

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

- Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 28, 2025 or
- Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____.

Commission File Number: 0-12919

RAVE RESTAURANT GROUP, INC.

(Exact name of registrant as specified in its charter)

Missouri
(State or other jurisdiction of incorporation or organization)

45-3189287
(I.R.S. Employer Identification No.)

3551 Plano Parkway
The Colony, Texas 75056
(Address of principal executive offices)
(Zip Code)

(469) 384-5000
(Registrant's telephone number,
including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	RAVE	Nasdaq Capital Market

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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 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 Accelerated filer Non-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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of October 30, 2025, 14,211,566 shares of the issuer's common stock were outstanding.

RAVE RESTAURANT GROUP, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

RAVE RESTAURANT GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	September 28, 2025	September 29, 2024
REVENUES	\$ 3,213	\$ 3,050
COSTS AND EXPENSES		
General and administrative expenses	1,378	1,420
Franchise expenses	1,037	995
Provision (recovery) for credit losses	4	(17)
Depreciation and amortization expense	42	43
Total costs and expenses	2,461	2,441
OPERATING INCOME	752	609
Interest income	91	82
Other income	8	4
INCOME BEFORE TAXES	851	695
Income tax expense	206	169
NET INCOME	\$ 645	\$ 526
INCOME PER SHARE OF COMMON STOCK		
Basic	\$ 0.05	\$ 0.04
Diluted	\$ 0.05	\$ 0.04
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	14,212	14,587
Diluted	14,277	14,799

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share amounts)
(Unaudited)

	<u>September 28,</u> <u>2025</u>	<u>June 29,</u> <u>2025</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,397	\$ 2,859
Short-term investments	9,159	7,024
Accounts receivable, less allowance for credit losses of \$35 and \$31, respectively	1,081	1,171
Notes receivable, current	46	45
Assets held for sale	40	38
Deferred contract charges, current	21	21
Prepaid expenses and other current assets	486	335
Total current assets	12,230	11,493
LONG-TERM ASSETS		
Property and equipment, net	124	137
Operating lease right-of-use assets, net	413	489
Intangible assets definite-lived, net	161	182
Notes receivable, net of current portion	63	75
Deferred tax asset, net	3,820	3,995
Deferred contract charges, net of current portion	194	186
Total assets	\$ 17,005	\$ 16,557
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 286	\$ 207
Accrued expenses	856	855
Operating lease liabilities, current	374	370
Deferred revenues, current	99	308
Total current liabilities	1,615	1,740
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	111	206
Deferred revenues, net of current portion	442	457
Total liabilities	2,168	2,403
COMMITMENTS AND CONTINGENCIES (SEE NOTE C)		
SHAREHOLDERS' EQUITY		
Common stock, \$0.01 par value; authorized 26,000,000 shares; issued 25,647,171 and 25,647,171 shares, respectively; outstanding 14,211,566 and 14,211,566 shares, respectively	256	256
Additional paid-in capital	37,554	37,516
Retained earnings	8,259	7,614
Treasury stock, at cost		
Shares in treasury: 11,435,605 and 11,435,605 respectively	(31,232)	(31,232)
Total shareholders' equity	14,837	14,154
Total liabilities and shareholders' equity	\$ 17,005	\$ 16,557

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance, June 30, 2024	25,522	\$ 255	\$ 37,563	\$ 4,912	(10,936)	\$ (30,028)	\$ 12,702
Stock-based compensation expense	—	—	73	—	—	—	73
Net income	—	—	—	526	—	—	526
Balance, September 29, 2024	<u>25,522</u>	<u>\$ 255</u>	<u>\$ 37,636</u>	<u>\$ 5,438</u>	<u>(10,936)</u>	<u>\$ (30,028)</u>	<u>\$ 13,301</u>

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance, June 29, 2025	25,647	\$ 256	\$ 37,516	\$ 7,614	(11,436)	\$ (31,232)	\$ 14,154
Stock-based compensation expense	—	—	38	—	—	—	38
Net income	—	—	—	645	—	—	645
Balance, September 28, 2025	<u>25,647</u>	<u>\$ 256</u>	<u>\$ 37,554</u>	<u>\$ 8,259</u>	<u>(11,436)</u>	<u>\$ (31,232)</u>	<u>\$ 14,837</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended	
	September 28, 2025	September 29, 2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 645	\$ 526
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization of discount on short-term investment	(75)	(66)
Stock-based compensation expense	38	73
Depreciation and amortization	21	23
Amortization of operating lease right-of-use assets	76	97
Amortization of definite-lived intangible assets	21	20
Non-cash lease expense	5	9
Provision (recovery) for credit losses	4	(17)
Deferred income tax	175	143
Changes in operating assets and liabilities:		
Accounts receivable	86	63
Notes receivable	11	10
Deferred contract charges	(8)	(36)
Prepaid expenses and other current assets	(151)	(173)
Accounts payable - trade	79	84
Accrued expenses	1	59
Operating lease liabilities	(96)	(118)
Deferred revenues	(224)	(167)
Cash provided by operating activities	608	530
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	(4,300)	(5,039)
Maturities of short-term investments	2,240	3,000
Purchase of assets held for sale	(4)	—
Proceeds from sale of assets held for sale	2	6
Purchase of property and equipment	(8)	—
Cash used in investing activities	(2,070)	(2,033)
Net decrease in cash and cash equivalents	(1,462)	(1,503)
Cash and cash equivalents, beginning of period	2,859	2,886
Cash and cash equivalents, end of period	<u>\$ 1,397</u>	<u>\$ 1,383</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Income taxes	<u>\$ 67</u>	<u>\$ 50</u>

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

RAVE RESTAURANT GROUP, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Rave Restaurant Group, Inc., through its subsidiaries (collectively, the “Company” or “we,” “us” or “our”), franchises pizza buffet (“Buffet Units”), delivery/carry-out (“Delco Units”), express restaurants (“Express Units”) and ghost kitchens (“Pizza Inn Ghost Kitchen Units”) under the trademark “Pizza Inn” and franchises fast casual pizza restaurants (“Pie Five Units”) and ghost kitchens (“Pie Five Ghost Kitchen Units”) under the trademarks “Pie Five Pizza Company” or “Pie Five”. The Company also licenses Pizza Inn Express, or PIE, kiosks (“PIE Units”) under the trademark “Pizza Inn”. We facilitate food, equipment, and supply distribution to our domestic and international system of restaurants through agreements with third-party distributors. The accompanying condensed consolidated financial statements of Rave Restaurant Group, Inc. have been prepared without audit pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in the financial statements have been omitted pursuant to such rules and regulations. The unaudited condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended June 29, 2025.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present the Company’s financial position and results of operations for the interim periods reflected. Except as noted, all adjustments are of a normal recurring nature. Results of operations for the fiscal periods presented are not necessarily indicative of fiscal year-end results.

