two reportable business segments: Good Times Burgers and Frozen Custard ("Good Times") and Bad Daddy's Burger Bar ("Bad Daddy's"). All of our Good Times restaurants compete in the quick-service drive-thru segment of the restaurant industry while our Bad Daddy's restaurants compete in the full-service casual dining segment of the restaurant industry. We believe that providing this additional financial information for each of our brands will provide a better understanding of our overall operating results. Refer to Note 10, *Segment Reporting*, in the notes to our consolidated financial statements for more information.

The Company's fiscal year is a 52/53-week year ending on the last Tuesday of September. In a 52-week fiscal year, each of the Company's quarterly periods comprises 13 weeks. The additional week in a 53-week fiscal year is added to the first quarter, making such quarter consist of 14 weeks. Our discussion for the fiscal years ending September 30, 2025 and September 24, 2024 each cover periods of 53 and 52 full calendar weeks, respectively. Fiscal 2026 will consist of 52 weeks and end on September 29, 2026.

The following tables present information about our reportable segments for the respective periods, all dollar values are represented in thousands:

	Fiscal Year			
	2025 (53 Weeks)		2024 (52 Weeks)	
Bad Daddy's:				
Restaurant sales	$ 101,385	99.2%	$ 103,539	99.6%
Franchise and other revenues	825	0.8%	367	0.4%
Restaurant operating costs: (1)				
Food and packaging costs	31,520	31.1%	32,155	31.1%
Payroll and employee benefit costs	35,325	34.8%	35,831	34.6%
Restaurant occupancy and other costs	22,031	21.7%	22,160	21.4%
Depreciation & amortization	2,950	2.9%	2,921	2.8%
Total restaurant operating costs	$ 91,826	90.6%	$ 93,067	89.9%
General & administrative costs (2)	2,596	2.5%	3,037	2.9%
Advertising costs	1,894	1.9%	1,876	1.8%
Asset impairment costs	466	0.5%	689	0.7%
(Gain) loss on lease terminations and asset disposals	(459)	(0.4%)	23	0.0%
Income from operations	5,887	5.8%	5,214	5.0%
Good Times:				
Restaurant sales	$ 39,229	99.5%	$ 38,016	98.8%
Franchise and other revenues	191	0.5%	455	1.2%
Restaurant operating costs: (1)				
Food and packaging costs	12,367	31.5%	11,549	30.4%
Payroll and employee benefit costs	13,952	35.6%	12,858	33.8%
Restaurant occupancy and other costs	9,385	23.9%	8,403	22.1%
Depreciation & amortization	964	2.5%	793	2.1%
Preopening costs	8	0.0%	-	0.0%
Total restaurant operating costs	$ 36,676	93.5%	$ 33,603	88.4%
General & administrative costs (2)	1,681	4.3%	1,898	4.9%
Litigation contingencies	-	0.0%	(332)	(0.9%)
Advertising costs	1,418	3.6%	1,355	3.5%
Asset impairment costs	161	0.4%	9	0.0%
Gain on restaurant asset sale and asset disposals	(27)	(0.1%)	(21)	(0.1%)
(Loss) income from operations	$ (489)	(1.2%)	$ 1,959	5.1%
Other:				
Franchise and other revenues	$ -	0.0%	$ 3	0.0%
Restaurant operating costs: (1)				
Restaurant occupancy and other costs	(449)	(0.3%)	(188)	(0.1%)
Depreciation & amortization	40	0.0%	41	0.0%
Total restaurant operating costs	$ (409)	(0.3%)	$ (147)	(0.1%)
General & administrative costs	5,457	3.9%	5,646	4.0%
Advertising costs	3	0.0%	297	0.2%
Loss on asset disposals	17	0.0%	-	0.0%
Loss from operations	$ (5,068)	(3.6%)	$ (5,793)	(4.1%)

Prior to fiscal 2025, certain general and administrative expenses now included in Other were combined and reported with our Bad Daddy's segment. In order to better align with our internal reporting and provide a better representation of restaurant-level operations, beginning with fiscal 2025, these expenses have been removed from the Bad Daddy's segment and are now stated separately in Other. Fiscal 2024 figures were recast for comparability. Unallocated costs such as human resources, finance, purchasing, restaurant development and administration are recorded at the Corporate level and are included in Other. The amounts reported for each reportable business segment contain allocations from Corporate for items such as technology support, repair and maintenance, marketing and restaurant accounting. In addition, Corporate collects rent from the Good Times segment related to one restaurant for which Corporate owns the real estate. There are no material transactions between our reportable business segments.

(1) Restaurant operating costs are expressed as a percentage of restaurant sales.
(2) Includes direct and allocated corporate general and administrative costs.

Bad Daddy's Restaurants

We currently operate thirty-seven company-owned Bad Daddy's restaurants. We also license one restaurant in North Carolina.

Good Times Burgers & Frozen Custard Restaurants

We currently operate twenty-seven company-owned and joint-venture Good Times restaurants all in the state of Colorado. In addition, we have three Good Times franchise restaurants, one operating in Colorado and two in Wyoming.

Impact of Inflation at Both Concepts

Commodity prices have been more stable during fiscal 2025 relative to the prior 3 years, with dairy byproducts, chicken, and eggs moderating. Though beef and bacon were at or are near record highs during the last quarter of fiscal 2025, they have recently began to decrease.

There is continued uncertainty regarding the degree of inflation and its associated impact on our business related to tariffs that have been implemented or threatened to be imposed on other countries, some of which are sources of food and packaging supplies for our business.

In addition to food and supplies cost inflation, we have experienced the need to meaningfully increase wages to attract restaurant employees. While we are hopeful that wage rate inflation moderates as overall inflation, as evidenced by the Consumer Price Index (CPI-U), has moderated the persistent shortage of qualified workers, and in Colorado inflation-indexed statutory wage rate increases continue to place upward pressure on wages.

We have historically used menu price increases to manage profitability in times of inflation, however the current unusually high rate of wage inflation, exceeds what we believe we can reasonably pass through to our customers without negatively affecting frequency and trial by our customers, and we are not able to predict the impact of beef price inflation or our ability to offset the potential increase in cost of beef with menu price increases.

Same Store Sales

Same store sales for each brand represent the comparison of restaurant sales in the current year, to the same comparable weeks in the immediately preceding fiscal year for those stores open for at least 18 months. Same store sales is a commonly used metric in the restaurant industry and management believes it is an indicator of strength of a brand and its existing restaurant locations. Further, management believes that by excluding growth achieved through new unit development, same store sales provide a metric that measures organic growth within the Company’s existing restaurants.

Results of Operations for Fiscal 2025 Compared to Fiscal 2024

Net Revenues: Net revenues for fiscal 2025 decreased $750,000 (0.5%) to $141,630,000 from $142,380,000 for fiscal 2024. Bad Daddy’s concept revenues decreased $1,696,000 while our Good Times concept revenues increased $949,000.

Bad Daddy’s restaurant sales decreased $2,154,000 to $101,385,000 in fiscal 2025 from $103,539,000 in fiscal 2024. This decrease is a result of the closure of one restaurant near the end of fiscal 2024, reduced customer traffic and by negative mix shift attributable to the success of the Company’s smashed patty burgers, partially offset by an additional week in the first fiscal quarter versus the prior year first fiscal quarter and menu price increases. Bad Daddy’s same store restaurant sales, also referred to as comparable sales, decreased 2.1% during fiscal 2025 compared to fiscal 2024. Bad Daddy’s restaurants are included in same store sales after they have been open a full eighteen months. This decrease is primarily driven by reduced customer traffic and value offered through drink specials and discounted sides, partially offset by menu price increases. The average menu price increase was approximately 3.3% in 2025 over 2024. There were thirty-eight restaurants included in the same store sales base at the end of the fiscal year. Additionally, net revenues for fiscal 2025 were increased by gift card breakage of $439,000 and license fees of $19,000 compared to the prior fiscal year.

Additional sales data related to Bad Daddy’s company-owned restaurants:

	Fiscal Year	
	2025	**2024**
Total operating store weeks	2,065.0	2,074.5
Average sales per week	$ 49,100	$ 49,900
Annualized net sales per square foot [(1)]	$ 677	$ 677

[(1)] Based on comparable stores for the full fiscal year.

Good Times restaurant sales increased $1,213,000 to $39,229,000 in fiscal 2025 from $38,016,000 in fiscal 2024. This increase is driven by the first quarter 2025 acquisition of two Good Times restaurants, the third quarter 2024 acquisition of one Good Times restaurant, previously owned by franchisees, the third quarter 2024 temporary closure of one Good Times restaurant for remodel, and an additional week in the first fiscal quarter versus the prior year first fiscal quarter, partially offset by the fourth quarter 2024 closure of one Good Times restaurant as well as the first quarter 2025 temporary closure of one Good Times restaurant for remodel, and reduced customer traffic. Same store restaurant sales decreased 5.0% during fiscal 2025 compared to fiscal 2024. This decrease is primarily due to decreased customer traffic, partially offset by a menu price increase. The average menu price increase in fiscal 2025 over fiscal 2024 was approximately 1.0%. Additionally, revenues for fiscal 2025 decreased by $264,000 in lower franchise revenues compared to fiscal 2024, primarily due to the acquisition of two Good Times restaurants previously owned by a franchisee in early fiscal 2025 as well as the acquisition of one Good Times restaurant previously owned by a franchisee in the third fiscal quarter of 2024. Fiscal 2025 and fiscal 2024 for Good Times include franchise advertising contributions of $68,000 and $179,000, respectively.

Average Good Times restaurant sales for company-owned and joint venture restaurants open the entire 2025 and 2024 fiscal years were as follows:

	Fiscal Year	
	2025	2024
Average annual unit volume	$1,468,000	$1,538,000

During fiscal 2025, company-operated Good Times restaurants' sales for restaurants that had been open a full eighteen months ranged from a low of $980,755 to a high of $2,532,226.

Food and Packaging Costs: For fiscal 2025, food and packaging costs increased $183,000 to $43,887,000 (31.2% of restaurant sales) compared to $43,704,000 (30.9% of restaurant sales) in fiscal 2024.

Bad Daddy's food and packaging costs were $31,520,000 (31.1% of restaurant sales) in fiscal 2025, down from $32,155,000 (31.1% of restaurant sales) in fiscal 2024. This decrease is primarily attributable to the closure of one Bad Daddy's restaurant during the fourth quarter of fiscal 2024, lower average unit volumes, and lower purchase prices, primarily for chicken wings and potatoes, partially offset by an additional week in the first fiscal quarter versus the prior year first fiscal quarter and increased ground beef costs.

Good Times food and packaging costs were $12,367,000 (31.5% of restaurant sales) in fiscal 2025, up from $11,549,000 (30.4% of restaurant sales) in fiscal 2024. This increase is driven by the first quarter 2025 acquisition of two Good Times restaurants, the third quarter 2024 acquisition of one Good Times restaurant, previously owned by franchisees, the third quarter 2024 temporary closure of one Good Times restaurant for remodel, an additional week in the first fiscal quarter versus the prior year first fiscal quarter, partially offset by the fourth quarter 2024 closure of one Good Times restaurant as well as the first quarter 2025 temporary closure of one Good Times restaurant for remodel. The increase, as a percent of sales, is primarily attributable to higher purchase prices on ground beef and eggs, partially offset by the impact of the 1.0% increase in menu pricing compared to the prior year.

Payroll and Other Employee Benefit Costs: For fiscal 2025, payroll and other employee benefit costs increased $588,000 to $49,277,000 (35% of restaurant sales) compared to $48,689,000 (34.4% of restaurant sales) in fiscal 2024.

Bad Daddy's payroll and other employee benefit costs were $35,325,000 (34.8% of restaurant sales) for fiscal 2025, down from $35,831,000 (34.6% of restaurant sales) in fiscal 2024. The $506,000 decrease is primarily attributable to the fourth fiscal quarter 2024 closure of one Bad Daddy's restaurant, as well as reduced restaurant-level incentive compensation, partially offset by an additional week in the first fiscal quarter versus the prior year first fiscal quarter and decreased labor productivity. As a percent of sales, payroll and employee benefits costs increased by 0.2% primarily attributable to decreased labor productivity resulting from the deleveraging impact of lower sales, partially offset by reduced incentive compensation as well as the impact of the 3.3% increase in average menu pricing.

