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 27, 2026 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	**45-3189287**
(State or other jurisdiction of incorporation or organization)	**(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	The Nasdaq Stock Market LLC

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 29, 2026, 14,252,910 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 27, 2026	**September 28, 2025**
REVENUES	$ 3,322	$ 3,213
COSTS AND EXPENSES		
General and administrative expenses	1,418	1,378
Franchise expenses	1,106	1,037
Provision (recovery) for credit losses	(2)	4
Depreciation and amortization expense	40	42
Total costs and expenses	2,562	2,461
OPERATING INCOME	760	752
Interest income	117	91
Other income	3	8
INCOME BEFORE TAXES	880	851
Income tax expense	215	206
NET INCOME	$ 665	$ 645
INCOME PER SHARE OF COMMON STOCK		
Basic	$ 0.05	$ 0.05
Diluted	$ 0.05	$ 0.05
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING		
Basic	14,212	14,212
Diluted	14,422	14,277

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

	September 27, 2026	June 28, 2026
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 1,227	$ 1,123
Short-term investments	13,603	12,487
Accounts receivable, less allowance for credit losses of $28 and $30, respectively	1,039	1,446
Notes receivable, current	37	37
Assets held for sale	31	33
Deferred contract charges, current	25	24
Prepaid expenses and other current assets	559	613
Total current assets	16,521	15,763
LONG-TERM ASSETS		
Property and equipment, net	92	101
Operating lease right-of-use assets, net	96	177
Intangible assets definite-lived, net	88	100
Notes receivable, net of current portion	36	41
Deferred tax asset, net	2,923	3,103
Deferred contract charges, net of current portion	291	251
Total assets	$ 20,047	$ 19,536
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	$ 184	$ 203
Accrued expenses	1,126	933
Operating lease liabilities, current	100	193
Deferred revenues, current	72	364
Total current liabilities	1,482	1,693
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	11	12
Deferred revenues, net of current portion	523	501
Total liabilities	2,016	2,206
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	37,850	37,814
Retained earnings	11,157	10,492
Treasury stock, at cost		
Shares in treasury: 11,435,605 and 11,435,605 respectively	(31,232)	(31,232)
Total shareholders' equity	18,031	17,330
Total liabilities and shareholders' equity	$ 20,047	$ 19,536

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 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	25,647	$ 256	$ 37,554	$ 8,259	(11,436)	$ (31,232)	$ 14,837

	Common Stock		Additional Paid-in Capital	Retained Earnings	Treasury Stock		Total
	Shares	Amount			Shares	Amount	
Balance, June 28, 2026	25,647	$ 256	$ 37,814	$ 10,492	(11,436)	$ (31,232)	$ 17,330
Stock-based compensation expense	-	-	36	-	-	-	36
Net income	-	-	-	665	-	-	665
Balance, September 27, 2026	25,647	$ 256	$ 37,850	$ 11,157	(11,436)	$ (31,232)	$ 18,031

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 27, 2026	**September 28, 2025**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 665	$ 645
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization of discount on short-term investment	(101)	(75)
Stock-based compensation expense	36	38
Depreciation and amortization	20	21
Amortization of operating lease right-of-use assets	81	76
Amortization of definite-lived intangible assets	20	21
Non-cash lease expense	1	5
Provision (recovery) for credit losses	(2)	4
Deferred income tax	180	175
Changes in operating assets and liabilities:		
Accounts receivable	409	86
Notes receivable	5	11
Deferred contract charges	(41)	(8)
Prepaid expenses and other current assets	54	(151)
Accounts payable - trade	(19)	79
Accrued expenses	193	1
Operating lease liabilities	(95)	(96)
Deferred revenues	(270)	(224)
Cash provided by operating activities	1,136	608
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	(5,304)	(4,300)
Maturities of short-term investments	4,289	2,240
Purchase of assets held for sale	-	(4)
Proceeds from sale of assets held for sale	2	2
Purchase of definite-lived intangible assets	(8)	-
Purchase of property and equipment	(11)	(8)
Cash used in investing activities	(1,032)	(2,070)
Net increase (decrease) in cash and cash equivalents	104	(1,462)
Cash and cash equivalents, beginning of period	1,123	2,859
Cash and cash equivalents, end of period	$ 1,227	$ 1,397
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
CASH PAID FOR:		
Franchise and state income taxes, net of refunds	$ 33	$ 67
Federal income taxes, net of refunds	$ -	$ -

See accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

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

Rave Restaurant Group, Inc., and its subsidiaries (collectively referred to as the "Company", or in the first person notations of "we", "us" and "our") franchise pizza buffet, delivery/carry-out, express restaurants and ghost kitchens domestically and internationally under the trademark "Pizza Inn" and franchise domestic fast casual restaurants under the trademarks "Pie Five Pizza Company" or "Pie Five". The Company also licensed pizza kiosks under the "Pizza Inn" trademark but discontinued doing so during the fiscal year ended June 28, 2026. We facilitate the procurement and distribution of food, equipment and supplies to our domestic and international system of restaurants through agreements with third-party distributors.

As of September 27, 2026, we had 104 franchised Pizza Inn restaurants, 13 franchised Pie Five Units, and zero licensed Pizza Inn Express, or PIE, kiosks ("PIE Units"). The 86 domestic franchised Pizza Inn restaurants were comprised of 81 pizza buffet restaurants ("Buffet Units"), four delivery/carry-out restaurants ("Delco Units"), one express restaurant ("Express Units"), and zero ghost kitchens ("Pizza Inn Ghost Kitchen Units"). As of September 27, 2026, there were 18 international franchised Pizza Inn restaurants. Domestic Pizza Inn restaurants and kiosks were located predominantly in the southern half of the United States, with North Carolina, Texas, South Carolina and Mississippi accounting for approximately 22%, 17%, 12% and 8%, respectively, of the total number of domestic units.

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 28, 2026.

In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to fairly present the Company's financial position, results of operations and cash flows 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 27, 2026 and June 28, 2026, the Company held U.S. Treasury bills valued at approximately $13.6 million and $12.5 million, respectively, which are included within short-term investments on the accompanying Condensed Consolidated Balance Sheets. For the three months ended September 27, 2026 and September 28, 2025, interest income recognized on U.S. Treasury bills was $111 thousand and $86 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 27, 2026 and June 28, 2026, 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):

	September 27, 2026				June 28, 2026			
Fair Value Measurements	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
U.S. Treasury bills	$ 13,603	$ -	$ -	$ 13,603	$ 12,487	$ -	$ -	$ 12,487
Total	$ 13,603	$ -	$ -	$ 13,603	$ 12,487	$ -	$ -	$ 12,487

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 incentives. 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 27, 2026, recoveries for credit losses was $2 thousand compared to provision for credit losses of $4 thousand for the same period in the prior fiscal year.

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

	Three Months Ended	
	September 27, 2026	**September 28, 2025**
Balance at beginning of year	$ 30	$ 31
Provision (recovery) for credit losses	(2)	4
Amounts recovered (written off)	-	-
Ending balance	$ 28	$ 35

Fiscal Quarters

The three month periods ended September 27, 2026 and September 28, 2025 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 July 2025, the Financial Accounting Standards Board ("FASB") issued ASU 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*, which provides a practical expedient that permits an entity to assume that current conditions as of the balance sheet date do not change for the remaining life of current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The Company adopted ASU 2025-05 prospectively on June 29, 2026 and elected the practical expedient. The adoption did not have a material impact on the Company's condensed consolidated financial statements.

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.

In December 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements, which clarifies the guidance in Topic 270 to improve the consistency of interim financial reporting. The ASU provides a comprehensive list of required interim disclosures and introduces a disclosure principle requiring entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. ASU 2025-11 is effective for fiscal years beginning after December 15, 2027, including interim periods within those fiscal years, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2025-11.

