REFINITIV

DELTA REPORT

10-Q

SG - SWEETGREEN, INC.

10-Q - SEPTEMBER 24, 2023 COMPARED TO 10-Q - JUNE 25, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1025
CHANGES	237
DELETIONS	519
ADDITIONS	269

REFINITIV

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

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 25, 2023 September 24, 2023

OR

o **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 001-41069

SWEETGREEN, INC.
(Exact name of registrant as specified in its charter)

Delaware	**27-1159215**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
3102 36th Street Los Angeles, CA	**90018**
(Address of Principal Executive Offices)	(Zip Code)

(323) 990-7040
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
Class A Common Stock	SG	New York Stock Exchange

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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes x No o

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

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o
		Emerging growth company	o

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. o

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

The registrant had 98,734,212 99,401,840 shares of Class A common stock and 13,230,558 13,024,094 shares of Class B common stock as of July 24, 2023 October 30, 2023.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q ("Quarterly Report") contains forward-looking statements about us and our industry that involve substantial risks and uncertainties. All statements other than statements of historical facts contained in this Quarterly Report, including statements regarding our future results of operations or financial condition, business strategy, and plans and objectives of management for future operations, are forward-looking statements. In some cases, you can identify forward-looking statements because they contain words or phrases such as "anticipate," "are confident that," "believe," "contemplate," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "target," "will," or "would" or the negative of these words or other similar terms or expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our expectations regarding our revenue, restaurant operating costs, operating expenses, and other results of operations, as well as our key performance metrics;
- our expectations regarding our sales channel mix and impact on our margins and business;
- our expectations regarding the COVID-19 pandemic, macroeconomic conditions, and the resulting impact on our business and results of operations;
- our expectations regarding our customers' willingness to pay our prices for higher quality food;
- our growth strategy and business aspirations;
- our operational changes and the expected benefits thereof;
- our focus on opening additional restaurants, diversifying and expanding our menu, making investments in our Owned Digital Channels to attract new customers and increasing order frequency from our existing customers;
- our expectations regarding the impact of automation on our operating model; model, results of operations, and key performance metrics;
- our bold vision to be as ubiquitous as traditional fast food, but with the transparency and quality that consumers increasingly expect;
- our commitment to becoming carbon neutral by the end of 2027;
- industry and market trends and our anticipated market opportunity;
- the costs and success of our sales and marketing efforts and our ability to promote our brand;
- potential future investments in our business, our anticipated capital expenditures, and our estimates regarding our capital requirements;
- our ability to achieve or maintain Adjusted EBITDA profitability; and
- the impact of pending or future litigation; and

- our ability to effectively manage and scale our supply chain. litigation.

You should not rely on forward-looking statements as predictions of future events. We have based the forward-looking statements contained in this Quarterly Report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition and operating results. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties and other factors described in the section titled "Risk Factors" included under Part I, Item 1A in our Annual Report on Form 10-K for the fiscal year ended December 25, 2022, and elsewhere in this Quarterly Report. Moreover, we operate in a very competitive and rapidly changing environment.

New risks and uncertainties emerge from time to time, and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this Quarterly Report. The results, events and circumstances reflected in the forward-looking statements may not be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that contain "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this Quarterly Report. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

The forward-looking statements made in this Quarterly Report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statements made in this Quarterly Report to reflect events or circumstances after the date of this Quarterly Report or to reflect new information or the occurrence of unanticipated events, except as required by law. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements, and you should not place undue

reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments.

GLOSSARY

General

Comparable Restaurant Base. Comparable Restaurant Base for any measurement period is defined as all restaurants that have operated for at least twelve full months as of the end of such measurement period, other than any restaurants that had a material, temporary closure during the relevant measurement period. A restaurant is considered to have had a material, temporary closure if it had no operations for a consecutive period of at least 30 days. No restaurants were excluded from the Comparable Restaurant Base for the thirteen and thirty-nine weeks ended September 24, 2023. One restaurant was excluded from the Comparable Restaurant Base for the thirteen and thirty-nine weeks ended September 25, 2022 due to temporary closures.