Good Times payroll and other employee benefit costs were $13,952,000 (35.6% of restaurant sales) in fiscal 2025, up from $12,858,000 (33.8% of restaurant sales) in fiscal 2024. The $1,094,000 increase is primarily attributable to the first quarter 2025 acquisition of two Good Times restaurants, and the third fiscal quarter 2024 acquisition of one Good Times restaurant, previously owned by franchisees, the third quarter 2024 temporary closure of one Good Times restaurant for remodel, an additional week in the first fiscal quarter versus the prior year first fiscal quarter and decreased labor productivity, partially offset by the fourth quarter 2024 closure of one Good Times restaurant as well as the first quarter 2025 temporary closure of one Good Times restaurant for remodel. As a percent of sales, payroll and employee benefits costs increased by 1.8% in fiscal 2025 compared to fiscal 2024. This increase was primarily attributable to higher average wage rates and decreased labor productivity resulting from the deleveraging impact of lower sales, partially offset by decreased incentive compensation.

Occupancy Costs: Occupancy costs include rent, real and personal property taxes, common area maintenance expenses, licenses and insurance expenses. For fiscal 2025, occupancy costs increased $143,000 from $10,087,000 (7.1% of restaurant sales) in fiscal 2024 to $10,230,000 (7.3% of restaurant sales).

Bad Daddy's occupancy costs were $6,658,000 (6.6% of restaurant sales) for fiscal 2025, down from $6,796,000 (6.6% of restaurant sales) in fiscal 2024, the notional decrease resulting primarily from the restaurant closed in the fourth quarter of fiscal 2024.

Good Times occupancy costs were $3,655,000 (9.3% of restaurant sales) in fiscal 2025, up from $3,411,000 (9.0% of restaurant sales) in fiscal 2024. The increase was primarily due to the first quarter 2025 acquisition of two Good Times restaurants, and the third fiscal quarter 2024 acquisition of one Good Times restaurant, previously owned by franchisees, partially offset by the closure of one Good Times restaurant during the fourth quarter of fiscal 2024.

Other Operating Costs: For fiscal 2025, other operating costs increased $449,000 to $20,737,000 (14.7% of restaurant sales) up from $20,288,000 (14.3% of restaurant sales) in fiscal 2024.

Bad Daddy's other operating costs were $15,373,000 (15.2% of restaurant sales) for fiscal 2025, up from $15,364,000 (14.8% of restaurant sales) in fiscal 2024. As a percent of sales, other operating costs increased by 0.4% in fiscal 2025 compared to fiscal 2024. This increase was primarily attributable to higher repair and maintenance, utility and technology expenses.

Good Times other operating costs were $5,730,000 (14.6% of restaurant sales) in fiscal 2025, up from $4,992,000 (13.1% of restaurant sales) in fiscal 2024. As a percent of sales, other operating costs increased by 1.5% in fiscal 2025 compared to fiscal 2024. This increase was primarily attributable to higher repair and maintenance, technology and utility expenses.

New Store Preopening Costs: For fiscal 2025, preopening costs were $8,000 compared to no preopening costs for fiscal 2024. The current fiscal year costs primarily relate to training costs incurred as part of our two Good Times restaurant acquisitions.

Depreciation and Amortization Costs: Depreciation and amortization includes depreciation on capital expenditures for restaurants and corporate assets as well as amortization of acquired franchise rights and leasehold interests. For fiscal 2025, depreciation and amortization costs increased $199,000 to $3,954,000 compared to $3,755,000 in fiscal 2024. The increase is primarily due to additional company-owned restaurants and restaurant remodels.

Bad Daddy's depreciation costs increased $29,000 from $2,921,000 in fiscal 2024 to $2,950,000 in fiscal 2025.

Good Times depreciation costs increased $171,000 from $793,000 in fiscal 2024 to $964,000 in fiscal 2025.

General and Administrative Costs: General and administrative costs include all corporate and administrative functions. Components of this category include accounting and administrative costs, regional and franchise support salaries and benefits; professional and consulting fees; travel; corporate information systems; training; board of directors' expenses; office rent; and legal expenses. For fiscal 2025, general and administrative costs decreased $847,000 from $10,581,000 (7.4% of total revenue) in fiscal 2024 to $9,734,000 (6.9% of total revenue) in fiscal 2025.

The $847,000 decrease in general and administrative expenses in fiscal 2025 is primarily attributable to:

- Decrease in third party accounting fees of $505,000 related to insourcing of accounting
- Decrease in legal fees and settlement costs of $382,000
- Decrease in costs associated with multi-unit supervisory roles of $197,000
- Increase in home office payroll and benefits of $170,000
- Increase in technology related expenses of $141,000
- Net decreases in all other expenses of $74,000.

Advertising Costs: For fiscal 2025, advertising costs decreased $213,000 from $3,528,000 (2.5% of total revenues) in fiscal 2024 to $3,315,000 (2.3% of total revenues) in fiscal 2025.

Bad Daddy's advertising costs increased $18,000 from $1,876,000 (1.8% of total revenues) in fiscal 2024 to $1,894,000 (1.9% of total revenues) in fiscal 2025. The increase is primarily due to increases in TV and outdoor media partially offset by a decrease in social media advertising. Bad Daddy's advertising costs consist primarily of third-party gift card commissions, menu development, printing costs, local store marketing and social media. All restaurants contribute to an advertising materials fund based on a percentage of restaurant sales.

Good Times advertising costs increased $63,000 from $1,355,000 (3.5% of total revenues) in fiscal 2024 to $1,418,000 (3.6% of total revenues) in fiscal 2025. The increase is primarily due to increased outdoor and social media expenses, sponsorships and agency fees, partially offset by decreased radio media expense. Good Times advertising costs consist primarily of radio advertising, agency fees and social media. Advertising costs are presented gross, with franchisee contributions to the fund being recognized as a component of franchise revenues.

(Gain) loss on lease terminations and asset disposals: For fiscal 2025, the net gain on lease terminations and asset disposals was $469,000 compared to a net loss of $2,000 in fiscal 2024. The net gain in fiscal 2025 is primarily due to gains on lease terminations related to three Bad Daddy's locations. The net loss in fiscal 2024 was primarily due to restaurant fixed asset retirements, mostly offset by a deferred gain on previous sale lease-back transactions related to two Good Times restaurants.

Long-lived Asset Impairment Charges: For fiscal 2025, the asset impairment charge was $627,000 compared to $698,000 in fiscal 2024. We review long-lived assets and intangibles subject to amortization for impairment when there are factors that indicate the carrying value of such assets may not be recoverable. The current year impairment costs are primarily attributable to the impairment of lease right-of-use assets for two Bad Daddy's locations, the impairment of one Good Times location, as well as new assets deployed in restaurants where impairment was previously assessed and the Company's current analysis indicated impairment of assets associated with those restaurants. During fiscal 2024 we recorded non-cash impairment charges of $689,000 and $9,000 related to Bad Daddy's and Good Times, respectively.

Litigation Contingencies: There were no litigation contingency costs during fiscal 2025. There was $332,000 of income related to the adjustment of the Company's litigation contingency reserve during fiscal 2024.

Income from Operations: Income from operations was $330,000 in fiscal 2025 compared to $1,380,000 in fiscal 2024. The change from fiscal 2024 to fiscal 2025 was primarily attributable to matters discussed in the relevant sections above.

Interest Expense: Interest expense was $196,000 during fiscal 2025, compared with $125,000 during fiscal 2024.

Provision for Income Taxes: There was an $824,000 benefit from income taxes for fiscal 2025, compared to a $624,000 benefit for fiscal 2024. The primary driver of the tax benefit for both fiscal 2025 and 2024 were changes in available tax credits. See Note 7 to the Consolidated Financial Statements included in this report for further information.

Net Income: Net income for fiscal 2025 was $1,098,000 compared to net income of $1,879,000 in fiscal 2024. The change from fiscal 2024 to fiscal 2025 was primarily attributable to the matters discussed in the relevant sections above.

Income Attributable to Non-Controlling Interests: The non-controlling interest represents the limited partner's share of income in the Good Times restaurants owned by a partnership in which the Company is the controlling partner.

For fiscal 2025, the income attributable to non-controlling interests was $74,000 compared to $266,000 for fiscal 2024. This $192,000 decrease is primarily due to decreased profitability during the fiscal year of the six restaurants involved in the partnership.

Adjusted EBITDA

EBITDA is defined as net income before interest, income taxes and depreciation and amortization.

Adjusted EBITDA is defined as EBITDA, adjusted for non-cash stock-based compensation expense, preopening expense, non-recurring acquisition costs, non-cash disposal of assets, litigation contingencies, and non-cash asset impairment charges. Adjusted EBITDA is intended as a supplemental measure of our performance that is not required by or presented in accordance with GAAP. We believe that EBITDA and Adjusted EBITDA provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and operating results. Our management uses EBITDA and Adjusted EBITDA (i) as a factor in evaluating management's performance when determining incentive compensation and (ii) to evaluate the effectiveness of our business strategies.

We believe that the use of EBITDA and Adjusted EBITDA provides an additional tool for investors to use in evaluating ongoing operating results and trends and in comparing the Company's financial measures with other restaurants, which may present similar non-GAAP financial measures to investors. In addition, you should be aware when evaluating EBITDA and Adjusted EBITDA that in the future we may incur expenses similar to those excluded when calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies do not calculate Adjusted EBITDA in the same fashion.

Our management does not consider EBITDA or Adjusted EBITDA in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of EBITDA and Adjusted EBITDA is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements. Some of these limitations are:

- Adjusted EBITDA does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect any cash requirements for such replacements;
- Stock based compensation expense is and will remain a key element of our overall long-term incentive compensation package, although we exclude it as an expense when evaluating our ongoing performance for a particular period;
- Adjusted EBITDA does not reflect the impact of certain cash charges resulting from matters we consider not to be indicative of our ongoing operations; and
- Other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, Adjusted EBITDA should not be considered in isolation or as a substitute for performance measures calculated in accordance with GAAP. We compensate for these limitations by relying primarily on our GAAP results and using Adjusted EBITDA only as a supplementary measure. You should review the reconciliation of net income to EBITDA and Adjusted EBITDA below and not rely on any single financial measure to evaluate our business.

The following table reconciles net income to EBITDA and Adjusted EBITDA *(in thousands)*:

	Fiscal Year 2025	Fiscal Year 2024
Net income attributable to common shareholders, as reported	**$ 1,024**	**$ 1,613**
Depreciation and amortization	4,049	3,849
Depreciation and amortization attributable to non-controlling interest	(101)	(92)
Provision for income taxes	(824)	(624)
Interest expense, net	196	125
EBITDA	4,344	4,871
Preopening expense [(1)]	8	-
Non-cash stock-based compensation [(2)]	112	134
Non-cash gain on lease terminations and disposal of assets [(3)]	(763)	2
Non-cash gain on disposal of assets attributable to non-controlling interest	(3)	(10)
Litigation contingencies	-	(332)
Asset impairment charges [(4)]	627	698
Adjusted EBITDA	$ 4,325	$ 5,363

(1) Represents expenses directly associated with the opening of new restaurants, including preopening rent.
(2) Represents non-cash stock-based compensation as described in Note 8 to the Consolidated Financial Statements.
(3) Primarily related to gains on lease terminations as well as fixed asset disposals and deferred gains on previous sale-leaseback transactions on two Good Times restaurants.
(4) Represents costs recognized in connection with the asset impairment charges as described in Note 1 to the Consolidated Financial Statements.

Liquidity and Capital Resources

Cash and Working Capital

As of September 30, 2025, we had a working capital deficit of $9,124,000. Our working capital position benefits from the fact that we generally collect cash from business-to-customer sales the same day, or in the case of credit or debit card transactions, within a few days of the related sale and have payment terms with vendors that are typically between 14 and 21 days. Our current working capital deficit is additionally affected by the recognition of short-term lease liabilities, as we lease substantially all of our real estate and have both current- and long-term obligations to our landlords. We believe that we will have sufficient capital to meet our working capital, and recurring capital expenditure needs in fiscal 2026. We anticipate any commitments in fiscal 2026 will be funded out of existing cash or future borrowings against the Cadence Credit Facility.