In December 2025, the FASB issued its final ASU which makes improvements to the Accounting Standards Codification ("ASC") in response to feedback from stakeholders. This standard, issued as ASU 2025-12, specifically updates the Codification for a broad range of Topics arising from technical corrections, unintended application of the Codification, clarifications, and other minor improvements. This update is effective for annual reporting periods beginning after December 15, 2026, including interim reporting periods within those annual reporting periods. The Company is currently evaluating the impact of adopting ASU 2025-12.

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.

Total revenues consist of the following (in thousands):

	Three Months Ended	
	September 27, 2026	September 28, 2025
Franchise royalties	$ 1,132	$ 1,170
Supplier and distributor incentive revenues	1,348	1,275
Franchise license fees	17	23
Area development exclusivity fees and foreign master license fees	3	3
Advertising fund contributions	532	533
Supplier convention funds	289	209
Other franchise revenue	1	-
Total revenues	$ 3,322	$ 3,213

The following table reflects the changes in deferred franchise and development fees for the three months ended on September 27, 2026 and September 28, 2025 (in thousands):

	September 27, 2026	September 28, 2025
Beginning balance	$ 473	$ 460
Additions	45	13
Amount recognized to franchise revenues	(20)	(26)
Ending balance	$ 498	$ 447

During the three months ended September 27, 2026, the Company recognized approximately $289 thousand and $6 thousand in deferred convention revenue and other deferred supplier incentives, respectively. During the three months ended September 28, 2025, the Company recognized approximately $209 thousand and $4 thousand in deferred convention revenue and other deferred supplier incentives, respectively. These amounts were included in deferred revenue at the beginning of the period, excluding deferred franchise and development fees presented in the table above.

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 27, 2026 (in thousands):

Fiscal Year	Franchise and Development Fees Revenue Recognition
2027	$ 51
2028	42
2029	41
2030	32
Thereafter	332
	$ 498

Stock-Based Compensation

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 initial direct costs incurred and any lease payments made to the lessor prior to lease commencement less any lease incentives. 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.

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 is not guaranteeing the financial responsibilities of any franchised store lease.

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 27, 2026 and September 28, 2025, where operating lease cost is included in general and administrative expense in the accompanying Condensed Consolidated Statements of Income, are as follows (in thousands):

	Three Months Ended	
	September 27, 2026	**September 28, 2025**
Operating lease cost	$ 82	$ 81
Total lease expense	$ 82	$ 81

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

	September 27, 2026	**September 28, 2025**
Weighted average remaining lease term	0.7 Years	1.4 Years
Weighted average discount rate	4.6%	4.2%

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

	Operating Leases
Fiscal Year 2027	$ 100
Fiscal Year 2028	6
Fiscal Year 2029	6
Fiscal Year 2030	1
Total operating lease payments	$ 113
Less: imputed interest	(2)
Total operating lease liability	$ 111

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. No accrual has been recorded for any claims or actions at September 27, 2026 or June 28, 2026.

Note D - Stock-Based Compensation

Stock Options:

For the three months ended September 27, 2026 and September 28, 2025, the Company recognized stock-based compensation expense related to stock options of zero. As of September 27, 2026, 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 27, 2026	September 28, 2025
	Shares	Shares
Outstanding at beginning of period	40,000	114,286
Granted	-	-
Exercised	-	-
Forfeited/Canceled/Expired	-	(24,286)
Outstanding at end of period	40,000	90,000
Exercisable at end of period	40,000	90,000

Restricted Stock Units:

For the three months ended September 27, 2026 and September 28, 2025, the Company had stock-based compensation expense related to RSUs of $36 thousand and $38 thousand, respectively. As of September 27, 2026, there was $364 thousand unamortized stock-based compensation expense related to RSUs.