Note A - Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Rave Restaurant Group, Inc. and its subsidiaries, all of which are wholly owned. All appropriate inter-company balances and transactions have been eliminated.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Short-Term Investments

The Company holds short-term investments in U.S. Treasury bills, classified as trading securities. Accordingly, interest income is recorded through the Condensed Consolidated Statements of Income, when earned. Management has elected to classify all U.S. Treasury bills as short-term, regardless of their maturity dates, as these are readily available to fund current operations and can be liquidated at any time at the discretion of the Company. As of September 28, 2025 and June 29, 2025, the Company held U.S. Treasury bills valued at approximately \$9.2 million and \$7.0 million, respectively, which are included within short-term investments on the accompanying Condensed Consolidated Balance Sheets. Interest income is reflected in the accompanying Condensed Consolidated Statements of Income and Cash Flows. For the three months ended September 28, 2025 and September 29, 2024, interest income recognized on the treasury bills was \$86 thousand and \$76 thousand, respectively.

Fair Value Measurements

Assets and liabilities carried at fair value are categorized based on the level of judgment associated with the inputs used to measure their fair value. Authoritative guidance for fair value measurements establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into the following three levels:

- Level 1: Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.
- Level 2: Inputs (other than quoted prices included in Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument’s anticipated life.
- Level 3: Inputs are unobservable and therefore reflect management’s best estimate of the assumptions that market participants would use in pricing the asset or liability.

The fair value of the Company’s investments in U.S. Treasury bills at September 28, 2025 and September 29, 2024, was determined using Level 1 observable inputs.

The following table summarizes the Company’s financial assets and financial liabilities measured at fair value (in thousands):

Fair Value Measurements	September 28, 2025				June 29, 2025			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
U.S. Treasury bills	\$ 9,159	\$ —	\$ —	\$ 9,159	\$ 7,024	\$ —	\$ —	\$ 7,024
	\$ 9,159	\$ —	\$ —	\$ 9,159	\$ 7,024	\$ —	\$ —	\$ 7,024

The Company has no financial assets or liabilities classified within Level 3 of the valuation hierarchy.

These items are classified in their entirety based on the lowest priority level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement of assets and liabilities within the levels of the fair value hierarchy.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable consist primarily of receivables generated from franchise royalties and supplier concessions. The Company records an allowance for credit losses to allow for any amounts that may be unrecoverable based upon an analysis of the Company's prior collection experience, customer creditworthiness and current economic trends. After all attempts to collect a receivable have failed, the receivable is written off against the allowance. Finance charges may be accrued at a rate of 18% per year, or up to the maximum amount allowed by law, on past due receivables. The interest income recorded from finance charges is immaterial.

The Company monitors franchisee receivable balances and adjusts credit terms when necessary to minimize the Company's exposure to high-risk accounts receivable. For the three month period ended September 28, 2025, provision for credit losses were \$4 thousand compared to recoveries for credit losses of \$17 thousand for the same period in the prior fiscal year.

Changes in the allowance for credit losses consisted of the following (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Balance at beginning of year	\$ 31	\$ 57
Provision (recovery) for credit losses	4	(17)
Amounts written off	—	—
Ending balance	\$ 35	\$ 40

Fiscal Quarters

The three month periods ended September 28, 2025 and September 29, 2024 each contained 13 weeks.

Use of Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Company's management to make estimates and assumptions that affect its reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent liabilities. The Company bases its estimates on historical experience and other various assumptions that it believes are reasonable under the circumstances. Estimates and assumptions are reviewed periodically. Actual results could differ materially from estimates.

Recently Adopted Accounting Guidance

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU" or "standard") 2023-09, Income Taxes: Improvements to Income Tax Disclosures (Topic 740), which requires companies to provide a more granular breakdown of the components that make up their effective tax rate and additional disclosures about the nature and effect of significant reconciling items. The new guidance is effective for the Company's fiscal year beginning after December 15, 2024. The Company adopted this standard on June 30, 2025, and the adoption of this standard did not have a material impact on the Company's consolidated financial statements and related disclosures.

Recent Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires, for each relevant expense caption on the income statement, detailed disclosure amounts for purchases of inventory, employee compensation, depreciation, and intangible asset amortization. In addition, this ASU requires companies to include amounts already required by GAAP in the same disclosure, provide a qualitative description of remaining amounts not separately disaggregated, and disclose the amount of total selling expenses along with the companies' definition of selling expenses. The amendment is effective for fiscal years beginning after December 15, 2026, which would require us to adopt the provisions in our fiscal 2028 Form 10-K. Early adoption is permitted. The amendments should be applied prospectively; however, retrospective application is permitted. Management is currently evaluating this ASU to determine its impact on our disclosures.

Revenue Recognition

Revenue is measured based on consideration specified in contracts with customers and excludes incentives and amounts collected on behalf of third parties, primarily sales tax. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction that are collected by the Company from a customer are excluded from revenue.

The following describes principal activities, separated by major product or service, from which the Company generates its revenues:

Franchise Revenues

Franchise revenues consist of 1) franchise royalties, 2) supplier and distributor incentive revenues, 3) franchise license fees, 4) area development exclusivity fees and foreign master license fees, 5) advertising fund contributions, and 6) supplier convention funds.

Franchise royalties, which are based on a percentage of net retail sales, are recognized as sales occur.

Supplier and distributor incentive revenues are recognized when title to the underlying commodities transfer.

Franchise license fees are typically billed upon execution of the franchise agreement and amortized over the term of the franchise agreement, which typically range from five to 20 years. Fees received for renewal periods are amortized over the life of the renewal period. In the event of a closed franchise or terminated development agreement, the remaining balance of unamortized license fees will be recognized in entirety as of the date of the closure or termination.

Area development exclusivity fees and foreign master license fees are typically billed upon execution of the area development and foreign master license agreements. Area development exclusivity fees are included in deferred revenue in the accompanying Condensed Consolidated Balance Sheets and allocated on a pro rata basis to all stores opened under that specific development agreement as the stores are opened. Area development exclusivity fees that include rights to sub-franchise are amortized as revenue over the term of the contract.