Financing

Cadence Credit Facility

The Company and its wholly owned subsidiaries (the “Subsidiaries”) maintain an amended and restated credit agreement with Cadence Bank (“Cadence”) pursuant to which, Cadence agreed to loan the Company up to $8,000,000, which has a maturity date of April 20, 2028 (as amended to date, the “Cadence Credit Facility”). The Cadence Credit Facility amended and restated the Company’s prior credit facility with Cadence in its entirety. The Cadence Credit Facility accrues commitment fees on the daily unused balance of the facility at a rate of 0.25%. The loans may from time to time consist of a mixture of SOFR Rate Loans and Base Rate Loans with differing interest rates based upon varying additions to the Federal Funds Rate, the Cadence prime rate or Term SOFR. Each of the Subsidiaries are guarantors of the Cadence Credit Facility.

Proceeds from the Cadence Credit Facility, if and when drawn, may be used (i) to fund new restaurant development, (ii) to finance the buyout of non-controlling partners in certain restaurants, (iii) to finance the redemption, purchase or other acquisition of equity interests in the Company and (iv) for working capital and other general corporate purposes.

The Cadence Credit Facility includes customary affirmative and negative covenants and events of default. The Cadence Credit Facility also requires the Company to maintain various financial condition ratios, including minimum liquidity, an amended maximum leverage ratio and an amended minimum fixed charge coverage ratio. In addition, to the extent the aggregate outstanding balance under the revolver under the Cadence Credit Facility exceeds $4.0 million, the Company is required to meet a new specified leverage ratio, on a pro forma basis, before making further borrowings as well as certain restricted payments, investments and growth capital expenditures. As of the date of filing of this report, the Company was in compliance with each of these covenants under the Cadence Credit Facility.

As of September 30, 2025, the interest rate applicable to borrowings under the Cadence Credit Facility was 7.27%.

As a result of entering into the Cadence Credit Facility and the various amendments, the Company paid loan origination costs including professional fees of approximately $324,000 and is amortizing these costs over the term of the credit agreement. As of September 30, 2025, the unamortized balance of these fees was $93,000.

In connection with the Cadence Credit Facility, the Company and the Subsidiaries entered into an Amended and Restated Security and Pledge Agreement (the "Security Agreement") with Cadence. Under the Security Agreement, the Cadence Credit Facility is secured by a first priority security interest in substantially all the assets of the Company and the Subsidiaries.

As of September 30, 2025, there were $2,000,000 of borrowings against the facility, all of which is due during the fiscal year ending September 2028 and is classified as a long-term liability in the accompanying balance sheet. Availability of the Cadence Credit Facility for borrowings is reduced by the outstanding face value of any letters of credit issued under the facility. As of September 30, 2025, there were approximately $10,000 in outstanding letters of credit issued under the facility, and approximately $5,990,000 of committed funds available.

<u>Parker Promissory Note</u>

Good Times Drive Thru, Inc., a wholly owned subsidiary of the Company is the maker of an unsecured promissory note in connection with the purchase of the previously franchised Good Times Burgers and Frozen Custard restaurant located in the Denver suburb of Parker, Colorado. JGN Management, Inc., the former franchisee, is the holder of the note. The Parker Promissory Note fully amortizes over its original ten-year life maturing on June 1, 2034, carries an interest rate of 5.00% and is, in all respects, subordinate to the Cadence Credit Facility. As of September 30, 2025, the outstanding principal balance on the Parker Promissory Note was $342,000. Annual principal maturities over the next five years are approximately $35,000 each year.

Total interest expense on notes payable was $191,000 and $108,000 for fiscal 2025 and 2024, respectively.

Cash Flows

	Fiscal Year Ended	
	September 30, 2025	**September 24, 2024**
Net cash provided by operating activities	$ 1,613	$ 5,130
Net cash used in investing activities	(3,844)	(3,662)
Net cash provided by (used in) financing activities	983	(1,797)
Net change in cash and cash equivalents	$ (1,248)	$ (329)

<u>*Operating Cash Flows.*</u> Net cash from operating activities decreased by $3,517,000, primarily due to decreased net income, income tax provision and an increase in non-cash gains, as well as increased cash usage for accounts payable, accrued liabilities and lease liabilities, partially offset by increased cash flow related to receivables, prepaid expenses, inventories and other assets, as presented on the Consolidated Statements of Cash Flows.

<u>*Investing Cash Flows.*</u> Net cash used in investing activities for the fiscal year ended September 30, 2025 and September 24, 2024 were $3,844,000 and $3,662,000, respectively, which primarily reflect the purchases of property and equipment and acquisitions of restaurants from franchises in each year as well as the payment of lease termination fees in the current year.

<u>*Financing Cash Flows.*</u> Net cash provided by financing activities for the fiscal year ended September 30, 2025, was $983,000, which includes proceeds from long-term debt of $2,250,000, payments of long-term debt of $780,000, net distributions to non-controlling interests of $38,000, $391,000 in payments for the purchase of treasury stock, and $58,000 for restricted stock vesting settled in cash.

Net cash used in financing activities for the fiscal year ended September 24, 2024, was $1,797,000, which includes proceeds from long-term debt of $1,380,000, including the making of the Parker Promissory Note, payments of long-term debt of $1,258,000, net contributions from non-controlling interests of $28,000, and $1,947,000 in payments for the purchase of treasury stock.

Contingencies and Off-Balance Sheet Arrangements

We are contingently liable on a lease underlying a restaurant operated by a franchisee. In addition, we are contingently liable for properties that we have subleased to unrelated parties. We have never experienced any losses related to these contingent lease or sublease liabilities, however if the franchisee or unrelated parties default on the payments under the leases or subleases, we would be liable for the lease payments as the assignor or sub-lessor of the lease. Currently we have not been notified nor are we aware of any leases or subleases in default by the franchisee or unrelated parties, however there can be no assurance that there will not be in the future which could have a material effect on our future operating results.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with GAAP. Preparing consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by the application of our accounting policies. Our significant accounting policies are described in Note 1 to our Consolidated Financial Statements. Critical accounting estimates are those that require application of management's most difficult, subjective or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. While we apply our judgment based on assumptions believed to be reasonable under the circumstances, actual results could vary from these assumptions. It is possible that materially different amounts would be reported using different assumptions. The following is a description of what we consider to be our most significant accounting policies and estimates.

Leases: The Company determines if a contract contains a lease at inception. The Company's material long-term operating lease agreements are for the land and buildings for our restaurants as well as our corporate office. The initial lease terms range from 10 years to 20 years, most of which include renewal options of 10 to 15 years. The lease term is generally the minimum of the noncancelable period or the lease term including renewal options which are reasonably certain of being exercised up to a term of approximately 20 years.

Operating lease assets and liabilities are recognized at the lease commencement date for material leases with a term of greater than 12 months. Operating lease liabilities represent the present value of future minimum lease payments. Since our leases do not provide an implicit rate, our operating lease liabilities are calculated using our estimated incremental borrowing rate based on a collateralized borrowing over the term of each individual lease. Minimum lease payments include only fixed lease components of the agreement, as well as variable rate payments that depend on an index, initially measured using the index at the lease commencement date.

Operating lease assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepaid or accrued lease payments, initial direct costs and lease incentives. Lease incentives are recognized when earned and reduce our operating lease asset related to the lease. They are amortized through the operating lease assets as reductions of rent expense over the lease term.

Operating lease expense is recognized on a straight-line basis over the lease term. Certain of the Company’s operating leases contain clauses that provide for contingent rent based on a percentage of sales greater than certain specified target amounts. Variable lease payments that do not depend on a rate or index, escalation in the index subsequent to the initial measurement, payments associated with non-lease components such as common area maintenance, real estate taxes and insurance, and short-term lease payments (leases with a term with 12 months or less) are expensed as incurred or when the achievement of the specified target that triggers the contingent rent is considered probable. During the fiscal year ended September 30, 2025, the Company incurred $29,000 of contingent rent.

Some of the leases provide for base rent, plus additional rent based on gross sales, as defined in each lease agreement. The Company is also generally obligated to pay certain real estate taxes, insurance and common area maintenance charges, and various other expenses related to properties, which are expensed as incurred.

Income Taxes**:** We account for income taxes under the liability method whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. We provide a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value. We continually review the realizability of our deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. We assessed whether a valuation allowance should be recorded against our deferred tax assets based on consideration of all available evidence, using a “more likely than not” standard. In assessing the need for a valuation allowance, we considered both positive and negative evidence related to the likelihood of realization of deferred tax assets. In making such assessment, more weight was given to evidence that could be objectively verified, including recent cumulative income. Future sources of taxable income were also considered in determining the necessity of a valuation allowance. Based on our review of this evidence, we determined that no valuation allowance against our deferred tax assets was necessary. If future earnings decrease or the liklihood of deferred tax asset utilization decreases, it is possible that a valuation allowance would be appropriate.

The Company is subject to U.S. federal income tax and income tax in multiple U.S. state jurisdictions. The Company’s tax years corresponding to the Company’s fiscal years 2022 through 2024 remain open for examination by the authorities under the normal three-year statute of limitations. Should the Company utilize any of its U.S. or state NOLs, the tax year to which the original loss relates will remain open to examination. The Company believes that its income tax filings positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Company’s financial condition, results of operations, or cash flows. Therefore, no reserves for uncertain income tax positions have been recorded. The Company’s practice is to recognize interest and/or penalties related to income tax matters in income tax expense. No accrual for interest and penalties was considered necessary as of September 30, 2025.

Impairment of Long-Lived Assets: Long-lived assets, including land, property, equipment, right of use assets and amortizable intangible assets are valued at cost, less accumulated depreciation, and the net book value of those assets are reviewed quarterly for indicators of impairment. We assess recovery of assets at the individual restaurant level and typically include an analysis of historical cash flows, operating history, competitive changes in the trade area, future operating plans, and cash flow projections in assessing whether there are indicators of impairment. Our impairment assessment process requires the use of estimates and assumptions regarding future cash flows and operating outcomes, which are based upon a significant degree of management’s judgment, including judgment surrounding the Company’s ability to improve the operating performance of its restaurants.

Recent Accounting Pronouncements

The information contained in Note 1 to our Consolidated Financial Statements included in this report concerning a description of recent accounting pronouncements, including our expected dates of adoption and the estimated effects on our results of operations and financial condition, is incorporated by reference herein.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The report of the independent registered public accounting firm and financial statements listed in the accompanying index are included in Item 15 of this report. See index to the Consolidated Financial Statements on page F-1 of this Annual Report on Form 10-K.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures: Based on an evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act), the Company's Chief Executive Officer (its principal executive officer) and Senior Vice President of Finance and Accounting (its principal financial officer) have concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control Over Financial Reporting: Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act). We maintain a system of internal controls that is designed to provide reasonable assurance in a cost-effective manner as to the fair and reliable preparation and presentation of the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting as of September 30, 2025. In making this evaluation, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013). This evaluation included a review of the documentation of controls, evaluation of the design effectiveness of controls and a conclusion on this evaluation. Based on this assessment, our management concluded that, as of September 30, 2025, the Company's internal control over financial reporting was effective based on these criteria.

This Annual Report on Form 10-K does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to rules of the SEC that permit us to provide only management's report in this Annual Report on Form 10-K.

Changes in Internal Control over Financial Reporting: There have been no significant changes in the Company's internal control over financial reporting that occurred during the Company's quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

a) Disclosure in lieu of reporting on a Current Report on Form 8-K.

None.

b) Insider Trading Arrangements and Policies.

During the quarter ended September 30, 2025, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933).

The Company has adopted an insider trading policy that governs the purchase, sale, and/or other transactions of our securities by our directors, officers and employees. Although the policy does not explicitly state that it covers transactions of our securities by the Company itself, the Company conducts transactions in its own securities consistent with the policy. A copy of our insider trading policy is filed as Exhibit 19.1 to this Annual Report on Form 10-K for the fiscal year ended September 30, 2025.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

We will file a definitive proxy statement for our 2026 Annual Meeting of Shareholders with the SEC, pursuant to Regulation 14A, not later than 120 days after the end of our fiscal year. Accordingly, those sections of our definitive Proxy Statement that specifically address the items set forth herein are incorporated by reference.