Channels

We have five main sales channels: In-Store, Marketplace, Native Delivery, Outpost and Catering, and Pick-Up. We own and operate all of these channels other than our Marketplace Channel, which is operated by various third-party delivery marketplaces.

In-Store Channel. In-Store Channel refers to sales to customers who make in-store purchases in our restaurants, whether they pay by cash, credit card, or digital scan-to-pay. Digital scan-to-pay was eliminated during the thirteen weeks ended September 24, 2023. Purchases made in our In-Store Channel via cash or credit card are referred to as "Non-Digital" transactions, and purchases made in our In-Store Channel via digital scan-to-pay, are prior to its elimination, were included as part of our Owned Digital Channels.

Marketplace Channel. Marketplace Channel refers to sales to customers for delivery or pick-up made through third-party delivery marketplaces, including DoorDash, Grubhub, Uber Eats, ezCater, Sharebite and others.

Native Delivery Channel. Native Delivery Channel refers to sales to customers for delivery made through the Sweetgreen website or mobile app.

Outpost and Catering Channel. Outpost and Catering Channel refers to sales to customers for delivery made through the Sweetgreen website or mobile app to our Outposts, which are our trademark offsite drop-off points at offices, residential buildings, and hospitals. In addition, our Outpost and Catering Channel includes our catering offerings, which refer to sales to customers made through our catering website for pickup at one of our restaurants or delivery to a customer specified address.

Pick-Up Channel. Pick-Up Channel refers to sales to customers made for pick up at one of our restaurants through the Sweetgreen website or mobile app.

Owned Digital Channels. Owned Digital Channels encompasses our Pick-Up Channel, Native Delivery Channel, Outpost and Catering Channel, and purchases made in our In-Store Channel via digital scan-to-pay. scan-to-pay, prior to the elimination of digital scan-to-pay during the thirteen weeks ended September 24, 2023.

Total Digital Channels. Total Digital Channels consist of our Owned Digital Channels and our Marketplace Channel, and include our revenues from all of our channels except those from Non-Digital transactions made through our In-Store Channel.

Key Performance Metrics and Non-GAAP Financial Measures

For definitions of our key performance metrics, Net New Restaurant Openings, Average Unit Volume ("AUV"), Same-Store Sales Change, Total Digital Revenue Percentage, and Owned Digital Revenue Percentage, as well as definitions of our Non-GAAP Financial Measures, Restaurant-Level Profit, Restaurant-Level Profit Margin, Adjusted EBITDA, and Adjusted EBITDA Margin, see the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Performance and Non-GAAP Financial Measures."

Restaurant-Level Profit, Restaurant-Level Profit Margin, Adjusted EBITDA, and Adjusted EBITDA Margin are financial measures that are not calculated in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for more information, including the limitations of such measures, and a reconciliation of each of these measures to the most directly comparable financial measures stated in accordance with GAAP.

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PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SWEETGREEN, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in thousands, except share and per share amounts)

		As of June 25, 2023	As of December 25, 2022		As of September 24, 2023	As of December 25, 2022
ASSETS	**ASSETS**			**ASSETS**		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	$ 280,333	$ 331,614	Cash and cash equivalents	$ 274,743	$ 331,614
Accounts receivable	Accounts receivable	7,816	3,244	Accounts receivable	9,891	3,244
Inventory	Inventory	3,145	1,383	Inventory	3,348	1,383
Prepaid expenses	Prepaid expenses	7,614	8,161	Prepaid expenses	5,975	8,161
Current portion of lease acquisition costs	Current portion of lease acquisition costs	93	93	Current portion of lease acquisition costs	93	93
Other current assets	Other current assets	7,486	1,654	Other current assets	4,612	1,654
Total current assets	Total current assets	306,487	346,149	Total current assets	298,662	346,149
Operating lease assets	Operating lease assets	$ 248,839	$ 254,059	Operating lease assets	$ 245,882	$ 254,059
Property and equipment, net	Property and equipment, net	259,848	235,257	Property and equipment, net	264,270	235,257
Goodwill	Goodwill	35,970	35,970	Goodwill	35,970	35,970
Intangible assets, net	Intangible assets, net	29,397	30,562	Intangible assets, net	28,549	30,562