Advertising fund contributions for Pizza Inn and Pie Five units represent contributions collected where we have control over the activities of the fund. Contributions are based on a percentage of net retail sales. We have determined that we are the principal in these arrangements, and advertising fund contributions and expenditures are, therefore, reported on a gross basis in the Condensed Consolidated Statements of Income. In general, we expect such advertising fund contributions and expenditures to be largely offsetting and, therefore, do not expect a significant impact on our reported income before income taxes. Our obligation related to these funds is to develop and conduct advertising activities. Pizza Inn and Pie Five marketing fund contributions are billed and collected weekly or monthly.

Supplier convention funds are deferred until the obligations of the agreement are met and the event takes place.

Rental Income

The Company had subleased some of its restaurant space to a third-party. The Company's last remaining sublease term ended in January 2025 and the Company has no plans to enter into future sublease arrangements. The sublease agreements were non-cancelable through the end of the term and both parties had substantive rights to terminate the lease when the term is complete. Sublease agreements are not capitalized and are recorded as rental income in the period that rent is received.

Total revenues consist of the following (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Franchise royalties	\$ 1,170	\$ 1,121
Supplier and distributor incentive revenues	1,275	1,192
Franchise license fees	23	28
Area development exclusivity fees and foreign master license fees	3	3
Advertising fund contributions	533	464
Supplier convention funds	209	217
Rental income	—	23
Other franchise revenue	—	2
	<u>\$ 3,213</u>	<u>\$ 3,050</u>

The following table reflects the changes in deferred franchise and development fees for the three months ended on September 28, 2025 and September 29, 2024 (in thousands):

	September 28, 2025	September 29, 2024
Beginning balance	\$ 460	\$ 549
Additions	13	14
Amount recognized to franchise revenues	(26)	(31)
Ending balance	<u>\$ 447</u>	<u>\$ 532</u>

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The following table illustrates franchise and development fees expected to be recognized in the future related to performance obligations that were unsatisfied or partially satisfied as of September 28, 2025 (in thousands):

Fiscal Year	Franchise and Development Fees	
	Revenue Recognition	
2026	\$	51
2027		60
2028		53
2029		51
2030		40
Thereafter		194
	\$	447

Stock-Based Compensation

The Company accounts for stock options using the fair value recognition provisions of the authoritative guidance on stock-based payments. The Company uses the Black-Scholes formula to estimate the value of stock-based compensation for options granted to employees and directors and expects to continue to use this acceptable option valuation model in the future. The authoritative guidance also requires the benefits of tax deductions in excess of recognized compensation cost to be reported as a financing cash flow.

Restricted stock units (“RSUs”) represent the right to receive shares of common stock upon the satisfaction of vesting requirements, performance criteria and other terms and conditions. Compensation cost for RSUs is measured as an amount equal to the fair value of the RSUs on the date of grant and is expensed over the vesting period if achievement of the performance criteria is deemed probable, with the amount of the expense recognized based on the best estimate of the ultimate achievement level.

Note B - Leases

The Company determines if an arrangement is a lease at inception of the arrangement. To the extent that it can be determined that an arrangement represents a lease, it is classified as either an operating lease or a finance lease. The Company does not currently have any finance leases. The Company capitalizes operating leases on the Condensed Consolidated Balance Sheets through a right-of-use asset and a corresponding lease liability. Right-of-use assets represent the Company’s right to use an underlying asset for the lease term and lease liabilities represent the Company’s obligation to make lease payments arising from the lease. Short-term leases that have an initial term of one year or less are not capitalized. The Company does not presently have any short-term leases.

Operating lease right-of-use assets and liabilities are recognized at the commencement date of an arrangement based on the present value of lease payments over the lease term. In addition to the present value of lease payments, the operating lease right-of-use asset also includes any lease payments made to the lessor prior to lease commencement less any lease incentives and initial direct costs incurred. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

Nature of Leases

The Company leases certain office space, restaurant space, and information technology equipment under non-cancelable leases to support its operations. A more detailed description of significant lease types is included below.

Office Space Agreements

The Company rents office space from third parties for its corporate location. Office space agreements are typically structured with non-cancelable terms of one to 10 years. The Company has concluded that its office space agreements represent operating leases with a lease term that equals the primary non-cancelable contract term. Upon completion of the primary term, both parties have substantive rights to terminate the lease. As a result, enforceable rights and obligations do not exist under the rental agreement subsequent to the primary term.

Restaurant Space Agreements

The Company subleased one of its restaurant spaces to a third-party through January 2025. The Company has no plans to enter into future sublease arrangements.

Information Technology Equipment Agreements

The Company rents information technology equipment, primarily printers and copiers, from a third-party for its corporate office location. Information technology equipment agreements are typically structured with non-cancelable terms of one to five years. The Company has concluded that its information technology equipment agreements are operating leases.

Discount Rate

Leases typically do not provide an implicit interest rate. Accordingly, the Company is required to use its incremental borrowing rate in determining the present value of lease payments based on the information available at the lease commencement date. The Company's incremental borrowing rate reflects the estimated rate of interest that it would pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment. The Company uses the implicit rate in the limited circumstances in which that rate is readily determinable.

Lease Guarantees

The Company has guaranteed the financial responsibilities of certain franchised store leases. These guaranteed leases are not considered operating leases because the Company does not have the right to control the underlying asset. If the franchisee abandons the lease and fails to meet the lease's financial obligations, the lessor may assign the lease to the Company for the remainder of the term. If the Company does not expect to assign the abandoned lease to a new franchisee within 12 months, the lease will be considered an operating lease and a right-of-use asset, and lease liability will be recognized.

Practical Expedients and Accounting Policy Elections

Certain lease agreements include lease and non-lease components. For all existing asset classes with multiple component types, the Company has utilized the practical expedient that exempts it from separating lease components from non-lease components. Accordingly, the Company accounts for the lease and non-lease components in an arrangement as a single lease component.

In addition, for all existing asset classes, the Company has made an accounting policy election not to apply the lease recognition requirements to short-term leases (that is, a lease that, at commencement, has a lease term of 12 months or less and does not include an option to purchase the underlying asset that the Company is reasonably certain to exercise). Accordingly, we recognize lease payments related to our short-term leases in our income statements on a straight-line basis over the lease term which has not changed from our prior recognition. To the extent that there are variable lease payments, we recognize those payments in our income statements in the period in which the obligation for those payments is incurred.