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by Item 10 is hereby incorporated by reference from our definitive proxy statement relating to our 2026 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of our fiscal year covered by this Form 10-K.

Item 11. EXECUTIVE COMPENSATION

The information required by Item 11 is hereby incorporated by reference from our definitive proxy statement relating to our 2026 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of our fiscal year covered by this Form 10-K.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

The information required by Item 12 is hereby incorporated by reference from our definitive proxy statement relating to our 2026 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of our fiscal year covered by this Form 10-K.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is hereby incorporated by reference from our definitive proxy statement relating to our 2026 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of our fiscal year covered by this Form 10-K.

Item 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 14 is hereby incorporated by reference from our definitive proxy statement relating to our 2026 Annual Meeting of Shareholders, to be filed with the SEC within 120 days following the end of our fiscal year covered by this Form 10-K.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

a) The following documents have been filed as part of this report or, where noted, incorporated by reference:

1) **Financial Statements**

The Company’s consolidated financial statements are included beginning on page F-1.

2) **Financial Statement Schedules**

All schedules have been omitted because the matter or conditions are not present, or the information required to be set forth therein is included in the Company’s consolidated financial statements and related notes thereto.

3) **Exhibits**

The following exhibits are furnished as part of this report:

Exhibit	Description
2.1	Membership Interest Purchase Agreement, dated April 24, 2015, among Good Times Restaurants Inc., FS-BDI Holdings, LLC, Thompson Family Associates, LLC, Keeper Investments, LLC, James C. Verney and Fenner Restaurant Group, LLC (previously filed as Exhibit 2.1 to the registrant’s Current Report on Form 8-K filed April 28, 2015 (File No. 000-18590) and incorporated herein by reference)
2.2	Membership Interest Purchase Agreement, dated January 25, 2023 by and among Bad Daddy’s International, LLC and Thompson Family Associates, RFM Ventures, LLC, Richard Miller, Vicki T. Ponce, Covington DeRamus, ACR Capital Ventures, LLC, Bill Duke, Jim Verney and Jim Abbott (previously filed as Exhibit 10.1 to the Registrant Current Report on Form 8-K filed on January 30, 2023 and incorporated herein by reference)

3.1[P]	Articles of Incorporation of Good Times Restaurants Inc. (previously filed on November 30, 1988 as Exhibit 3.1 to the registrant's Registration Statement on Form S-18 (File No. 33-25810-LA) and incorporated herein by reference)
3.2[P]	Amendment to Articles of Incorporation of Good Times Restaurants Inc. dated January 23, 1990 (previously filed on January 18, 1990 as Exhibit 3.1 to the registrant's Current Report on Form 8-K (File No. 000-18590) and incorporated herein by reference)
3.3	Amendment to Articles of Incorporation of Good Times Restaurants Inc. dated June 15, 1994 (previously filed as Exhibit 3.3 to the registrant's Amendment No. 1 to Registration Statement on Form S-1 filed June 7, 2013 (File No. 333-188183) and incorporated herein by reference)
3.4	Amendment to Articles of Incorporation of Good Times Restaurants Inc. dated September 23, 1996 (previously filed as Exhibit 3.5 to the registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1996 (File No. 000-18590) and incorporated herein by reference)
3.5	Certificate of Designations, Preferences, and Rights of Series B Convertible Preference Stock of Good Times Restaurants Inc. (previously filed as Exhibit 1 to the Amendment No. 6 to Schedule 13D filed by The Erie County Investment Co., The Bailey Company, LLLP and Paul T. Bailey (File No. 005-42729) on February 14, 2005 and incorporated herein by reference)
3.6	Certificate of Change of Good Times Restaurants Inc. (previously filed as Exhibit 3.1 to the registrant's Current Report on Form 8-K filed January 12, 2011 (File No. 000-18590) and incorporated herein by reference)
3.7	Certificate of Designations, Preferences, and Rights of Series C Convertible Preferred Stock of Good Times Restaurants Inc. (previously filed as Exhibit 3.1 to the registrant's Current Report on Form 8-K filed September 20, 2012 (File No. 000-18590) and incorporated herein by reference)
3.8	Amended and Restated Bylaws of Good Times Restaurants Inc. dated April 20, 2023 (previously filed as Exhibit 3.1 on Form 8-K filed April 26, 2023 (File No. 000-18590) and incorporated herein by reference)
4.1	Specimen Common Stock Certificate (previously filed as Exhibit 4.1 to the registrant's Amendment No. 1 to Registration Statement on Form S-1 filed June 7, 2013 (File No. 333-188183) and incorporated herein by reference)
4.2*	Description of Securities
10.1+	Good Times Restaurants Inc. 2008 Omnibus Equity Incentive Compensation Plan (previously filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed January 30, 2008 (File No. 000-18590) and incorporated herein by reference)
10.2+	Amendment to the Good Times Restaurants Inc. 2008 Omnibus Equity Incentive Compensation Plan dated September 14, 2012 (previously filed as Exhibit 10.10 to the registrant's Registration Statement on Form S-1 filed April 26, 2013 (File No. 333-188183) and incorporated herein by reference)
10.3+	Amendment to the Good Times Restaurants Inc. 2008 Omnibus Equity Incentive Compensation Plan (previously filed as Annex B to the registrant's Proxy Statement on Schedule 14A filed April 25, 2018 (File No. 000-18590) and incorporated herein by reference)
10.4+	Good Times Restaurants Inc. 2018 Omnibus Equity Incentive Compensation Plan (previously filed as Annex A to the registrant's Proxy Statement on Schedule 14A filed April 25, 2018 (File No. 000-18590) and incorporated herein by reference)
10.5+	Amendment to the Good Times Restaurants Inc. 2018 Omnibus Equity Incentive Compensation Plan (previously filed as Annex A to the registrant's Proxy Statement on Schedule 14A filed December 18, 2020 (File No. 000-18590) and incorporated herein by reference)
10.6+	Second Amendment to the Good Times Restaurants Inc. 2018 Omnibus Equity Incentive Plan (previously filed as Annex A to the registrant's Proxy Statement on Schedule 14A filed on December 16, 2021 (File No. 000-18590) and incorporated herein by reference
10.7	Supplemental Agreement dated September 28, 2012 between Good Times Restaurants Inc. and Small Island Investments Limited (previously filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed October 1, 2012 (File No. 000-18590) and incorporated herein by reference)
10.8	Amendment to Supplemental Agreement dated October 16, 2012 between Good Times Restaurants Inc. and Small Island Investments Limited (previously filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed October 16, 2012 (File No. 000-18590) and incorporated herein by reference)
10.9	Securities Purchase Agreement, dated May 2, 2014, among Hoak Public Equities, L.P., Rest Redux LLC, and Small Island Investments Limited (previously filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed May 7, 2014 (File No. 000-18590) and incorporated herein by reference)

10.10+	Second Amended and Restated Employment Agreement, dated December 24, 2020, between Ryan M. Zink and Good Times Restaurants Inc. (previously filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed December 28, 2020 (File No. 000-18590) and incorporated herein by reference)
10.11+	First Amendment to Second Amended and Restated Employment Agreement, dated September 28, 2022, between Ryan M. Zink and Good Times Restaurants Inc. (previously filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed September 30, 2022 (File No. 000-18590) and incorporated herein by reference)
10.12	Cadence Bank Amended and Restated Credit Agreement (previously filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed April 26, 2023 (Filed No. 000-18590) and incorporated herein by reference)
10.13	Cadence Bank Security and Pledge Agreement (previously filed as Exhibit 10.2 to the registrant's Current Report on Form 8-K filed April 26, 2023 (File No. 000-18590) and incorporated herein by reference)
10.14	First Amendment to Credit Agreement dated May 22, 2024, by and among Good Times Restaurants Inc., each of its wholly owned subsidiaries and Cadence Bank, N.A. (previously filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on May 29, 2024)
10.15	Second Amendment to Credit Agreement dated May 30, 2024, by and among Good Times Restaurants Inc., each of its wholly owned subsidiaries and Cadence Bank, N.A. (previously filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on June 5, 2024)
10.16	Third Amendment to Credit Agreement dated September 30, 2025, by and among Good Times Restaurants Inc., each of its wholly owned subsidiaries and Cadence Bank, N.A. (previously filed as Exhibit 10.1 to the Registrant's Form 8-K filed with the SEC on October 3, 2025)
10.17	Agreement, dated March 12, 2018, between Good Times Restaurants Inc. and Robert J. Stetson and where applicable his controlled affiliates, and Charles Jobson and where applicable his controlled affiliates (previously filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed March 13, 2018 (File No. 000-18590) and incorporated herein by reference)
10.18	Amendment to Agreement, dated April 13, 2018, between Good Times Restaurants Inc. and Robert J. Stetson and where applicable his controlled affiliates, and Charles Jobson and where applicable his controlled affiliates (previously filed as Exhibit 10.1 to the registrant's Current Report on Form 8-K filed April 17, 2018 (File No. 000-18590) and incorporated herein by reference)
10.19	Cash Incentive Bonus Arrangement for Ryan Zink adopted on February 25, 2025 (previously set forth in the Registrant's Form 8-K filed with the SEC on February 27, 2025 and incorporated herein by reference
19.1*	Good Times Restaurants, Inc. Insider Trading Policy
21.1*	Subsidiaries of the Company
23.1*	Consent of Baker Tilly US, LLP, Independent Registered Public Accounting Firm
31.1*	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)
31.2*	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)
32.1*	Certification of Chief Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350
97.1*	Good Times Restaurants Inc. Clawback Policy as adopted on November 9, 2023
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File – the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

* Filed herewith

\+ Indicates management compensatory plan, contract, or arrangement.

(P) Paper exhibit.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GOOD TIMES RESTAURANTS INC.

December 29, 2025

Ryan M. Zink
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Ryan M. Zink
Ryan M. Zink, President, Chief Executive Officer and Director
(Principal Executive Officer)
December 29, 2025

/s/ Keri A. August
Keri A. August, Senior Vice President of Finance and Accounting
(Principal Financial Officer and Principal Accounting Officer)
December 29, 2025

/s/ Charles Jobson
Charles Jobson, Director
December 29, 2025

/s/ Jason S. Maceda
Jason S. Maceda, Director
December 29, 2025

/s/ Sophia Rivka Rossi
Sophia Rivka Rossi, Director
December 29, 2025

/s/ Jennifer C. Stetson
Jennifer C. Stetson, Director
December 29, 2025

ITEM 15 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of
Good Times Restaurants Inc. and Subsidiaries

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Good Times Restaurants Inc. and Subsidiaries (the Company) as of September 30, 2025, and September 24, 2024, the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of September 30, 2025, and September 24, 2024, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and we are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

Critical audit matters are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ Baker Tilly US, LLP

Denver, Colorado
December 29, 2025

We have served as the Company's auditor since 2025.