Lease acquisition costs, net	Lease acquisition costs, net		472		518	Lease acquisition costs, net		449		518
Security deposits	Security deposits		1,639		1,528	Security deposits		1,555		1,528
Other assets	Other assets		4,598		4,767	Other assets		4,393		4,767
Restricted cash	Restricted cash		125		125	Restricted cash		125		125
Total assets	Total assets	$	887,375	$	908,935	Total assets	$	879,855	$	908,935
LIABILITIES, AND STOCKHOLDERS' EQUITY	**LIABILITIES, AND STOCKHOLDERS' EQUITY**					**LIABILITIES, AND STOCKHOLDERS' EQUITY**				
Current liabilities:	Current liabilities:					Current liabilities:				
Current portion of operating lease liabilities	Current portion of operating lease liabilities	$	29,607	$	29,642	Current portion of operating lease liabilities	$	30,613	$	29,642
Accounts payable	Accounts payable		14,657		12,242	Accounts payable		13,609		12,242
Accrued expenses	Accrued expenses		21,478		22,069	Accrued expenses		21,485		22,069
Accrued payroll	Accrued payroll		10,518		6,580	Accrued payroll		13,514		6,580
Gift cards and loyalty liability	Gift cards and loyalty liability		1,824		2,016	Gift cards and loyalty liability		1,832		2,016
Total current liabilities	Total current liabilities		78,084		72,549	Total current liabilities		81,053		72,549
Operating lease liabilities, net of current portion	Operating lease liabilities, net of current portion	$	273,375	$	271,097	Operating lease liabilities, net of current portion	$	271,978	$	271,097
Contingent consideration liability	Contingent consideration liability		21,275		21,296	Contingent consideration liability		22,887		21,296
Other non-current liabilities	Other non-current liabilities		1,267		1,353	Other non-current liabilities		1,234		1,353
Deferred income tax liabilities	Deferred income tax liabilities		2,050		1,414	Deferred income tax liabilities		2,369		1,414
Total liabilities	Total liabilities	$	376,051	$	367,709	Total liabilities	$	379,521	$	367,709
COMMITMENTS AND CONTINGENCIES (Note 14)	COMMITMENTS AND CONTINGENCIES (Note 14)					COMMITMENTS AND CONTINGENCIES (Note 14)				
Stockholders' equity:	Stockholders' equity:					Stockholders' equity:				
Common stock, $0.001 par value per share, 2,000,000,000 Class A shares authorized, 98,715,896 and 97,656,690 Class A shares issued and outstanding as of June 25, 2023 and December 25, 2022, respectively; 300,000,000 Class B shares authorized, 13,230,558 and 13,476,303 Class B shares issued and outstanding as of June 25, 2023 and December 25, 2022, respectively			112		111					

Common stock, $0.001 par value per share, 2,000,000,000 Class A shares authorized, 99,322,080 and 97,656,690 Class A shares issued and outstanding as of September 24, 2023 and December 25, 2022, respectively; 300,000,000 Class B shares authorized, 13,099,467 and 13,476,303 Class B shares issued and outstanding as of September 24, 2023 and December 25, 2022, respectively						Common stock, $0.001 par value per share, 2,000,000,000 Class A shares authorized, 99,322,080 and 97,656,690 Class A shares issued and outstanding as of September 24, 2023 and December 25, 2022, respectively; 300,000,000 Class B shares authorized, 13,099,467 and 13,476,303 Class B shares issued and outstanding as of September 24, 2023 and December 25, 2022, respectively	112	111
Additional paid-in capital	Additional paid-in capital	1,243,728	1,212,716	Additional paid-in capital	1,257,793		1,212,716	
Accumulated deficit	Accumulated deficit	(732,516)	(671,601)	Accumulated deficit	(757,571)		(671,601)	
Total stockholders' equity	Total stockholders' equity	511,324	541,226	Total stockholders' equity	500,334		541,226	
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$ 887,375	$ 908,935	Total liabilities and stockholders' equity	$ 879,855		$ 908,935	