The components of total lease expense for the three months ended September 28, 2025 and September 29, 2024, where operating lease cost is included in general and administrative expense and sublease income is included in revenues in the accompanying Condensed Consolidated Statements of Income, are as follows (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Operating lease cost	\$ 81	\$ 104
Sublease income	—	(23)
Total lease expense, net of sublease income	<u>\$ 81</u>	<u>\$ 81</u>

Weighted average remaining lease term and weighted average discount rate for operating leases are as follows:

	September 28, 2025	September 29, 2024
Weighted average remaining lease term	1.4 Years	1.6 Years
Weighted average discount rate	4.2%	4.0%

Remaining operating lease liabilities with enforceable contract terms that are greater than one year mature as follows (in thousands):

	Operating Leases
Fiscal Year 2026	\$ 291
Fiscal Year 2027	197
Fiscal Year 2028	6
Fiscal Year 2029	6
Thereafter	1
Total operating lease payments	<u>\$ 501</u>
Less: imputed interest	(16)
Total operating lease liability	<u>\$ 485</u>

Note C - Commitments and Contingencies

The Company is subject to various claims and contingencies related to employment agreements, franchise disputes, lawsuits, taxes, food product purchase contracts and other matters arising out of the normal course of business. Management believes that any such claims and actions currently pending are either covered by insurance or would not have a material adverse effect on the Company's results of operations or financial condition if decided in a manner that is unfavorable to the Company.

Note D - Stock-Based CompensationStock Options:

For the three months ended September 28, 2025 and September 29, 2024, the Company recognized stock-based compensation expense related to stock options of zero. As of September 28, 2025, there was no unamortized stock-based compensation expense related to stock options.

The following table summarizes the number of shares of the Company's common stock subject to outstanding stock options:

	Three Months Ended	
	September 28, 2025	September 29, 2024
	Shares	Shares
Outstanding at beginning of year	114,286	114,286
Granted	—	—
Exercised	—	—
Forfeited/Canceled/Expired	(24,286)	—
Outstanding at end of period	<u>90,000</u>	<u>114,286</u>
Exercisable at end of period	<u>90,000</u>	<u>114,286</u>

Restricted Stock Units:

For the three months ended September 28, 2025 and September 29, 2024, the Company had stock-based compensation expense related to RSUs of \$38 thousand and \$73 thousand, respectively. As of September 28, 2025, there was \$276 thousand unamortized stock-based compensation expense related to RSUs.

As of September 28, 2025, the RSUs will be amortized during the next 25 months. A summary of the status of RSUs as of September 28, 2025 and September 29, 2024, and changes during the three months then ended is presented below:

	Three Months Ended	
	September 28, 2025	September 29, 2024
	Shares	Shares
Unvested at beginning of year	181,703	269,063
Performance adjustment	—	30,771
Granted	—	—
Issued	—	—
Forfeited	—	—
Unvested at end of period	<u>181,703</u>	<u>299,834</u>

Note E - Earnings per Share (EPS)

The following table shows the reconciliation of the numerator and denominator of the basic EPS calculation to the numerator and denominator of the diluted EPS calculation (in thousands, except per share amounts):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Net income available to common shareholders	\$ 645	\$ 526
BASIC:		
Weighted average common shares	14,212	14,587
Net income per common share	\$ 0.05	\$ 0.04
DILUTED:		
Weighted average common shares	14,212	14,587
Dilutive stock options and restricted stock units	65	212
Weighted average common shares outstanding	14,277	14,799
Net income per common share	\$ 0.05	\$ 0.04

For the three months ended September 28, 2025, exercisable options to purchase 50,000 shares of common stock at exercise price \$3.95 were excluded from the computation of diluted EPS because they had an intrinsic value of zero. For the three months ended September 28, 2025, 142,328 RSUs were excluded from the computation of diluted EPS because performance criteria is not probable at period end.

For the three months ended September 29, 2024, exercisable options to purchase 71,886 shares of common stock at exercise prices from \$3.95 to \$13.11 were excluded from the computation of diluted EPS because they had an intrinsic value of zero. For the three months ended September 29, 2024, 105,000 RSUs were excluded from the computation of diluted EPS because performance criteria is not probable at period end.

Note F - Income Taxes

Total income tax expense consists of the following (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Federal tax expense	\$ 175	\$ 143
State tax expense	31	26
Total income tax expense	\$ 206	\$ 169

The Company continually reviews the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. In assessing the need for a valuation allowance, the Company considers both positive and negative evidence related to the likelihood of realization of deferred tax assets.

Note G - Segment Reporting

The Company has three reportable operating segments as determined by management using the “management approach” as defined by ASC 280 *Disclosures about Segments of an Enterprise and Related Information*: (1) Pizza Inn Franchising, (2) Pie Five Franchising and (3) Corporate administration and other. These segments are a result of differences in the nature of the products and services sold. Corporate administration costs, which include, but are not limited to, general accounting, human resources, legal and credit and collections, are partially allocated to the three operating segments. The Company's chief operating decision maker (“CODM”) is the chief executive officer, who assesses segment performance primarily based on operating revenues and income before taxes to inform decisions regarding resource allocation. In addition, the CODM uses segment income to evaluate investment opportunities and strategic priorities across the Company's brands.

The Pizza Inn and Pie Five Franchising segments establish franchisees, licensees and territorial rights. Revenue for these segments are derived from franchise royalties, franchise fees, sale of area development and foreign master license rights and incentive payments from third-party suppliers and distributors. Assets for these segments include equipment, furniture and fixtures.

Corporate administration and other assets primarily include cash and short-term investments, as well as furniture and fixtures located at the corporate office and trademarks and other intangible assets. All assets are located within the United States.