Good Times Restaurants Inc. and Subsidiaries
Consolidated Balance Sheets
(*In thousands, except share and per share data*)

	September 30, 2025	September 24, 2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,605	$ 3,853
Inventories	1,388	1,419
Receivables	795	890
Prepaid expenses and other	466	395
Total current assets	5,254	6,557
PROPERTY AND EQUIPMENT:		
Land and land improvements	1,113	1,113
Buildings	4,841	4,990
Leasehold improvements	38,194	39,610
Fixtures and equipment	29,781	34,814
Total property and equipment, at cost	73,929	80,527
Less accumulated depreciation and amortization	(52,061)	(57,730)
Total net property and equipment	21,868	22,797
OTHER ASSETS:		
Operating lease right-of-use assets, net	33,618	35,671
Deferred tax assets, net	13,031	12,207
Deposits and other assets	423	273
Trademarks	3,900	3,900
Goodwill	5,713	5,713
Total other assets	56,685	57,764
TOTAL ASSETS:	$ 83,807	$ 87,118
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 32	$ 30
Accounts payable	2,605	3,059
Operating lease liabilities, current	6,267	6,161
Other accrued liabilities	5,474	6,437
Total current liabilities	14,378	15,687
LONG-TERM LIABILITIES:		
Maturities of long-term debt, net of current portion	2,310	842
Operating lease liabilities, net of current portion	33,225	37,396
Deferred and other liabilities	83	105
Total long-term liabilities	35,618	38,343
COMMITMENTS AND CONTINGENCIES (Note 5)		
SHAREHOLDERS' EQUITY:		
Good Times Restaurants Inc. shareholders' equity:		
Preferred stock, $.01 par value, 5,000,000 shares authorized, zero shares issued and outstanding as of September 30, 2025 and September 24, 2024, respectively	-	-
Common stock, $.001 par value; 50,000,000 shares authorized, 12,977,433 issued; 10,549,508 and 10,712,367 shares outstanding as of September 30, 2025 and September 24, 2024, respectively	13	13
Capital contributed in excess of par value	56,889	56,835
Treasury stock, at cost; 2,427,925 and 2,265,066 shares as of September 30, 2025 and September 24, 2024, respectively	(7,246)	(6,855)
Accumulated deficit	(16,598)	(17,622)
Total Good Times Restaurants Inc. shareholders' equity	33,058	32,371
Non-controlling interests	753	717
Total shareholders' equity	33,811	33,088
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 83,807	$ 87,118

See accompanying notes to consolidated financial statements

Good Times Restaurants Inc. and Subsidiaries
Consolidated Statements of Operations
(*In thousands, except share and per share data*)

	Fiscal Year 2025 (53 Weeks)	Fiscal Year 2024 (52 Weeks)
NET REVENUES:		
Restaurant sales	$ 140,614	$ 141,555
Franchise and other revenues	1,016	825
Total net revenues	141,630	142,380
RESTAURANT OPERATING COSTS:		
Food and packaging costs	43,887	43,704
Payroll and other employee benefit costs	49,277	48,689
Restaurant occupancy costs	10,230	10,087
Other restaurant operating costs	20,737	20,288
Preopening costs	8	-
Depreciation and amortization	3,954	3,755
Total restaurant operating costs	128,093	126,523
General and administrative costs	9,734	10,581
Advertising costs	3,315	3,528
Impairment of long-lived assets	627	698
(Gain) loss on lease terminations and asset disposals	(469)	2
Litigation contingencies	-	(332)
INCOME FROM OPERATIONS	330	1,380
OTHER INCOME (EXPENSES):		
Interest expense	(196)	(125)
Other income	140	-
Total other income (expenses)	(56)	(125)
NET INCOME BEFORE INCOME TAXES	274	1,255
Provision for income taxes	824	624
NET INCOME	1,098	1,879
Income attributable to non-controlling interests	(74)	(266)
NET INCOME ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 1,024	$ 1,613
NET INCOME PER SHARE, ATTRIBUTABLE TO COMMON SHAREHOLDERS:		
Basic	$ .10	$ .15
Diluted	$ .10	$ .14
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	10,612,449	11,047,152
Diluted	10,703,219	11,147,563

See accompanying notes to consolidated financial statements

Good Times Restaurants Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity
For the Period from September 26, 2023 thru September 30, 2025
(*In thousands, except share and per share data*)

	Treasury Stock, at cost		Common Stock					
	Shares	**Amount**	**Out-standing Shares**	**Par Value**	**Capital Contributed in Excess of Par Value**	**Non-Controlling Interest In Partnerships**	**Accumulated Deficit**	**Total**
BALANCES, September 26, 2023	1,530,846	$ (4,908)	11,446,587	$ 13	$ 56,701	$ 423	$ (19,235)	$ 32,994
Stock-based compensation cost	-	-	-	-	134	-	-	134
Treasury shares purchased	734,220	(1,947)	(734,220)	-	-	-	-	(1,947)
Income attributable to non-controlling interests	-	-	-	-	-	266	-	266
Distributions to unrelated limited partners	-	-	-	-	-	(172)	-	(172)
Contributions from unrelated limited partners	-	-	-	-	-	200	-	200
Net income attributable to Good Times Restaurants Inc and comprehensive income	-	-	-	-	-	-	1,613	1,613
BALANCES, September 24, 2024	2,265,066	$ (6,855)	10,712,367	$ 13	$ 56,835	$ 717	$ (17,622)	$ 33,088
Stock-based compensation cost	-	-	-	-	112	-	-	112
Cash-settled restricted stock units					(58)			(58)
Treasury shares purchased	162,859	(391)	(162,859)	-	-	-	-	(391)
Income attributable to non-controlling interests	-	-	-	-	-	74	-	74
Distributions to unrelated limited partners	-	-	-	-	-	(47)	-	(47)
Contributions from unrelated limited partners	-	-	-	-	-	9	-	9
Net income attributable to Good Times Restaurants Inc and comprehensive income	-	-	-	-	-	-	1,024	1,024
BALANCES, September 30, 2025	2,427,925	$ (7,246)	10,549,508	$ 13	$ 56,889	$ 753	$ (16,598)	$ 33,811

See accompanying notes to consolidated financial statements

Good Times Restaurants Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(*In thousands*)

	Fiscal Year 2025 (53 Weeks)	Fiscal Year 2024 (52 Weeks)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 1,098	$ 1,879
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,049	3,849
Net change in ROU assets and operating lease liabilities	(1,277)	(856)
(Gain) on lease terminations	(813)	-
Recognition of deferred gain on sale of restaurant building	(13)	(38)
Loss on asset disposals	115	29
Impairment of long-lived assets	627	698
Stock-based compensation expense	112	134
Provision for income taxes	(824)	(624)
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Receivables and prepaids	17	(355)
Inventories	52	-
Deposits and other assets	(157)	35
(Decrease) increase in:		
Accounts payable	(404)	449
Deferred liabilities	(11)	(4)
Accrued and other liabilities	(958)	(66)
Net cash provided by operating activities	1,613	5,130
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for the purchase of property and equipment	(3,067)	(3,142)
Acquisition of restaurants from franchisees, net of cash acquired	(504)	(534)
Lease termination payments	(350)	-
Proceeds from sale of fixed assets	77	14
Net cash used in investing activities	(3,844)	(3,662)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings from long-term debt	2,250	1,380
Payments on long-term debt	(780)	(1,258)
Payment for the purchase of treasury stock	(391)	(1,947)
Payment for restricted stock vesting settled in cash	(58)	-
Contributions from non-controlling interests	9	200
Distributions to non-controlling interests	(47)	(172)
Net cash provided by (used in) financing activities	983	(1,797)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,248)	(329)
CASH AND CASH EQUIVALENTS, beginning of year	3,853	4,182
CASH AND CASH EQUIVALENTS, end of year	$ 2,605	$ 3,853
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 206	$ 97
Change in accounts payable attributable to the purchase of property and equipment	$ 50	$ (25)

See accompanying notes to consolidated financial statements

Good Times Restaurants Inc. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Tabular dollar amounts in thousands, except share and per share data)

1. Organization and Summary of Significant Accounting Policies

Organization – Good Times Restaurants Inc. (Good Times or the Company) is a Nevada corporation. The Company primarily operates through its wholly owned subsidiaries Good Times Drive Thru, Inc. ("Drive Thru"), BD of Colorado, LLC ("BDCO"), and Bad Daddy's International, LLC ("BDI").

BDCO was formed by Good Times Restaurants Inc. in 2013 to develop Bad Daddy's Burger Bar restaurants in the state of Colorado. Subsequently, BDI was acquired by Good Times Restaurants Inc. on May 7, 2015. Combined, activities in these entities compose our Bad Daddy's operating segment, which as of September 30, 2025, operated thirty-eight company-owned, and one licensee full-service small-box casual dining restaurants under the name Bad Daddy's Burger Bar, primarily located in the Southeast region of the United States and the state of Colorado and licenses the Bad Daddy's brand for use at an airport Bad Daddy's restaurant under third-party operations and ownership.

Drive Thru commenced operations in 1986 and owns, operates, and franchises drive-thru fast food hamburger restaurants under the name Good Times Burgers & Frozen Custard. As of September 30, 2025, the Company operates twenty-one company-owned restaurants and six restaurants owned by a limited partnership in which the Company is the controlling partner. All twenty-seven Company-operated restaurants are located in Colorado. In addition, as of September 30, 2025, Drive Thru is the franchisor of three franchisee-owned restaurants, with one operating in Colorado and two in Wyoming.

We follow accounting standards set by the Financial Accounting Standards Board, commonly referred to as the "FASB". The FASB sets Generally Accepted Accounting Principles ("GAAP") that we follow to ensure we consistently report our financial condition, results of operations, and cash flows.

Fiscal Year – The Company's fiscal year is a 52/53-week year ending on the last Tuesday of September. In a 52-week fiscal year, each of the Company's quarterly periods comprises 13 weeks. The additional week in a 53-week fiscal year is added to the first quarter, making such quarter consist of 14 weeks. Fiscal year 2025 began September 25, 2024 and ended September 30. 2025. Fiscal year 2024 began September 27, 2023 and ended September 24, 2024.

Principles of Consolidation – The consolidated financial statements include the accounts of Good Times, its wholly-owned subsidiaries, and one limited partnership in which the Company exercises control through Drive Thru, the partnership's general partner. The Company owns an approximate 50% interest in the Drive Thru limited partnership, is the sole general partner, and receives a management fee from the partnership. Because the Company owns an approximate 50% interest in the partnership and exercises complete management control over all decisions for the partnership, except for certain veto rights, the financial statements of the partnership are consolidated into the Company's consolidated financial statements. The equity interests of the unrelated limited partner are shown on the accompanying consolidated balance sheets in the shareholders' equity section as non-controlling interests and are adjusted each period to reflect the limited partners' share of the net income or loss as well as any cash contributions from or cash distributions to the limited partner for the period. The limited partner's share of the net income or loss in the entities is shown as non-controlling interest income or expense in the accompanying consolidated statements of operations. Additionally, any changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions, while changes in ownership interest that would result in deconsolidation of a subsidiary would be recorded as a gain or loss based on the fair value on the deconsolidation date. All inter-company accounts and transactions are eliminated in consolidation.

Reclassification – Certain prior year balances have been reclassified to conform to the current year's presentation. Such reclassifications had no effect on the net income.

Advertising Costs – We use Advertising Funds to administer certain advertising programs for both the Bad Daddy's and Good Times brands that benefit both us and our franchisees. We and our franchisees are required to contribute a percentage of gross sales to the fund. As such the contributions to these funds are designated and segregated for advertising. We consolidate the Advertising Funds into our financial statements whereby contributions from franchisees, when received, are recorded and included as a component of franchise revenues. Contributions to the Advertising Funds from our franchisees were $68,000 and $179,000 for the fiscal years ended September 30, 2025 and September 24, 2024, respectively.

Accounting Estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates of and assumptions related to the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Examples include valuation of reporting units for purposes of assessing goodwill and other indefinite-lived intangible assets for impairment, valuation of asset groups for impairment testing, accruals for employee benefits, and certain contingencies. We base our estimates on historical experience, market participant fair value considerations, projected future cash flows, and various other factors that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

Cash and Cash Equivalents – The Company considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. The Company maintains cash and cash equivalents at financial institutions with balances that generally exceed the Federal Deposit Insurance Corporation ("FDIC") insured limits of up to $250,000. The Company has not experienced any losses related to such accounts and management believes that the Company is not exposed to any significant risks on these accounts.

Inventories – Inventories are stated at the lower of cost or net realizable value, determined by the first-in first-out method, and consist of restaurant food items and related packaging supplies.

Accounts Receivable – Accounts receivable include uncollateralized receivables from our franchisees, due in the normal course of business, generally requiring payment within thirty days of the invoice date. Additionally, accounts receivable include payments due from third-party delivery aggregators, and certain rebates from our key food and beverage vendors. On a periodic basis the Company monitors all accounts for delinquency and provides for estimated losses of uncollectible accounts. There were no allowances for unrecoverable accounts receivable at September 30, 2025 and September 24, 2024.

Property and Equipment – Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the related assets, generally three to eight years. Leasehold improvements are amortized using the straight-line method over the shorter of the term of the lease or the estimated useful life of the asset.

Maintenance and repairs are recorded as expense when those services are rendered. Expenditures for major improvements that meaningfully extend the life of the underlying asset are capitalized. When assets are retired, or otherwise disposed of, the property accounts are relieved of costs and accumulated depreciation with any resulting gain or loss credited or charged to income.