As of September 27, 2026 the RSUs will be amortized during the next 25 months. A summary of the status of restricted stock units as of September 27, 2026 and September 28, 2025, and changes during the three months then ended is presented below:

	Three Months Ended			
	September 27, 2026		September 28, 2025	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Nonvested at beginning of period	343,025	$ 2.62	181,703	$ 2.50
Performance adjustment	(23,852)	2.49	-	-
Granted	-	-	-	-
Vested	-	-	-	-
Forfeited	-	-	-	-
Nonvested at end of period	319,173	$ 2.63	181,703	$ 2.50

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 27, 2026	September 28, 2025
Net income available to common shareholders	$ 665	$ 645
BASIC:		
Weighted average common shares	14,212	14,212
Net income per common share	$ 0.05	$ 0.05
DILUTED:		
Weighted average common shares	14,212	14,212
Dilutive stock options and restricted stock units	210	65
Weighted average common shares outstanding	14,422	14,277
Net income per common share	$ 0.05	$ 0.05

For the three months ended September 27, 2026, exercisable options to purchase zero shares of common stock were excluded from the computation of diluted EPS because they had an intrinsic value of zero. For the three months ended September 27, 2026, 135,072 RSUs were excluded from the computation of diluted EPS because performance criteria are not probable at period end.

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 are not probable at period end.

Note F - Income Taxes

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

	Three Months Ended	
	September 27, 2026	September 28, 2025
Federal tax expense	$ 180	$ 175
State tax expense	35	31
Total income tax expense	$ 215	$ 206

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 *Segment Reporting:* (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. Administrative costs, which include, but are not limited to, general accounting, human resources, legal and credit and collections, and franchise expenses 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. Revenues for these segments is 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. Total assets by reportable business segment is not disclosed as our CODM does not review such information to evaluate business performance and allocate resources.

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 for the three months ended September 27, 2026 and September 28, 2025 (in thousands):

	Pizza Inn Franchising		Pie Five Franchising		Corporate		Total	
	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	September 27, 2026	September 28, 2025	September 27, 2026	September 28, 2025	September 27, 2026	September 28, 2025	September 27, 2026	September 28, 2025
REVENUES:								
Franchise royalties	$ 1,039	$ 1,029	$ 93	$ 141	$ -	$ -	$ 1,132	$ 1,170
Supplier and distributor incentive revenues	1,308	1,227	40	48	-	-	1,348	1,275
Franchise license fees	15	20	2	3	-	-	17	23
Area development exclusivity fees and foreign master license fees	3	2	-	1	-	-	3	3
Advertising fund contributions	503	488	29	45	-	-	532	533
Supplier convention funds	289	209	-	-	-	-	289	209
Other franchise revenue	-	-	1	-	-	-	1	-
Total revenues	3,157	2,975	165	238	-	-	3,322	3,213
COSTS AND EXPENSES:								
General and administrative expenses	-	-	-	-	1,418	1,378	1,418	1,378
Franchise expenses	1,045	977	61	60	-	-	1,106	1,037
Provision (recovery) for credit losses	-	-	-	-	(2)	4	(2)	4
Depreciation and amortization expense	-	-	-	-	40	42	40	42
Total costs and expenses	1,045	977	61	60	1,456	1,424	2,562	2,461
OPERATING INCOME	2,112	1,998	104	178	(1,456)	(1,424)	760	752
Interest income	-	-	-	-	117	91	117	91
Other income	-	-	-	-	3	8	3	8
Total other income	-	-	-	-	120	99	120	99
INCOME/(LOSS) BEFORE TAXES	2,112	1,998	104	178	(1,336)	(1,325)	880	851
Income tax expense	-	-	-	-	215	206	215	206
NET INCOME/(LOSS)	$ 2,112	$ 1,998	$ 104	$ 178	$ (1,551)	$ (1,531)	$ 665	$ 645

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, our Annual Report on Form 10-K for the year ended June 28, 2026 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, is set forth in our Annual Report on Form 10-K for the year ended June 28, 2026. 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., and its subsidiaries (collectively referred to as the "Company", or in the first person notations of "we", "us" and "our") franchise pizza buffet, delivery/carry-out, express restaurants and ghost kitchens domestically and internationally under the trademark "Pizza Inn" and franchise domestic fast casual restaurants under the trademarks "Pie Five Pizza Company" or "Pie Five". The Company also licensed pizza kiosks under the "Pizza Inn" trademark but discontinued doing so during the fiscal year ended June 28, 2026. We facilitate the procurement and distribution of food, equipment and supplies to our domestic and international system of restaurants through agreements with third-party distributors. At September 27, 2026, franchised and licensed units consisted of the following:

Three Months Ended September 27, 2026
(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	86	$ 27,256	13	$ 1,611	99	$ 28,867
International Franchised	18	$ 1,524	-	$ -	18	$ 1,524

The domestic units were located in 16 states predominantly situated in the southern half of the United States. The international units were located in five 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 seven consecutive days or longer are not included in the calculation.
- "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 27, 2026 increased $4 thousand 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):

RAVE RESTAURANT GROUP, INC.
ADJUSTED EBITDA
(In thousands)

	Three Months Ended	
	September 27, 2026	**September 28, 2025**
Net income	$ 665	$ 645
Interest income	(117)	(91)
Income taxes	215	206
Depreciation and amortization	40	42
EBITDA	803	802
Stock-based compensation expense	36	38
Franchisee default and closed store revenue	(5)	(10)
Adjusted EBITDA	$ 834	$ 830

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 27, 2026	**September 28, 2025**
Pizza Inn Retail Sales - Total Domestic Units	**(in thousands, except unit data)**	
Buffet Units - Franchised	$ 26,906	$ 27,297
Delco/Express Units - Franchised	350	646
PIE Units - Licensed	-	4
Pizza Inn Ghost Kitchen Units - Franchised	-	3
Total Domestic Retail Sales	$ 27,256	$ 27,950
Pizza Inn Comparable Store Retail Sales - Total Domestic	$ 25,912	$ 27,036
Pizza Inn Average Units Open in Period		
Buffet Units - Franchised	81	79
Delco/Express Units - Franchised	5	15
PIE Units - Licensed	-	1
Pizza Inn Ghost Kitchen Units - Franchised	-	1
Total Domestic Units	86	96

Pizza Inn total domestic retail sales decreased by $0.7 million, or 2.5%, for the three months ended September 27, 2026 when compared to the same period of the prior year. Compared to the same fiscal quarter of the prior year, average Buffet Units open in the period increased from 79 to 81. Comparable store retail sales decreased by $1.1 million, or 4.2%, for the three month period ended September 27, 2026 as compared to the same period of the prior fiscal year. For the three months ended September 27, 2026, the decrease in domestic retail sales was primarily the result of the decrease in average store count, supplemented by a decrease in comparable store retail sales.

The following chart summarizes Pizza Inn restaurant activity for the three months ended September 27, 2026:

	Three Months Ended September 27, 2026				
	Beginning Units	Opened	Transfer	Closed	Ending Units
Buffet Units - Franchised	80	1	1	-	81
Delco/Express Units - Franchised	11	-	-	6	5
Total Domestic Units	91	1	1	6	86
International Units (all types)	18	1	-	1	18
Total Units	109	2	1	7	104

There was a net decrease of five units in the total domestic Pizza Inn unit count during the three months ended September 27, 2026. There was one unit transferred between franchisees in the total domestic Pizza Inn unit count during the three months ended September 27, 2026. For the three months ended September 27, 2026, the number of international Pizza Inn units remained stable. There were zero transfers in the total international Pizza Inn unit count during the three months ended September 27, 2026. 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 27, 2026	September 28, 2025
Pie Five Retail Sales - Total Units	(in thousands, except unit data)	
Pie Five Units - Franchised	$ 1,611	$ 2,389
Pie Five Ghost Kitchen Units - Franchised	-	31
Total Domestic Retail Sales	$ 1,611	$ 2,420
Pie Five Comparable Store Retail Sales - Total	$ 1,609	$ 1,967
Pie Five Average Units Open in Period		
Pie Five Units - Franchised	13	16
Pie Five Ghost Kitchen Units - Franchised	-	1
Total Domestic Units	13	17