Summarized in the following tables are revenues, expenses, operating income, and income before taxes for the Company's reportable segments as of the three months ended September 28, 2025 and September 29, 2024 (in thousands):

	Pizza Inn Franchising		Pie Five Franchising		Corporate		Total	
	Fiscal Quarter Ended		Fiscal Quarter Ended		Fiscal Quarter Ended		Fiscal Quarter Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
REVENUES:								
Franchise royalties	\$ 1,029	\$ 951	\$ 141	\$ 170	\$ —	\$ —	\$ 1,170	\$ 1,121
Supplier and distributor incentive revenues	1,227	1,122	48	70	—	—	1,275	1,192
Franchise license fees	20	20	3	8	—	—	23	28
Area development exclusivity fees and foreign master license fees	2	2	1	1	—	—	3	3
Advertising fund contributions	488	407	45	57	—	—	533	464
Supplier convention funds	209	217	—	—	—	—	209	217
Rental income	—	—	—	—	—	23	—	23
Other franchise revenue	—	—	—	2	—	—	—	2
Total revenues	2,975	2,719	238	308	—	23	3,213	3,050
COSTS AND EXPENSES:								
General and administrative expenses	—	—	—	—	1,378	1,420	1,378	1,420
Franchise expenses	977	889	60	106	—	—	1,037	995
Provision (recovery) for credit losses	—	—	—	—	4	(17)	4	(17)
Depreciation and amortization expense	—	—	—	—	42	43	42	43
Total costs and expenses	977	889	60	106	1,424	1,446	2,461	2,441
OPERATING INCOME	1,998	1,830	178	202	(1,424)	(1,423)	752	609
Interest income	—	—	—	—	91	82	91	82
Other income	—	—	—	—	8	4	8	4
Total other income	—	—	—	—	99	86	99	86
INCOME/(LOSS) BEFORE TAXES	\$ 1,998	\$ 1,830	\$ 178	\$ 202	\$ (1,325)	\$ (1,337)	\$ 851	\$ 695
Income tax expense	—	—	—	—	206	169	206	169
NET INCOME/(LOSS)	1,998	1,830	178	202	(1,531)	(1,506)	645	526

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

The following discussion should be read in conjunction with the consolidated financial statements and accompanying notes appearing elsewhere in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended June 29, 2025 and may contain certain forward-looking statements that are based on current management expectations. Generally, verbs in the future tense and the words “believe,” “expect,” “anticipate,” “estimate,” “intends,” “opinion,” “potential” and similar expressions identify forward-looking statements. Forward-looking statements in this report include, without limitation, statements relating to our business objectives, our customers and franchisees, our liquidity and capital resources, and the impact of our historical and potential business strategies on our business, financial condition, and operating results. Our actual results could differ materially from our expectations. Further information concerning our business, including additional factors that could cause actual results to differ materially from the forward-looking statements contained in this Quarterly Report on Form 10-Q, are set forth in our Annual Report on Form 10-K for the year ended June 29, 2025. These risks and uncertainties should be considered in evaluating forward-looking statements and undue reliance should not be placed on such statements. The forward-looking statements contained herein speak only as of the date of this Quarterly Report on Form 10-Q and, except as may be required by applicable law, we do not undertake, and specifically disclaim any obligation to, publicly update or revise such statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

Results of Operations

Overview

Rave Restaurant Group, Inc., through its subsidiaries (collectively, the “Company” or “we,” “us” or “our”), franchises pizza buffet (“Buffet Units”), delivery/carry-out (“Delco Units”), express restaurants (“Express Units”) and ghost kitchens (“Pizza Inn Ghost Kitchen Units”) under the trademark “Pizza Inn” and franchises fast casual pizza restaurants (“Pie Five Units”) and ghost kitchens (“Pie Five Ghost Kitchen Units”) under the trademarks “Pie Five Pizza Company” or “Pie Five”. The Company also licenses Pizza Inn Express, or PIE, kiosks (“PIE Units”) under the trademark “Pizza Inn”. We facilitate food, equipment and supply distribution to our domestic and international system of restaurants through agreements with third-party distributors. At September 28, 2025, franchised and licensed units consisted of the following:

Three Months Ended September 28, 2025

(in thousands, except unit data)

	Pizza Inn		Pie Five		All Concepts	
	Ending Units	System-Wide Retail Sales	Ending Units	System-Wide Retail Sales	Ending Units	System-Wide Retail Sales
Domestic Franchised/Licensed	96	\$ 27,950	17	\$ 2,420	113	\$ 30,370
International Franchised	20	\$ 1,373	—	\$ —	20	\$ 1,373

The domestic units were located in 15 states predominantly situated in the southern half of the United States. The international units were located in six foreign countries.

Non-GAAP Financial Measures and Other Terms

The Company’s financial statements are prepared in accordance with United States generally accepted accounting principles (“GAAP”). However, the Company also presents and discusses certain non-GAAP financial measures that it believes are useful to investors as measures of operating performance. Management may also use such non-GAAP financial measures in evaluating the effectiveness of business strategies and for planning and budgeting purposes. However, these non-GAAP financial measures should not be viewed as an alternative or substitute for the results reflected in the Company’s GAAP financial statements.

We consider EBITDA and Adjusted EBITDA to be important supplemental measures of operating performance that are commonly used by securities analysts, investors and other parties interested in our industry. We believe that EBITDA is helpful to investors in evaluating our results of operations without the impact of expenses affected by financing methods, accounting methods and the tax environment. We believe that Adjusted EBITDA provides additional useful information to investors by excluding non-operational or non-recurring expenses to provide a measure of operating performance that is more comparable from period to period. Management also uses these non-GAAP financial measures for evaluating operating performance, assessing the effectiveness of business strategies, projecting future capital needs, budgeting and other planning purposes.

The following key performance indicators presented herein, some of which represent non-GAAP financial measures, have these meanings and are calculated as follows:

- “EBITDA” represents earnings before interest, taxes, depreciation and amortization.
- “Adjusted EBITDA” represents earnings before interest, taxes, depreciation and amortization, stock-based compensation expense, severance, gain/loss on sale of assets, costs related to impairment and other lease charges, franchisee default and closed store revenue/expense, and closed and non-operating store costs.
- “Retail sales” represents the restaurant sales reported by our franchisees, which may be segmented by brand or domestic/international locations.
- “Comparable store retail sales” includes the retail sales for restaurants that have been open for at least 18 months as of the end of the reporting period. The sales results for a restaurant that was closed for more than seven days for remodeling or relocation within the same trade area are not included in the calculation.

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- “Average units open” reflects the number of restaurants open during a reporting period weighted by the percentage of the days in a reporting period that each restaurant was open.
- “Franchisee default and closed store revenue/expense” represents the net of accelerated revenues and costs attributable to defaulted area development agreements and closed franchised stores.
- “Closed and non-operating store costs” represent gain or loss on asset disposal, store closure expenses, lease termination expenses and expenses related to abandoned store sites.