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SWEETGREEN, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(in thousands, except share and per share amounts)

		Thirteen weeks ended		Twenty-six weeks ended			Thirteen weeks ended		Thirty-nine weeks ended	
		June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022		September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
Revenue	Revenue	$ 152,525	$ 124,918	$ 277,587	$ 227,509	Revenue	$ 153,428	$ 124,026	$ 431,015	$ 351,535
Restaurant operating costs (exclusive of depreciation and amortization presented separately below):	Restaurant operating costs (exclusive of depreciation and amortization presented separately below):					Restaurant operating costs (exclusive of depreciation and amortization presented separately below):				
Food, beverage, and packaging	Food, beverage, and packaging	40,992	33,897	76,579	61,003	Food, beverage, and packaging	41,754	34,474	118,333	95,477

Labor and related expenses	Labor and related expenses	43,513	37,013	82,756	71,315	Labor and related expenses	43,750	38,006	126,506	109,321
Occupancy and related expenses	Occupancy and related expenses	13,526	11,150	26,156	21,667	Occupancy and related expenses	13,961	11,504	40,117	33,171
Other restaurant operating costs	Other restaurant operating costs	23,405	19,715	44,070	36,990	Other restaurant operating costs	24,850	20,113	68,920	57,103
Total restaurant operating costs	Total restaurant operating costs	121,436	101,775	229,561	190,975	Total restaurant operating costs	124,315	104,097	353,876	295,072
Operating expenses:	Operating expenses:					Operating expenses:				
General and administrative	General and administrative	40,350	51,798	75,257	101,997	General and administrative	35,963	41,903	111,220	143,900
Depreciation and amortization	Depreciation and amortization	14,518	11,305	27,628	21,982	Depreciation and amortization	15,682	11,887	43,310	33,869
Pre-opening costs	Pre-opening costs	2,302	2,520	5,668	5,032	Pre-opening costs	2,522	3,061	8,190	8,093
Impairment and closure costs	Impairment and closure costs	157	182	347	199	Impairment and closure costs	132	1,722	479	1,921
Loss on disposal of property and equipment	Loss on disposal of property and equipment	10	11	58	19	Loss on disposal of property and equipment	489	21	547	40
Restructuring charges	Restructuring charges	4,998	—	5,636	—	Restructuring charges	812	14,266	6,448	14,266
Total operating expenses	Total operating expenses	62,335	65,816	114,594	129,229	Total operating expenses	55,600	72,860	170,194	202,089
Loss from operations	Loss from operations	(31,246)	(42,673)	(66,568)	(92,695)	Loss from operations	(26,487)	(52,931)	(93,055)	(145,626)
Interest income	Interest income	(3,251)	(593)	(6,313)	(761)	Interest income	(3,381)	(1,644)	(9,694)	(2,405)
Interest expense	Interest expense	18	22	39	45	Interest expense	19	23	58	68
Other income		(1,073)	(1,618)	(15)	(1,863)					
Other expense/(income)						Other expense/(income)	1,612	(303)	1,597	(2,166)
Net loss before income taxes	Net loss before income taxes	(26,940)	(40,484)	(60,279)	(90,116)	Net loss before income taxes	(24,737)	(51,007)	(85,016)	(141,123)
Income tax expense	Income tax expense	318	20	636	40	Income tax expense	318	20	954	60
Net loss	Net loss	$ (27,258)	$ (40,504)	$ (60,915)	$ (90,156)	Net loss	$ (25,055)	$ (51,027)	$ (85,970)	$ (141,183)
Earnings per share:	Earnings per share:					Earnings per share:				
Net loss per share basic and diluted	Net loss per share basic and diluted	$ (0.24)	$ (0.37)	$ (0.55)	$ (0.82)	Net loss per share basic and diluted	$ (0.22)	$ (0.46)	$ (0.77)	$ (1.29)
Weighted average shares used in computing net loss per share basic and diluted	Weighted average shares used in computing net loss per share basic and diluted	111,585,282	109,679,467	111,441,435	109,575,841	Weighted average shares used in computing net loss per share basic and diluted	112,179,722	110,375,126	111,687,538	109,848,272