Pie Five total domestic retail sales decreased by $0.8 million, or 33.4%, for the three months ended September 27, 2026 when compared to the same period of the prior year. Compared to the same fiscal quarter of the prior year, average units open in the period decreased from 17 to 13. Comparable store retail sales decreased by $0.4 million, or 18.2%, for the three month period ended September 27, 2026 as compared to the same period of the prior fiscal year. For the three months ended September 27, 2026, the decrease in domestic retail sales was 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 27, 2026:

	Three Months Ended September 27, 2026				
	Beginning Units	**Opened**	**Transfer**	**Closed**	**Ending Units**
Pie Five Units - Franchised	13	-	-	-	13
Total Domestic Units	13	-	-	-	13

The total domestic Pie Five units remained stable during the three months ended September 27, 2026. There were zero transfers in the total domestic Pie Five unit count during the three months ended September 27, 2026. We believe that Pie Five units will decrease 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 27, 2026 and September 28, 2025 (in thousands):

	Pizza Inn Franchising		Pie Five Franchising		Corporate		Total	
	Three Months Ended		Three Months Ended		Three Months Ended		Three Months Ended	
	September 27, 2026	September 28, 2025	September 27, 2026	September 28, 2025	September 27, 2026	September 28, 2025	September 27, 2026	September 28, 2025
REVENUES:								
Franchise and license revenues	$ 3,157	$ 2,975	$ 164	$ 238	$ -	$ -	$ 3,321	$ 3,213
Other franchise revenue	-	-	1	-	-	-	1	-
Total revenues	3,157	2,975	165	238	-	-	3,322	3,213
COSTS AND EXPENSES:								
General and administrative expenses	-	-	-	-	1,418	1,378	1,418	1,378
Franchise expenses	1,045	977	61	60	-	-	1,106	1,037
Provision (recovery) for credit losses	-	-	-	-	(2)	4	(2)	4
Depreciation and amortization expense	-	-	-	-	40	42	40	42
Total costs and expenses	1,045	977	61	60	1,456	1,424	2,562	2,461
OPERATING INCOME	2,112	1,998	104	178	(1,456)	(1,424)	760	752
Interest income	-	-	-	-	117	91	117	91
Other income	-	-	-	-	3	8	3	8
Total other income	-	-	-	-	120	99	120	99
INCOME/(LOSS) BEFORE TAXES	$ 2,112	$ 1,998	$ 104	$ 178	$ (1,336)	$ (1,325)	$ 880	$ 851

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, 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 27, 2026 and for the same period in the prior fiscal year were $3.3 million and $3.2 million, respectively.

Pizza Inn Franchise and License

Pizza Inn franchise revenues increased by $0.2 million to $3.2 million for the three month period ended September 27, 2026 as compared to the same period in the prior fiscal year. The 6.1% increase was driven by increases in supplier and distributor incentives.

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 27, 2026 as compared to the same period in the prior fiscal year. The 31.1% decrease was driven by decreases in domestic royalties from lower system-wide retail sales.

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 27, 2026 as compared to the same period of the prior fiscal year. The 2.9% increase was driven by increases in legal fees, offset by decreases in accounting and tax-related professional services.

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 increased by $0.1 million to $1.1 million for the three month period ended September 27, 2026 as compared to the same period of the prior fiscal year. The 6.7% increase was driven by increases in salaries directly related to franchise operations.

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 27, 2026, recoveries for credit losses were $2 thousand compared to provision for credit losses of $4 thousand for the same period in the prior fiscal year.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by $2 thousand to $40 thousand for the three month period ended September 27, 2026 as compared to the same period in the prior fiscal year. The decrease was primarily the result of lower depreciation of equipment due to less capital expenditure spend.

Interest Income

Interest income increased by $26 thousand to $117 thousand for the three month period ended September 27, 2026 as compared to the same period in the prior fiscal year. The increase was primarily driven by interest received on U.S. Treasury bills.