EBITDA and Adjusted EBITDA

Adjusted EBITDA for the fiscal quarter ended September 28, 2025 increased \$0.1 million compared to the same period of the prior fiscal year. The following table sets forth a reconciliation of net income to EBITDA and Adjusted EBITDA for the periods shown (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Net income	\$ 645	\$ 526
Interest income	(91)	(82)
Income taxes	206	169
Depreciation and amortization	42	43
EBITDA	\$ 802	\$ 656
Stock-based compensation expense	38	73
Franchisee default and closed store revenue	(10)	(9)
Adjusted EBITDA	\$ 830	\$ 720

Pizza Inn Brand Summary

The following tables summarize certain key indicators for the Pizza Inn franchised and licensed domestic units that management believes are useful in evaluating performance:

	Three Months Ended	
	September 28, 2025	September 29, 2024
Pizza Inn Retail Sales - Total Domestic Units	(in thousands, except unit data)	
Buffet Units - Franchised	\$ 27,297	\$ 24,499
Delco/Express Units - Franchised	646	859
PIE Units - Licensed	4	10
Pizza Inn Ghost Kitchen Units - Franchised	3	2
Total Domestic Retail Sales	\$ 27,950	\$ 25,370
Pizza Inn Comparable Store Retail Sales - Total Domestic	\$ 27,115	\$ 25,087
Pizza Inn Average Units Open in Period		
Buffet Units - Franchised	79	78
Delco/Express Units - Franchised	15	23
PIE Units - Licensed	1	2
Pizza Inn Ghost Kitchen Units - Franchised	1	1
Total Domestic Units	96	104

Pizza Inn total domestic retail sales increased by \$2.6 million, or 10.2%, for the three months ended September 28, 2025 when compared to the same period of the prior fiscal year. Compared to the same fiscal quarter of the prior year, average Buffet Units open in the period increased from 78 to 79. Comparable store retail sales increased by \$2.0 million, or 8.1%, for the three month period ended September 28, 2025 as compared to the same period of the prior fiscal year. For the three months ended September 28, 2025, the increase in domestic retail sales were primarily the result of the increase in the average number of Buffet Units, supplemented by an increase in comparable domestic store retail sales.

The following chart summarizes Pizza Inn restaurant activity for the three months ended September 28, 2025:

	Three Months Ended September 28, 2025					
	Beginning Units	Opened	Concept Change	Transfer	Closed	Ending Units
Buffet Units - Franchised	79	1	—	2	1	79
Delco/Express Units - Franchised	15	1	—	—	1	15
PIE Units - Licensed	1	—	—	—	—	1
Pizza Inn Ghost Kitchen Units - Franchised	1	—	—	—	—	1
Total Domestic Units	96	2	—	2	2	96
International Units (all types)	22	1	—	—	3	20
Total Units	118	3	—	2	5	116

The total domestic Pizza Inn units remained stable during the three months ended September 28, 2025. There were two units transferred between franchisees in the total domestic Pizza Inn unit count during the three months ended September 28, 2025. For the three months ended September 28, 2025, the number of international Pizza Inn units decreased by two units. There were zero transfers in the total international Pizza Inn unit count during the three months ended September 28, 2025. The Company believes the number of both domestic and international Pizza Inn units will increase modestly in future periods.

Pie Five Brand Summary

The following tables summarize certain key indicators for the Pie Five franchised restaurants that management believes are useful in evaluating performance:

	Three Months Ended	
	September 28, 2025	September 29, 2024
Pie Five Retail Sales - Total Units		
Pie Five Units - Franchised	\$ 2,389	\$ 2,885
Pie Five Ghost Kitchen Units - Franchised	31	93
Total Domestic Retail Sales	\$ 2,420	\$ 2,978
Pie Five Comparable Store Retail Sales - Total	\$ 2,388	\$ 2,628
Pie Five Average Units Open in Period		
Pie Five Units - Franchised	16	18
Pie Five Ghost Kitchen Units - Franchised	1	2
Total Domestic Units	17	20

Pie Five total domestic retail sales decreased by \$0.6 million, or 18.7%, for the three months ended September 28, 2025 when compared to the same period of the prior fiscal year. Compared to the same fiscal quarter of the prior year, average units open in the period decreased from 20 to 17. Comparable store retail sales decreased by \$0.2 million, or 9.1%, for the three month period ended September 28, 2025 as compared to the same period of the prior fiscal year. For the three months ended September 28, 2025, the decrease in domestic retail sales were primarily the result of the decrease in average store count, supplemented by a decrease in comparable store retail sales.

The following chart summarizes Pie Five restaurant activity for the three months ended September 28, 2025:

	Three Months Ended September 28, 2025					
	Beginning Units	Opened	Concept Change	Transfer	Closed	Ending Units
Pie Five Units - Franchised	16	—	—	—	—	16
Pie Five Ghost Kitchen Units - Franchised	1	—	—	—	—	1
Total Domestic Units	17	—	—	—	—	17

The total domestic Pie Five units remained stable during the three months ended September 28, 2025. We believe that Pie Five units will decrease modestly in future periods.

Financial Results

In addition to Corporate overhead support, the Company defines its operating segments as Pizza Inn Franchising and Pie Five Franchising. The following is additional business segment information for the three months ended September 28, 2025 and September 29, 2024 (in thousands):

	Pizza Inn Franchising		Pie Five Franchising		Corporate		Total	
	Fiscal Quarter Ended		Fiscal Quarter Ended		Fiscal Quarter Ended		Fiscal Quarter Ended	
	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024	September 28, 2025	September 29, 2024
REVENUES:								
Franchise and license revenues	\$ 2,975	\$ 2,719	\$ 238	\$ 306	\$ —	\$ —	\$ 3,213	\$ 3,025
Rental income	—	—	—	—	—	23	—	23
Other income	—	—	—	2	—	—	—	2
Total revenues	2,975	2,719	238	308	—	23	3,213	3,050
COSTS AND EXPENSES:								
General and administrative expenses	—	—	—	—	1,378	1,420	1,378	1,420
Franchise expenses	977	889	60	106	—	—	1,037	995
Provision (recovery) for credit losses	—	—	—	—	4	(17)	4	(17)
Depreciation and amortization expense	—	—	—	—	42	43	42	43
Total costs and expenses	977	889	60	106	1,424	1,446	2,461	2,441
OPERATING INCOME	1,998	1,830	178	202	(1,424)	(1,423)	752	609
Interest income	—	—	—	—	91	82	91	82
Other income	—	—	—	—	8	4	8	4
Total other income	—	—	—	—	99	86	99	86
INCOME/(LOSS) BEFORE TAXES	\$ 1,998	\$ 1,830	\$ 178	\$ 202	\$ (1,325)	\$ (1,337)	\$ 851	\$ 695

Revenues:

Revenues are derived from franchise royalties, supplier and distributor incentive revenues, franchise license fees, area development exclusivity fees and foreign master license fees, advertising fund contributions, supplier convention funds, rental income, and other income. The volume of supplier and distributor incentive revenues is dependent on the level of total retail sales, which are impacted by changes in comparable store sales and restaurant count, as well as the products sold to franchisees through third-party food distributors.