Trademarks – Trademarks have been determined to have an indefinite life. We evaluate our trademarks for impairment annually and on an interim basis as events and circumstances warrant by comparing the fair value of the trademarks with their carrying amount. No trademark impairment charges were recognized during the fiscal years ended September 30, 2025 and September 24, 2024.

Goodwill – Goodwill represents the excess of cost over fair value of the assets of businesses the Company acquired. Goodwill is not amortized; but rather, the Company is required to test goodwill for impairment on an annual basis or whenever indications of impairment arise. The Company considers its operations to be comprised of two reporting units: (1) Good Times restaurants and (2) Bad Daddy's restaurants.

The following table presents goodwill associated with each reporting unit as of September 30, 2025 and September 24, 2024 (in thousands):

	September 30, 2025	**September 24, 2024**
Good Times	$ 96	$ 96
Bad Daddy's	5,617	5,617
Total	$ 5,713	$ 5,713

Impairment of Long-Lived Assets – We review our long-lived assets including land, property and equipment for impairment when there are factors that indicate that the carrying amount of an asset may not be recoverable. We assess recovery of assets at the individual restaurant level and typically include an analysis of historical cash flows, future operating plans, and cash flow projections in assessing whether there are indicators of impairment. Recoverability of assets to be held and used is measured by comparing the net book value of the assets of an individual restaurant to the fair value of those assets. This impairment process involves judgment in the use of estimates and assumptions pertaining to future projections and operating results.

There were impairments of $627,000 in the fiscal year ended September 30, 2025, related primarily to lease right-of-use assets, one Good Times restaurant and new assets deployed in restaurants where impairment was previously assessed, and the Company's current analysis indicated impairment of assets associated with those restaurants. During the fiscal year ended September 24, 2024, there were impairments of $698,000.

Leases – The Company accounts for leases consistent with Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*.

The Company assesses whether a contract qualifies as a lease at inception. The Company only held operating leases as of and during the years ended September 30, 2025 and September 24, 2024. The Company's material long-term operating lease agreements are for the land and buildings for our restaurants as well as our corporate office. The lease term begins on the date that the Company takes possession under the lease, including the pre-opening period during construction, when in most cases the Company is not making rent payments.

Operating lease assets and liabilities are recognized at the lease commencement date for material leases with a term of greater than 12 months. Operating lease liabilities represent the present value of future minimum lease payments. Since our leases do not provide an implicit rate, our operating lease liabilities are calculated using our estimated incremental borrowing rate based on a collateralized borrowing over the term of each individual lease. Minimum lease payments include only fixed lease components of the agreement, as well as variable rate payments that depend on an index, initially measured using the index at the lease commencement date.

Operating lease assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepaid or accrued lease payments, initial direct costs and lease incentives. Lease incentives are recognized when earned and reduce our operating lease asset related to the lease. They are amortized through the operating lease assets as reductions of rent expense over the lease term.

Operating lease expense is recognized on a straight-line basis over the lease term. In certain situations, lease contracts are amended or otherwise changed. Based upon an analysis of those changes, specifically whether additional rights have been conveyed and additional lease payments are required, the Company determines whether the lease warrants remeasurement, or treatment as a separate contract. Certain of the Company's operating leases contain clauses that provide for contingent rent based on a percentage of sales greater than certain specified target amounts. Variable lease payments that do not depend on a rate or index, escalation in the index subsequent to the initial measurement, payments associated with non-lease components such as common area maintenance, real estate taxes and insurance, and short-term lease payments (leases with a term with 12 months or less) are expensed as incurred or when the achievement of the specified target that triggers the contingent rent is considered probable. The Company had four subleases as of September 30, 2025. We disclose details of sublease income and its impact on operating lease expense in Note 6.

Deferred Liabilities – Deferred Liabilities consist primarily of long-term deferred income in the form of sale-leaseback transactions and vendor signing incentives.

Revenue Recognition - Revenues consist primarily of sales from restaurant operations, which includes third-party delivery sales, and franchise revenue, which includes franchisee royalties and contributions to advertising funds. The Company recognizes revenue, pursuant to ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, when it satisfies a performance obligation by transferring control over a product or service to a customer, typically a restaurant customer or a franchisee/licensee.

The Company recognizes revenue from restaurant sales, including third-party delivery sales, when our performance obligation, namely the provision of food and beverage and the associated customer service, is satisfied. Restaurant sales are presented net of discounts, coupons, employee meals and complimentary meals, and are presented net of sales tax. Sales taxes collected from customers are included in other accrued liabilities on our consolidated balance sheets until the taxes are remitted to the taxing authorities.

The Company sells gift cards to customers and recognizes revenue from gift cards primarily in the form of restaurant revenue. Gift card breakage, which is recognized when the likelihood of a gift card being redeemed is remote, is determined based upon the Company's historic redemption patterns, and has historically been immaterial to our overall financial statements, and breakage for cards sold under the Good Times brand has continued to be so. During the first quarter of fiscal 2022, the Company sold Bad Daddy's gift cards with significant aggregate value through third-party retail partners, many of which were unredeemed as of September 30, 2025 and for which breakage was recognized during fiscal 2025 based upon the Company's policy for breakage recognition. Breakage in the amount of $504,000 and $65,000 was included in *Franchise and other revenues* in the fiscal years ended September 30, 2025 and September 24, 2024, respectively.

The Company operates a loyalty program known as GT Rewards. With each purchase, GT Rewards members earn loyalty points that can be redeemed in the future for free products. Activity related to the reward program is immaterial to the Company's financial statements for the fiscal years ended September 30, 2025 and September 24, 2024.

Revenues we receive from our franchise and license agreements include sales-based royalties, and from our franchise agreements also may include advertising fund contributions, area development fees, and franchisee fees. We recognize sales-based royalties from franchisees and licensees as the underlying sales occur. We similarly recognize advertising fund contributions from franchisees as the underlying sales occur. The Company also provides its franchisees with services associated with opening new restaurants and operating them under franchise and development agreements in exchange for area development and franchise fees. The Company would capitalize these fees upon receipt from the franchisee and then would amortize those over the contracted franchise term as the services comprising the performance obligations are satisfied. We have not received material development or franchise fees in the years presented, and the primary performance obligations under existing franchise and development agreements have been satisfied prior to the earliest period presented in our financial statements.

Preopening Costs – Restaurant preopening costs are expensed as incurred.

Income Taxes – The Company accounts for income taxes using the asset/liability method, whereby deferred tax asset and liability account balances are determined based on differences between the financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company provides a valuation allowance, if necessary, to reduce deferred tax assets to their estimated realizable value. The deferred tax assets are reviewed periodically for recoverability and valuation allowances are adjusted as necessary.

The Company is subject to taxation in various jurisdictions within the U.S. The Company's tax years corresponding to the Company's fiscal years 2022 through 2024 remain open for examination by the authorities under the normal three-year statute of limitations. Should the Company utilize any of its U.S. or state NOLs, the tax year to which the original loss relates will remain open to examination. The Company believes that its income tax filing positions and deductions will be sustained on audit and does not anticipate any adjustments that will result in a material adverse effect on the Company's financial condition, results of operations, or cash flows. Therefore, no reserves for uncertain income tax positions have been recorded. The Company's practice is to recognize interest and/or penalties related to income tax matters in income tax expense. No accrual for interest and penalties was considered necessary as of September 30, 2025.

Net Income Per Common Share – Our basic earnings per share calculation is computed based on the weighted-average number of common shares outstanding. Our diluted earnings per share calculation is computed based on the weighted-average number of common shares outstanding adjusted by the number of additional shares that would have been outstanding had the potentially dilutive common shares been issued. Potentially dilutive securities for this calculation consist of in-the-money outstanding stock options, restricted stock units and warrants (which were assumed to have been exercised at the average market price of the common shares during the reporting period). The treasury stock method is used to measure the dilutive impact of in-the-money stock options.

The following table reconciles basic weighted-average shares outstanding to diluted weighted-average shares outstanding:

	September 30, 2025	September 24, 2024
Weighted-average shares outstanding basic	10,612,449	11,047,152
Effect of potentially dilutive securities:		
Stock options	1,770	11,161
Restricted stock units	89,000	89,250
Weighted-average shares outstanding diluted	10,703,219	11,147,563
Excluded from diluted weighted-average shares outstanding:		
Antidilutive	430,786	343,216

Financial Instruments and Concentrations of Credit Risk – Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed completely to perform as contracted. Concentrations of credit risk (whether on- or off-balance sheet) that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Financial instruments with off-balance-sheet risk to the Company include lease liabilities whereby the Company is contingently liable as a guarantor of certain leases that were assigned to third parties in connection with various sales of restaurants to franchisees.

Financial instruments potentially subjecting the Company to concentrations of credit risk consist principally of receivables. Receivables consist of the following as of:

	September 30, 2025	September 24, 2024
Vendor rebates and incentives	$ 309	$ 437
Third-party delivery partners	291	280
Franchise and other	131	53
Third-party retailers	64	120
Total	$ 795	$ 890

The Company distributes most of its restaurant food and paper through a single distribution company. The Company believes a sufficient number of other distributors exist from which food and paper could be warehoused and distributed to prevent any long-term, adverse consequences.

The Company operates in two industry segments, quick-service restaurants and casual dining restaurants. A geographic concentration exists because the Company's customers are generally located in Colorado and the Southeast region of the U.S., most significantly in North Carolina.

Stock-Based Compensation – Stock-based compensation is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the requisite service period (generally the vesting period of the grant). See Note 8 for additional information.

Fair Value of Financial Instruments – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value maximize the use of observable inputs and minimize the use of unobservable inputs.

The following three levels of inputs may be used to measure fair value and require that the assets or liabilities carried at fair value are disclosed by the input level under which they were valued.

Level 1: Quoted market prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than defined in Level 1, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are not corroborated by observable market data.

Non-controlling Interests - Our non-controlling interests currently consist of one limited partnership involving six Good Times restaurants in which the Company and non-controlling partner share equal ownership. The equity interests of unrelated limited partners and members are shown on the accompanying consolidated balance sheets in the shareholders' equity section as non-controlling interests and are adjusted each period to reflect the limited partner's share of the net income or loss as well as any cash distributions or contributions to the limited partner for the period. The limited partner's share of the net income or loss in the partnership is shown as non-controlling interest income or expense in the accompanying consolidated statements of operations. Additionally, any changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions, while changes in ownership interest that would result in deconsolidation of a subsidiary would be recorded as a gain or loss based on the fair value on the deconsolidation date. All inter-company accounts and transactions are eliminated.

Recent Accounting Pronouncements – As of September 30, 2025, the Company adopted ASU 2023-07-Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The adoption of ASU 2023-07 did not impact the Company's results of operations, cash flow, or financial condition. See Note 10 for the Company's segment disclosures.

Certain accounting pronouncements with future required implementation dates apply to the Company's consolidated financial statements. The company has reviewed the following pronouncements:

- ASU 2023-09 Income Taxes (Topic 740): Improvements to Income Tax Disclosures was issued December 2023 and is effective for fiscal years beginning after December 15, 2024. It is to be applied prospectively. The Company expects to implement ASU 2023-09 prospectively in fiscal year 2026 and does not expect that it will have a material effect on the Company's consolidated financial statements.
- ASU 2024-03 Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses was issued November 2024 and is effective for fiscal years beginning after December 15, 2026 and interim periods beginning after December 17, 2027. It may be applied either prospectively or retrospectively and early implementation is allowed. The Company is assessing the timing and method of implementation of this accounting pronouncement but does not expect that it will have a material effect on the Company's consolidated financial statements.

The Company reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact on the Company's consolidated financial statements.

2. Goodwill and Intangible Assets

The following table presents goodwill and intangible assets as of September 30, 2025 and September 24, 2024 (in thousands):

	September 30, 2025			September 24, 2024		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:						
Trademarks	$ 3,900	$ -	$ 3,900	$ 3,900	$ -	$ 3,900
Goodwill	$ 5,713	$ -	$ 5,713	$ 5,713	$ -	$ 5,713

There were no impairments to goodwill or intangible assets during the fiscal years ended September 30, 2025 and September 24, 2024.