Provision for Income Taxes

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

	Three Months Ended	
	September 27, 2026	September 28, 2025
Federal tax expense	$ 180	$ 175
State tax expense	35	31
Total income tax expense	$ 215	$ 206

For the three months ended September 27, 2026 and September 28, 2025, the Company recorded an income tax expense of $215 thousand and $206 thousand, respectively. The increase was driven by increases in federal taxes, primarily due to higher taxable income.

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 remained stable at $0.05 per share for the three months ended September 27, 2026, compared to the comparable period in the prior fiscal year. The Company had net income of $0.7 million for the three months ended September 27, 2026 compared to net income of $0.6 million in the comparable period in the prior fiscal year, on revenues of $3.3 million for the three months ended September 27, 2026 compared to $3.2 million in the comparable period in the prior fiscal year.

Liquidity and Capital Resources

During the three month period ended September 27, 2026, 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, and changes in working capital. Cash provided by operating activities was $1.1 million for the three month period ended September 27, 2026 compared to cash provided by operating activities of $0.6 million for the three month period ended September 28, 2025. The primary driver of increased operating cash flow during the three month period ended September 27, 2026 was decreased accounts receivable due to the timing of payments.

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 27, 2026 was $1.0 million compared to cash used in investing activities of $2.1 million for the three month period ended September 28, 2025. Net cash used in investing activities during the three month period ended September 27, 2026 was primarily attributable to increased purchases of U.S. Treasury bills.

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 27, 2026 and September 28, 2025.

Management believes the cash and short-term investments 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 incentives. 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 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. During the three months ended September 27, 2026, the Company had a concentration of revenue with a supplier, which accounted for approximately 12.3% of total revenues.

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 27, 2026 and June 28, 2026, 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

On August 31, 2026, the Company's Chief Executive Officer, Mr. Brandon Solano, delivered email correspondence (the "***Solano Correspondence***") to the Chairman of the Company's Audit Committee, Mr. William C. Hammett, Jr., to "formally complain about workplace harassment and discrimination by RAVE Restaurant Group's Board of Directors, the Compensation Committee members, and Chairman Mark Schwarz." The Solano Correspondence claimed harassment, intimidation, and threats, resulting in the Company's failure to increase Mr. Solano's annual base salary.

The Solano Correspondence included a request for the Company to conduct "an investigation by an outside investigator to address these concerns" (an "***Investigation***"). Mr. Solano also claimed that he had "filed a complaint with the Civil Rights Division of the Texas Workforce Commission due to the discrimination I have endured from RAVE's board" (the "***Texas Workforce Claim***").

The Board takes any claim of harassment or discrimination very seriously. The Company engaged the Hagan Law Group on September 1, 2026, to conduct an Investigation. The charges of discrimination and harassment contained in the Solano Correspondence were investigated by The Hagan Law Group, and the accusations contained therein were found to be meritless. As to the discrimination charges related to Solano's Texas Workforce Commission proceeding, the Company has received no notice of other communications from the Texas Workforce Commission relating to these claims as of the date of this report.

In addition to the foregoing, 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 27, 2026, 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. 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 28, 2020 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).*
10.9	2025 Long Term Incentive Plan of the Company (filed as Exhibit 10.9 to Form 10-Q for the fiscal quarter ended December 28, 2025 and incorporated herein by reference).*
10.10	Form of Stock Option Grant Agreement under the Company's 2025 Long Term Incentive Plan (filed as Exhibit 10.10 to Form 10-Q for the fiscal quarter ended December 28, 2025 and incorporated herein by reference).*
10.11	Form of Restricted Stock Unit Award Agreement under the Company's 2025 Long Term Incentive Plan (filed as Exhibit 10.11 to Form 10-Q for the fiscal quarter ended December 28, 2025 and incorporated herein by reference).*
14.1	Code of Ethics (filed as Exhibit 14.1 to Form 10-K for the fiscal year ended June 28, 2026 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 and accounting officer)

Dated: November 9, 2026

Exhibit 31.1

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 9, 2026

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

Exhibit 31.2

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 9, 2026

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

Exhibit 32.1

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 27, 2026 (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 9, 2026

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.

Exhibit 32.2

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 27, 2026 (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 9, 2026

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.