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SWEETGREEN, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(UNAUDITED)
(in thousands, except share amounts)

	For the thirteen weeks ended June 25, 2023 and June 26, 2022							
	Common Stock			Additional Paid-in Capital		Accumulated Deficit		Total
	Shares		Amount					
Balances at March 27, 2022	109,511,355	$	110	$1,152,237	$	(530,812)		$621,535
Net loss	—		—	—		(40,504)		(40,504)
Exercise of stock options	407,452		—	2,078		—		2,078
Issuance of common stock related to restricted shares	44,550		—	—		—		—
Stock-based compensation expense	—		—	23,207		—		23,207
Balances at June 26, 2022	109,963,357	$	110	$1,177,522	$	(571,316)		$606,316
Balances at March 26, 2023	111,443,502	$	111	$1,227,704	$	(705,258)		$522,557
Net loss	—		—	—		(27,258)		(27,258)
Exercise of stock options	360,278		1	1,742		—		1,743
Issuance of common stock related to restricted shares	143,220		—	—		—		—
Shares repurchased for employee tax withholding	(546)		—	(120)		—		(120)
Stock-based compensation expense	—		—	14,402		—		14,402
Balances at June 25, 2023	111,946,454	$	112	$1,243,728	$	(732,516)		$511,324

	For the thirteen weeks ended September 24, 2023 and September 25, 2022				
Additional Paid-in Capital	Common Stock		Additional	Accumulated	
	Accumulated Deficit	Total	Paid-in Capital	Deficit	Tot
Balances at June 26, 2022					
Net loss	—	—	—	(51,027)	(51,(
Exercise of stock options	258,844	1	1,050	—	1,(
Issuance of common stock related to restricted shares	530,579	—	—	—	
Stock-based compensation expense	—	—	17,601	—	17,(
Balances at September 25, 2022					
Balances at June 25, 2023					
Net loss	—	—	—	(25,055)	(25,(
Exercise of stock options	367,067	—	2,601	—	2,(
Issuance of common stock related to restricted shares	108,361	—	—	—	
Shares repurchased for employee tax withholding	(335)	—	(2)	—	
Stock-based compensation expense	—	—	11,466	—	11,4
Balances at September 24, 2023					

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		For the twenty-six weeks ended June 25, 2023 and June 26, 2022						For the thirty-nine weeks ended Se		
		Common Stock		Additional Paid-in Capital	Accumulated Deficit			Common Stock		Additi Paid Capi
		Shares	Amount			Total				
Balances at December 26, 2021	Balances at December 26, 2021	109,345,697	$ 109	$1,129,224	$ (476,216)	$653,117	Additional Paid-in Capital Balances at December 26, 2021	Accumulated Deficit 109,345,697	Total $	
Net loss	Net loss	—	—	—	(90,156)	(90,156)	Net loss	—	—	
Exercise of stock options	Exercise of stock options	560,610	1	2,926	—	2,927	Exercise of stock options	819,454	2	3,9
Issuance of common stock related to restricted shares	Issuance of common stock related to restricted shares	57,050	—	—	—	—	Issuance of common stock related to restricted shares	587,629	—	
Stock-based compensation expense	Stock-based compensation expense	—	—	45,372	—	45,372	Stock-based compensation expense	—	—	62,9
Adoption of ASC 842	Adoption of ASC 842	—	—	—	(4,944)	(4,944)	Adoption of ASC 842	—	—	
Balances at June 26, 2022		109,963,357	$ 110	$1,177,522	$ (571,316)	$606,316				
Balances at September 25, 2022										
Balances at December 25, 2022	Balances at December 25, 2022	111,132,993	$ 111	$1,212,716	$ (671,601)	$541,226	Balances at December 25, 2022	111,132,993	$ 111	$1,212,7
Net loss	Net loss	—	—	—	(60,915)	(60,915)	Net loss	—	—	
Exercise of stock options	Exercise of stock options	521,242	1	2,509	—	2,510	Exercise of stock options	888,309	1	5,1
Issuance of common stock related to restricted shares	Issuance of common stock related to restricted shares	298,778	—	—	—	—	Issuance of common stock related to restricted shares	407,139	—	
Shares repurchased for employee tax withholding	Shares repurchased for employee tax withholding	(6,559)	—	(164)	—	(164)	Shares repurchased for employee tax withholding	(6,894)	—	(1
Stock-based compensation expense	Stock-based compensation expense	—	—	28,667	—	28,667	Stock-based compensation expense	—	—	40,1
Balances at June 25, 2023		111,946,454	$ 112	$1,243,728	$ (732,516)	$511,324				
Balances at September 24, 2023										