3. Notes Payable and Long-Term Debt

Cadence Credit Facility

The Company and its wholly owned subsidiaries (the "Subsidiaries") maintain an amended and restated credit agreement with Cadence Bank ("Cadence") pursuant to which, Cadence agreed to loan the Company up to $8,000,000, which has a maturity date of April 20, 2028 (as amended to date, the "Cadence Credit Facility"). The Cadence Credit Facility amended and restated the Company's prior credit facility with Cadence in its entirety. The Cadence Credit Facility accrues commitment fees on the daily unused balance of the facility at a rate of 0.25%. The loans may from time to time consist of a mixture of SOFR Rate Loans and Base Rate Loans with differing interest rates based upon varying additions to the Federal Funds Rate, the Cadence prime rate or Term SOFR. Each of the Subsidiaries are guarantors of the Cadence Credit Facility.

Proceeds from the Cadence Credit Facility, if and when drawn, may be used (i) to fund new restaurant development, (ii) to finance the buyout of non-controlling partners in certain restaurants, (iii) to finance the redemption, purchase or other acquisition of equity interests in the Company and (iv) for working capital and other general corporate purposes.

The Cadence Credit Facility includes customary affirmative and negative covenants and events of default. The Cadence Credit Facility also requires the Company to maintain various financial condition ratios, including minimum liquidity, an amended maximum leverage ratio and an amended minimum fixed charge coverage ratio. In addition, to the extent the aggregate outstanding balance under the revolver under the Cadence Credit Facility exceeds $4.0 million, the Company is required to meet a new specified leverage ratio, on a pro forma basis, before making further borrowings as well as certain restricted payments, investments and growth capital expenditures. As of the date of filing of this report, the Company was in compliance with each of these covenants under the Cadence Credit Facility.

As of September 30, 2025, the interest rate applicable to borrowings under the Cadence Credit Facility was 7.27%.

As a result of entering into the Cadence Credit Facility and the various amendments, the Company paid loan origination costs including professional fees of approximately $324,000 and is amortizing these costs over the term of the credit agreement. As of September 30, 2025, the unamortized balance of these fees was $93,000.

In connection with the Cadence Credit Facility, the Company and the Subsidiaries entered into an Amended and Restated Security and Pledge Agreement (the "Security Agreement") with Cadence. Under the Security Agreement, the Cadence Credit Facility is secured by a first priority security interest in substantially all the assets of the Company and the Subsidiaries.

As of September 30, 2025, there were $2,000,000 of borrowings against the facility, all of which is due during the fiscal year ending September 2028 and is classified as a long-term liability in the accompanying balance sheet. Availability of the Cadence Credit Facility for borrowings is reduced by the outstanding face value of any letters of credit issued under the facility. As of September

30, 2025, there were approximately $10,000 in outstanding letters of credit issued under the facility, and approximately $5,990,000 of committed funds available.

Parker Promissory Note

Good Times Drive Thru, Inc., a wholly owned subsidiary of the Company is the maker of an unsecured promissory note in connection with the purchase of the previously franchised Good Times Burgers and Frozen Custard restaurant located in the Denver suburb of Parker, Colorado. JGN Management, Inc., the former franchisee, is the holder of the note. The Parker Promissory Note fully amortizes over its original ten-year life maturing on June 1, 2034, carries an interest rate of 5.00% and is, in all respects, subordinate to the Cadence Credit Facility. As of September 30, 2025, the outstanding principal balance on the Parker Promissory Note was $342,000. Annual principal maturities over the next five years are approximately $35,000 each year.

Total interest expense on notes payable was $191,000 and $108,000 for fiscal 2025 and 2024, respectively.

4. Other Accrued Liabilities:

Other accrued liabilities consist of the following (in thousands):

	September 30, 2025		September 24, 2024	
Wages and other employee benefits	$	2,085	$	2,681
Taxes, other than income tax		1,400		1,318
Gift card liability, net of breakage		1,096		1,460
General expense accrual and other		893		978
Total	$	5,474	$	6,437

5. Commitments and Contingencies

There may be various claims in process, matters in litigation, and other contingencies brought against the company by employees, vendors, customers, franchisees, or other parties. Evaluating these contingencies is a complex process that may involve substantial judgment on the potential outcome of such matters, and the ultimate outcome of such contingencies may differ from our current analysis. We regularly review the adequacy of accruals and disclosures related to such contingent liabilities in consultation with legal counsel. While it is not possible to predict the outcome of these claims with certainty, it is management's opinion that any reasonably possible losses associated with such contingencies would be immaterial to our financial statements.

6. Leases

The Company's office space and the land and buildings related to the Drive Thru and Bad Daddy's restaurant facilities are classified as operating leases and expire at various dates over the next 19 years. Some leases contain escalation clauses over the lives of the leases. Most of the leases contain one to three five-year renewal options at the end of the initial term. Certain leases include provisions for additional contingent rent payments if sales volumes exceed specified levels. For the fiscal year ended September 30, 2025, the Company incurred $29,000 of contingent rent expense. The Company incurred $54,000 of contingent rent expense for the fiscal year ended September 24, 2024.

The Company determines if a contract contains a lease at inception. The Company's material long-term operating lease agreements are for the land and buildings for our restaurants as well as our corporate office. The initial lease terms for our restaurants range from 10 years to 20 years, most of which at lease inception included renewal options of 10 to 15 years. The lease term is generally the minimum of the noncancelable period or the lease term including renewal options which are reasonably certain of being exercised up to a term of approximately 20 years.

Some of the leases provide for base rent, plus additional rent based on gross sales, as defined in each lease agreement. The Company is also generally obligated to pay certain real estate taxes, insurance and common area maintenance charges, and various other expenses related to properties, which are expensed as incurred.

Components of operating lease costs in the consolidated statements of operations for the fiscal years ended September 30, 2025 and September 24, 2024 are as follows (in thousands):

	Classification	Fiscal 2025		Fiscal 2024	
Operating lease cost	Occupancy, Other restaurant operating costs, preopening costs and General and administrative expenses, net	$	7,531	$	7,450
Variable lease cost	Occupancy		29		54
Sublease income	Occupancy		(495)		(517)
Total lease expense		$	7,065	$	6,987

Supplemental cash flow disclosures for the fiscal years ended September 30, 2025 and September 24, 2024 (in thousands):

	Fiscal 2025	Fiscal 2024
Cash paid for operating lease liabilities	$ 8,349	$ 8,072
Non-cash operating lease assets obtained in exchange for operating lease liabilities	$ 1,465	$ 242

Weighted average lease term and discount rate are as follows:

	September 30, 2025	September 24, 2024
Weighted average remaining lease term (in years)	6.67	7.36
Weighted average discount rate	5.4%	5.2%

Future minimum rent payments for our operating leases for each of the next five years as of September 30, 2025 are as follows (in thousands):

Fiscal year ending September:	Total
2026	$ 8,208
2027	7,999
2028	7,240
2029	6,148
2030	5,269
Thereafter	12,346
Total minimum lease payments	47,210
Less: imputed interest	(7,718)
Present value of lease liabilities	$ 39,492

The above future minimum rental amounts exclude the amortization of deferred lease incentives, renewal options that are not reasonably assured of renewal, and contingent rent. The Company generally has escalating rents over the term of the leases and records rent expense on a straight-line basis.

7. Income Taxes

Deferred tax assets (liabilities) are comprised of the following at the period end (in thousands):

	September 30, 2025 Long Term	September 24, 2024 Long Term
Deferred income tax assets (liabilities):		
Tax effect of net operating loss carry-forward	$ 3,650	$ 3,426
General business credits	8,576	7,399
Deferred revenue	25	52
Intangibles basis differences	174	547
Long-term lease liability	9,030	9,443
Other future benefits	597	664
Deferred tax assets	22,052	21,531
Less valuation allowance	-	-
Deferred tax assets, net of valuation allowance	22,052	21,531
Partnership/joint venture basis differences	(145)	(95)
Property and equipment basis differences	(1,319)	(1,599)
ROU asset	(7,447)	(7,630)
Other future expense	(110)	-
Deferred tax liabilities	(9,021)	(9,324)
Net deferred tax assets	$ 13,031	$ 12,207

The Company has Federal net operating loss carry-forwards available for future periods, as discussed below, of approximately $734,000 from 2025, $11,787,000 from 2019 and $1,035,000 from 2017 and prior for income tax purposes. The net operating loss carry-forwards from periods prior to 2019 expire between 2029 and 2038. Based on the changes in control, which occurred in 2011, 2013, and 2017, the utilization of the loss carry-forwards incurred for periods prior to 2017 is limited to approximately $163,000 per year. In addition, the Company has general business tax credits of $8,576,000 from 2014 through 2025 which expire from 2034 through 2044. As of September 30, 2025, our deferred tax assets were primarily the result of net operating loss and tax credit carry-forwards. No valuation allowance was recorded against our gross deferred tax asset balance as of September 30, 2025 or September 24, 2024. As of each reporting date, management considers new evidence, both positive and negative, that could affect its view of the future realization of deferred tax assets. As of September 30, 2025, management determined that there is sufficient positive evidence, including the recent cumulative pretax income, potential future taxable income from the acquisition of the non-controlling interests in several joint interests in fiscal year 2023, recent tempering of inflation pressures, and the utilization of net operating loss carry-forwards on the most recently filed tax return. Based on the review of this evidence, management determined that there is sufficient positive evidence to conclude that it is more likely than not deferred taxes assets are realizable and therefore no valuation allowance is necessary.

The following table summarizes the components of the provision for income taxes (in thousands):

	Fiscal 2025	Fiscal 2024
Current:		
Federal	$ -	$ -
State	-	-
	-	-
Deferred:		
Federal	(808)	(632)
State	(16)	8
	(824)	(624)
Total income tax benefit	$ (824)	$ (624)

The income tax expense for years ended September 30, 2025 and September 24, 2024 differed from the amounts computed by applying the U.S. Federal statutory tax rate to pre-tax income as follows (in thousands):

	Fiscal 2025	Fiscal 2024
U.S. Federal tax provision at statutory rate	$ 58	$ 208
State (tax benefit) income tax, net of federal tax benefit	(16)	(2)
FICA/WOTC tax credits	(1,170)	(1,126)
Effect of change in valuation allowance	-	-
Permanent differences	272	281
Impact of noncontrolling interest	(16)	-
Other	48	15
Provision for income taxes	$ (824)	$ (624)

8. Shareholders’ Equity

Preferred Stock

The Company has the authority to issue 5,000,000 shares of preferred stock. The Board of Directors has the authority to issue such preferred shares in series and determine the rights and preferences of the shares as may be determined by the Board of Directors.

Common Stock

The Company has the authority to issue 50,000,000 shares of common stock with a par value of $.001. The Company has issued 12,977,433 shares, and as of September 30, 2025 and September 24, 2024 there were 10,549,508 and 10,712,367 shares outstanding, respectively.

Stock Plans

The Company has traditionally maintained incentive compensation plans that include provision for the issuance of equity-based awards. The Company established the 2008 Omnibus Equity Incentive Compensation Plan in 2008 (the “2008 Plan”) and has outstanding awards that were issued under the 2008 Plan. Subsequently, the 2008 Plan expired in 2018 and the Company established a new plan, the 2018 Omnibus Equity Incentive Plan (the “2018 Plan”) that same year, pursuant to shareholder approval. Future awards will be issued under the 2018 plan.

Stock-based compensation is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the requisite service period (generally the vesting period of the grant). The Company recognizes the impact of forfeitures as forfeitures occur.

The Company recorded $112,000 and $134,000 in total stock-based compensation expense during the fiscal years ended September 30, 2025 and September 24, 2024 respectively, that was classified as general and administrative costs.

Stock Options

The Company measures the compensation cost associated with stock option awards by estimating the fair value of the award as of the grant date using the Black-Scholes pricing model. The Company believes that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair values of the Company’s stock options and stock awards granted during the fiscal years ended September 30, 2025 and September 24, 2024. Estimates of fair value are not intended to predict actual future events or the value ultimately realized by the employees who receive equity awards.

During the fiscal year ended September 30, 2025, the Company granted 15,000 Incentive Stock Options vesting ratably over a five-year period.