Total revenues for the three month period ended September 28, 2025 and for the same period in the prior fiscal year were \$3.2 million and \$3.1 million, respectively.

Pizza Inn Franchise and License

Pizza Inn franchise revenues increased by \$0.3 million to \$3.0 million for the three month period ended September 28, 2025 as compared to the same period in the prior fiscal year. The 9.4% increase was driven by increases in supplier and distributor incentives and domestic royalties mainly due to an increase in system-wide sales.

Pie Five Franchise and License

Pie Five franchise revenues decreased by \$0.1 million to \$0.2 million for the three month period ended September 28, 2025 as compared to the same period in the prior fiscal year. The 22.2% decrease was driven by decreases in domestic royalties and supplier and distributor incentives from lower system-wide sales mainly due to unit closures.

Costs and Expenses:

General and Administrative Expenses

Total general and administrative expenses remained relatively stable at \$1.4 million for the three month period ended September 28, 2025 as compared to the same period of the prior fiscal year. The 3.0% decrease was driven by decreases in legal fees, offset by increases in salaries.

Franchise Expenses

Franchise expenses include general and administrative expenses directly related to the sale and continuing service of domestic and international franchises. Total franchise expenses remained relatively stable at \$1.0 million for the three month period ended September 28, 2025 as compared to the same period of the prior fiscal year. The 4.2% increase was driven by increases in advertising fees.

Provision (Recovery) for Credit Losses

The Company monitors franchisee receivable balances and adjusts credit terms when necessary to minimize the Company's exposure to high-risk accounts receivable. For the three month period ended September 28, 2025, provision for credit losses were \$4 thousand compared to recoveries for credit losses of \$17 thousand for the same period in the prior fiscal year.

Interest Income

Interest income increased by \$9 thousand to \$91 thousand for the three month period ended September 28, 2025 as compared to the same period in the prior fiscal year. The increase was primarily driven by interest received on U.S. Treasury bills, which had a larger average balance during the period compared to the prior fiscal year.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by \$1 thousand to \$42 thousand for the three month period ended September 28, 2025 as compared to the same period in the prior fiscal year. The decrease was primarily the result of lower depreciation of equipment.

Provision for Income Taxes

Total income tax expense consists of the following (in thousands):

	Three Months Ended	
	September 28, 2025	September 29, 2024
Federal tax expense	\$ 175	\$ 143
State tax expense	31	26
Total income tax expense	\$ 206	\$ 169

For the three months ended September 28, 2025 and September 29, 2024, the Company recorded an income tax expense of \$206 thousand and \$169 thousand, respectively. The increase was driven by increases in federal taxes, primarily due to higher taxable income and fewer discrete tax items related to restricted stock units vesting in the prior fiscal year.

The Company continually reviews the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. In assessing the need for a valuation allowance, the Company considers both positive and negative evidence related to the likelihood of realization of deferred tax assets.

Earnings per Share

Basic net income per share increased \$0.01 per share to \$0.05 per share for the three months ended September 28, 2025, compared to the comparable period in the prior fiscal year. The Company had net income of \$0.6 million for the three months ended September 28, 2025 compared to net income of \$0.5 million in the comparable period in the prior fiscal year, on revenues of \$3.2 million for the three months ended September 28, 2025 compared to \$3.1 million in the comparable period in the prior fiscal year.

Liquidity and Capital Resources

During the three month period ended September 28, 2025, the Company's primary source of liquidity was proceeds from operating activities.

Cash flows from operating activities generally reflect net income adjusted for certain non-cash items including depreciation and amortization, changes in deferred taxes, stock-based compensation, short-term investment discount amortization, and changes in working capital. Cash provided by operating activities was \$0.6 million for the three month period ended September 28, 2025 compared to cash provided by operating activities of \$0.5 million for the three month period ended September 29, 2024. The primary driver of increased operating cash flow during the three month period ended September 28, 2025 was increased net income, which resulted primarily from increased revenue.

Cash flows from investing activities reflect purchases and maturities of short-term investments as well as net proceeds from the sale of assets and capital expenditures for the purchase of Company assets. Cash used in investing activities during the three month period ended September 28, 2025 was \$2.1 million compared to cash used in investing activities of \$2.0 million for the three months ended September 29, 2024. The increase in net cash used in investing activities during the three month period ended September 28, 2025 was primarily attributable to increased activity related to the purchase and redemption of short-term investments.

Cash flows used in financing activities generally reflect changes in the Company's stock and debt activity during the period. Net cash used in financing activities was zero for the three month periods ended September 28, 2025 and September 29, 2024.

Management believes the cash on hand combined with net cash provided by operations will be sufficient to fund operations for the next 12 months and beyond.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires the Company's management to make estimates and assumptions that affect our reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingent liabilities. The Company bases its estimates on historical experience and various other assumptions that it believes are reasonable under the circumstances. Estimates and assumptions are reviewed periodically. Actual results could differ materially from estimates.

The Company believes the following critical accounting policies require estimates about the effect of matters that are inherently uncertain, are susceptible to change, and therefore require subjective judgments. Changes in the estimates and judgments could significantly impact the Company's results of operations and financial condition in future periods.

Accounts receivable consist primarily of receivables generated from franchise royalties and supplier concessions. The Company records an allowance for credit losses to allow for any amounts which may be unrecoverable based upon an analysis of the Company's prior collection experience, customer creditworthiness and current economic trends. Actual realization of accounts receivable could differ materially from the Company's estimates.

The Company reviews long-lived assets for impairment when events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use and eventual disposition of the assets compared to their carrying value. If impairment is indicated, the carrying value of an impaired asset is reduced to its fair value, based on discounted estimated future cash flows.

Franchise revenue consists of income from license fees, royalties, area development and foreign master license agreements, advertising fund revenues, supplier incentive and convention contribution revenues. Franchise fees, area development and foreign master license agreement fees are amortized into revenue on a straight-line basis over the term of the related contract agreement. In the event of a closed franchise or defaulted development agreement, the remaining balance of unamortized license fees will be recognized in entirety as of the date of the closure or default. Royalties and advertising fund revenues, which are based on a percentage of franchise retail sales, are recognized as income as retail sales occur. Supplier incentive revenues are recognized as earned, typically as the underlying commodities are shipped.