During the fiscal year ended September 24, 2024, the Company granted Mr. Zink 20,000 Incentive Stock Options and Mr. Stack 18,000 Incentive Stock Options, both vesting ratably over a five-year period. Mr. Stack retired in 2025 and his stock options were forfeited unexercised.

In addition to the exercise and grant date prices of the stock option awards, certain weighted average assumptions that were used to estimate the fair value of stock option grants are listed in the following table:

Incentive and Non-Statutory Stock Options

	Fiscal 2025	Fiscal 2024
Expected term (years)	6.50	6.25
Expected volatility	59.4%	62.5%
Risk-free interest rate	4.11%	4.68%
Expected dividends	-	-

We estimate expected volatility based on historical weekly price changes of our common stock for a period equal to the current expected term of the options. The risk-free interest rate is based on the United States treasury yields in effect at the time of grant corresponding with the expected term of the options. The expected option term is the number of years we estimate that options will be outstanding prior to exercise considering vesting schedules and our historical exercise patterns.

The following table summarizes stock option activity for the fiscal years ended September 30, 2025 and September 24, 2024 under all plans:

	Fiscal Year Ended					
	September 30, 2025			September 24, 2024		
	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Yrs.)	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Yrs.)
Outstanding at beginning of year	471,216	$ 3.84		437,528	$ 3.95	
Options granted	15,000	$ 1.78		38,000	$ 2.51	
Options exercised	-	$ -		-	$ -	
Forfeited	(35,167)	$ 3.24		(4,312)	$ 2.90	
Expired	(5,263)	$ 7.79		-	$ -	
Outstanding at end of year	445,786	$ 3.77	3.13	471,216	$ 3.84	4.04
Exercisable at end of year	322,786	$ 3.60	2.45	337,216	$ 3.71	3.28

As of September 30, 2025 and September 24, 2024, the aggregate intrinsic value of the outstanding and exercisable options was $3,572 and $25,301, respectively. Only options whose exercise price is below the current market price of the underlying stock are included in the intrinsic value calculation.

As of September 30, 2025, the total remaining unrecognized compensation cost related to non-vested stock options was $60,000 and is expected to be recognized over a weighted average period of approximately 3.3 years.

There were no stock options exercised during the fiscal years ended September 30, 2025 or September 24, 2024

Restricted Stock Units and Performance Units

Restricted Stock Units ("RSUs") award a holder of a grant the right to receive, at the Company's option, a specified number of shares of common stock or a cash payment equal to the fair market value (determined as of a specified date) of a specified number of shares of common stock, subject to other conditions or restrictions as may be determined by the Company to be applicable to any given grant. Performance Units ("PUs"), which are were immaterial to the consolidated financial statements, operate the same as RSUs, but with performance-based instead of time-based vesting criteria.

During the fiscal year ended September 30, 2025, the Company granted 40,000 RSUs and PUs. There were 44,000 RSUs and PUs granted during the fiscal year ended September 24, 2024. The RSUs and PUs granted during these fiscal years vest over a three-year period from date of grant, with the PUs subject to additional performance-based vesting criteria.

A summary of the status of non-vested RSUs and PUs as of September 30, 2025 and September 24, 2024 is presented below.

	Fiscal Year Ended			
	September 30, 2025		September 24, 2024	
	Shares	Grant Date Fair Value Per Share	Shares	Grant Date Fair Value Per Share
Non-vested shares at beginning of year	89,250	$2.29 to $4.50	45,250	$2.29 to $4.50
Granted	40,000	$1.71 to $2.71	44,000	$2.52 to $2.54
Exercised	(23,000)	$ 4.50	-	-
Forfeited	(17,250)	$2.29 to $2.52	-	-
Non-vested shares at end of year	89,000	$1.71 to $2.71	89,250	$2.29 to $4.50

As of September 30, 2025, there was $105,000 of total unrecognized compensation cost related to non-vested RSUs and PUs. This cost is expected to be recognized over a weighted average period of approximately 2.0 years.

Non-controlling Interests

Non-controlling interests are presented as a separate item in the shareholders' equity section of the consolidated balance sheets. The amount of consolidated net income or loss attributable to non-controlling interests is presented on the face of the consolidated statements of operations. Changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions, while changes in ownership interest that do result in deconsolidation of a subsidiary require gain or loss recognition based on the fair value on the deconsolidation date.

The equity interests of the unrelated limited partners are shown on the accompanying consolidated balance sheets in the shareholders' equity section as a non-controlling interest and is adjusted each period to reflect the limited partners' share of the net income or loss as well as any cash contributions or distributions to or from the limited partners for the period. The limited partners' share of the net income or loss in the subsidiary is shown as income or expense attributable to non-controlling interests in the accompanying consolidated statements of operations. All inter-company accounts and transactions are eliminated.

The following table summarizes the activity in non-controlling interests during the year ended September 30, 2025 and September 24, 2024 (in thousands):

	Fiscal Year Ended	
	September 30, 2025	September 24, 2024
Balance at beginning of fiscal year	$ 717	$ 423
Income attributable to non-controlling interests	$ 74	$ 266
Contributions from non-controlling partner	$ 9	$ 200
Distributions to non-controlling partner	$ (47)	$ (172)
Balance at end of fiscal year	$ 753	$ 717

Our non-controlling interests currently represent a single limited partner in one limited partnership involving six Good Times restaurants, in which the Company owns a 50.0% interest in the partnership and maintains contractual management control.

9. Retirement Plan

The Company sponsors a qualified defined contribution 401(k) plan for employees meeting certain eligibility requirements. Under the plan, employees are entitled to make contributions on both a pre-tax basis or after-tax basis (Roth contributions) and the Company makes a safe harbor matching contribution to all participating employees. The Company will match, on a dollar-for-dollar basis, the first 3% of eligible pay contributed by employees. The Company also matches 50% of each dollar contributed between 3% and 5% of eligible pay contributed by employees. The Company may, at its discretion, make additional contributions to the Plan or change the matching percentage. The Company's matching contribution expense in the fiscal years ended September 30, 2025 and September 24, 2024 were $276,000 and $246,000, respectively. Matching contributions are generally made at the same time employee contributions are made.

10. Segment Reporting

Our chief operating decision maker ("CODM") is the President and Chief Executive Officer. The CODM assesses performance, makes key decisions, and allocates resources at the concept level and has identified Good Times and Bad Daddy's as our separate operating and reportable segments. The Good Times segment includes the results of our Company-owned Good Times Burgers & Frozen Custard restaurants, which are located in the United States and operate within the quick-service restaurant segment of the industry. It also includes royalties and other fees from our franchised locations in the United States. The Bad Daddy's segment includes the results of our Company-owned Bad Daddy's Burger Bar restaurants, which are located in the United States and operate within the full-service dining restaurant segment of the industry. It also includes license fees from one licensed location in the United States. Unallocated costs such as human resources, finance, purchasing, restaurant development and administration are recorded at the Corporate level and are included in Other. The amounts reported for each operating segment contain allocations from Corporate for items such as technology support, repair and maintenance, marketing and restaurant accounting. In addition, Corporate collects rent from the Good Times segment related to one restaurant for which the real estate is included in Corporate assets. There are no material transactions between the Good Times and Bad Daddy's segments.

Restaurant sales for each operating segment include revenues generated by the operation of Company-owned restaurants, which include food and beverage sales, net of discounts. Franchise and other revenues for each operating segment include franchisee royalties and contributions to advertising funds, license fees, and other service fees, as well as gift card breakage.

Our CODM uses Restaurant-level operating profit as the measure for assessing performance and allocating resources for our segments. Restaurant-level operating profit is widely regarded in the restaurant industry as a useful metric by which to evaluate restaurant-level operating efficiency and performance. The Company defines restaurant-level operating profit to be restaurant revenues minus restaurant-level operating costs, excluding restaurant closures and impairment costs. The measure includes restaurant-level occupancy costs, which include fixed rents, percentage rents, common area maintenance charges, real estate and personal property taxes, general liability insurance and other property costs, but excludes depreciation.

We do not rely on any major customers as a source of sales, and the customers and long-lived assets of our operating segments are located in the United States.

Prior to fourth quarter 2025, certain general and administrative expenses now included in Other were combined and reported with our Bad Daddy's segment. In order to better align with our internal reporting and provide a better representation of restaurant-level operating profit, these expenses have been removed from the Bad Daddy's segment and are now stated separately in Other. Fiscal 2024 figures have been recast for comparability.

The following tables reconcile our segment results to our consolidated results reported in accordance with GAAP (in thousands):

	Fiscal Year Ended September 30, 2025			
	Good Times	**Bad Daddy's**	**Other**	**Consolidated**
Restaurant sales	$ 39,229	$ 101,385	$ -	$ 140,614
Restaurant operating costs:				
Food and packaging costs	12,367	31,520	-	43,887
Payroll and other employee benefit costs	13,952	35,325	-	49,277
Restaurant occupancy costs	3,655	6,658	(83)	10,230
Other restaurant operating costs	5,730	15,373	(366)	20,737
Restaurant-level operating profit	**$ 3,525**	**$ 12,509**	**$ 449**	**$ 16,483**
Reconciliation of Restaurant-level operating profit to Net income before income taxes				
Add:				
Franchise and other revenues				1,016
Less:				
Restaurant depreciation and amortization				3,954
Advertising costs				3,315
General and administrative				9,734
Impairment of long-lived assets and ROU assets				627
Gain on lease terminations and asset disposals				(469)
Preopening costs				8
Income from operations				**330**
Less:				
Interest and other expense, net				196
Add:				
Other income				140
Net income before income taxes				**$ 274**
Reconciliation of revenue				
Restaurant sales	$ 39,229	$ 101,385	$ -	$ 140,614
Franchise and other revenues	191	825	-	1,016
Total consolidated net revenues	$ 39,420	$ 102,210	$ -	$ 141,630
Other segment disclosures				
Restaurant depreciation and amortization	$ 964	$ 2,950	$ 40	$ 3,954
Impairment of long-lived assets and ROU assets	$ 161	$ 466	$ -	$ 627
Capital expenditures	$ 2,350	$ 968	$ 147	$ 3,465
Property and equipment, net	$ 7,577	$ 14,048	$ 243	$ 21,868
Right-of-use assets, net	$ 12,078	$ 20,515	$ 1,025	$ 33,618
Total assets	$ 20,859	$ 47,508	$ 15,440	$ 83,807

	Fiscal Year Ended September 24, 2024			
	Good Times	Bad Daddy's	Other	Consolidated
Restaurant sales	$ 38,016	$ 103,539	$ -	$ 141,555
Restaurant operating costs:				
Food and packaging costs	11,549	32,155	-	43,704
Payroll and other employee benefit costs	12,858	35,831	-	48,689
Restaurant occupancy costs	3,411	6,796	(120)	10,087
Other restaurant operating costs	4,992	15,364	(68)	20,288
Restaurant-level operating profit	**$ 5,206**	**$ 13,393**	**$ 188**	**$ 18,787**
Reconciliation of Restaurant-level operating profit to Net income before income taxes				
Add:				
Franchise and other revenues				825
Less:				
Restaurant depreciation and amortization				3,755
Advertising costs				3,528
General and administrative				10,581
Impairment of long-lived assets and ROU assets				698
Loss on restaurant and equipment asset disposals				2
Litigation contingencies				(332)
Income from operations				**1,380**
Less:				
Interest and other expense, net				125
Net income before income taxes				**$ 1,255**
Reconciliation of revenue				
Restaurant sales	$ 38,016	$ 103,539	$ -	$ 141,555
Franchise and other revenues	455	367	3	825
Total consolidated net revenues	$ 38,471	$ 103,906	$ 3	$ 142,380
Other segment disclosures				
Restaurant depreciation and amortization	$ 793	$ 2,921	$ 41	$ 3,755
Impairment of long-lived assets and ROU assets	$ 9	$ 689	$ -	$ 698
Capital expenditures	$ 2,264	$ 1,445	$ (8)	$ 3,701
Property and equipment, net	$ 5,379	$ 17,157	$ 261	$ 22,797
Right-of-use assets, net	$ 11,850	$ 22,646	$ 1,175	$ 35,671
Total assets	$ 24,499	$ 53,662	$ 8,957	$ 87,118

11. Subsequent Events

None.