The Company continually reviews the realizability of its deferred tax assets, including an analysis of factors such as future taxable income, reversal of existing taxable temporary differences, and tax planning strategies. The Company assesses whether a valuation allowance should be established against its 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, the Company considers both positive and negative evidence related to the likelihood of realization of deferred tax assets. In making such assessment, more weight is given to evidence that can be objectively verified, including recent operating performance.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, which prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that it has taken or expects to take on a tax return. ASC 740-10 requires that a company recognize in its financial statements the impact of tax positions that meet a “more likely than not” threshold, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. As of September 28, 2025 and June 29, 2025, the Company had no uncertain tax positions.

The Company assesses its exposures to loss contingencies from legal matters based upon factors such as the current status of the cases and consultations with external counsel and provides for the exposure by accruing an amount if it is judged to be probable and can be reasonably estimated. If the actual loss from a contingency differs from management’s estimate, operating results could be adversely impacted.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required for a smaller reporting company.

Item 4. Controls and Procedures

The Company maintains disclosure controls and procedures designed to ensure that information it is required to disclose in the reports filed or submitted under the Securities Exchange Act of 1934 (the “Exchange Act”) is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. The Company’s disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive officer and principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

The Company’s management, including the Company’s principal executive officer and principal financial officer, or persons performing similar functions, have evaluated the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based on such evaluation, the Company’s principal executive officer and principal financial officer, or persons performing similar functions, have concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this report. During the most recent fiscal quarter, there have been no changes in the Company’s internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is subject to various claims and contingencies related to employment agreements, franchise disputes, lawsuits, taxes, food product purchase contracts and other matters arising out of the normal course of business. Management believes that any such claims and actions currently pending are either covered by insurance or would not have a material adverse effect on the Company's annual results of operations or financial condition if decided in a manner that is unfavorable to the Company.

Item 1A. Risk Factors

Not required for a smaller reporting company.

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

Not applicable.

Item 3. Defaults upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the three months ended September 28, 2025, no director or officer adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement, as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

1. The financial statements filed as part of this report are listed in the Index to Consolidated Financial Statements and Supplementary Data appearing on page F-1 of this report on Form 10-K.
2. Any financial statement schedule filed as part of this report is listed in the Index to Consolidated Financial Statements and Supplementary Data appearing on page F-1 of this report on Form 10-K.
3. Exhibits:

3.1	Amended and Restated Articles of Incorporation of Rave Restaurant Group, Inc. (incorporated by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed January 8, 2015).
3.2	Amended and Restated Bylaws of Rave Restaurant Group, Inc. (incorporated by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K filed January 8, 2015).
10.1	2015 Long Term Incentive Plan of the Company (filed as Exhibit 10.1 to Form 8-K filed November 20, 2014 and incorporated herein by reference).*
10.2	Form of Stock Option Grant Agreement under the Company's 2015 Long Term Incentive Plan (filed as Exhibit 10.2 to Form 8-K filed November 20, 2014 and incorporated herein by reference).*
10.3	Form of Restricted Stock Unit Award Agreement under the Company's 2015 Long-Term Incentive Plan (filed as Exhibit 10.3 to Form 10-K/A filed on September 30, 2019 and incorporated herein by reference).*
10.4	Lease Agreement dated November 1, 2016, between A&H Properties Partnership and Rave Restaurant Group, Inc. (filed as Exhibit 10.4 to Form 10-K for the year ended June 30, 2019 and incorporated herein by reference).*
10.5	First Amendment to Lease and Expansion dated July 1, 2017, between A&H Properties Partnership and Rave Restaurant Group, Inc. (filed as Exhibit 10.5 to Form 10-K for the year ended June 30, 2019 and incorporated herein by reference).*
10.6	Second Amendment to Lease Agreement effective June 1, 2020, between A&H Properties Partnership and Rave Restaurant Group, Inc. (filed as Exhibit 10.6 to Form 10-K for the fiscal year ended June 27, 2021 and incorporated herein by reference).
10.7	Letter agreement dated October 18, 2019, between Rave Restaurant Group, Inc. and Brandon Solano (filed as Exhibit 10.1 to Form 8-K filed October 21, 2019 and incorporated herein by reference).*
10.8	Letter agreement dated March 25, 2024, between Rave Restaurant Group, Inc. and Jay Rooney (filed as Exhibit 10.1 to Form 8-K filed March 26, 2024 and incorporated herein by reference).*
31.1	Rule 13a-14(a)/15d-14(a) Certification of Principal Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) Certification of Principal Financial Officer.
32.1	Section 1350 Certification of Principal Executive Officer.
32.2	Section 1350 Certification of Principal Financial Officer.
101	Interactive data files pursuant to Rule 405 of Regulation S-T.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

*Management contract or compensatory plan or agreement.

SIGNATURES

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

RAVE RESTAURANT GROUP, INC.
(Registrant)

By: /s/ Brandon L. Solano
Brandon L. Solano
Chief Executive Officer
(principal executive officer)

By: /s/ Jay D. Rooney
Jay D. Rooney
Chief Financial Officer
(principal financial officer)

Dated: November 6, 2025

**CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Brandon L. Solano, certify that:

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

Date: November 6, 2025

By: /s/ Brandon L. Solano
Brandon L. Solano
Chief Executive Officer
(principal executive officer)

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jay D. Rooney, certify that:

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

Date: November 6, 2025

By: /s/ Jay D. Rooney
Jay D. Rooney
Chief Financial Officer
(principal financial officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Rave Restaurant Group, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The accompanying Quarterly Report on Form 10-Q for the quarter ended September 28, 2025 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Date: November 6, 2025

By: /s/ Brandon L. Solano
Brandon L. Solano
Chief Executive Officer
(principal executive officer)

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Rave Restaurant Group, Inc. (the "Company"), does hereby certify, to such officer's knowledge, that:

The accompanying Quarterly Report on Form 10-Q for the quarter ended September 28, 2025 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company as of, and for, the periods presented in the Form 10-Q.

Date: November 6, 2025

By: /s/ Jay D. Rooney
Jay D. Rooney
Chief Financial Officer
(principal financial officer)

The foregoing certification is being furnished as an exhibit to the Form 10-Q pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and, accordingly, is not being filed as part of the Form 10-Q for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.