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SWEETGREEN, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in thousands)

		Twenty-six weeks ended			Thirty-nine weeks ended	
		June 25, 2023	**June 26, 2022**		**September 24, 2023**	**September 25, 2022**
Cash flows from operating activities:	Cash flows from operating activities:			Cash flows from operating activities:		
Net loss	Net loss	$ (60,915)	$ (90,156)	Net loss	$ (85,970)	$ (141,183)
Adjustments to reconcile net loss to net cash used in operating activities:	Adjustments to reconcile net loss to net cash used in operating activities:			Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	Depreciation and amortization	27,628	21,982	Depreciation and amortization	43,310	33,869
Amortization of lease acquisition	Amortization of lease acquisition	46	47	Amortization of lease acquisition	69	70
Amortization of loan origination fees	Amortization of loan origination fees	17	90	Amortization of loan origination fees	36	112
Amortization of cloud computing arrangements	Amortization of cloud computing arrangements	435	—	Amortization of cloud computing arrangements	657	—
Non-cash operating lease cost	Non-cash operating lease cost	24,415	21,488	Non-cash operating lease cost	21,692	21,314
Loss on fixed asset disposal	Loss on fixed asset disposal	58	19	Loss on fixed asset disposal	547	40
Stock-based compensation	Stock-based compensation	28,667	45,372	Stock-based compensation	40,133	62,973
Non-cash impairment and closure costs	Non-cash impairment and closure costs	43	199	Non-cash impairment and closure costs	66	1,921
Non-cash restructuring charges	Non-cash restructuring charges	4,875	—	Non-cash restructuring charges	5,050	12,673
Deferred income tax expense	Deferred income tax expense	636	39	Deferred income tax expense	954	59
Change in fair value of contingent consideration liability	Change in fair value of contingent consideration liability	(21)	(1,852)	Change in fair value of contingent consideration liability	1,591	(2,155)
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:			Changes in operating assets and liabilities:		
Accounts receivable	Accounts receivable	(4,572)	(869)	Accounts receivable	(6,647)	(1,935)
Inventory	Inventory	(1,762)	(211)	Inventory	(1,965)	(299)
Prepaid expenses and other assets	Prepaid expenses and other assets	(5,568)	(4,427)	Prepaid expenses and other assets	(1,091)	(3,646)
Operating lease liabilities	Operating lease liabilities	(21,870)	(9,105)	Operating lease liabilities	(16,779)	(5,306)
Accounts payable	Accounts payable	8,740	3,032	Accounts payable	7,085	(822)
Accrued payroll and benefits	Accrued payroll and benefits	3,938	(3,157)	Accrued payroll and benefits	6,934	(3,129)
Accrued expenses	Accrued expenses	309	(906)	Accrued expenses	2,186	205
Gift card and loyalty liability	Gift card and loyalty liability	(192)	(199)	Gift card and loyalty liability	(184)	(196)
Other non-current liabilities	Other non-current liabilities	(86)	(390)	Other non-current liabilities	(118)	(272)
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	4,821	(19,004)	Net cash provided by (used in) operating activities	17,556	(25,707)
Cash flows from investing activities:	Cash flows from investing activities:			Cash flows from investing activities:		

Purchase of property and equipment	Purchase of property and equipment	(55,767)	(46,626)	Purchase of property and equipment	(74,884)	(65,978)
Purchase of intangible assets	Purchase of intangible assets	(2,570)	(2,563)	Purchase of intangible assets	(4,461)	(3,552)
Security and landlord deposits	Security and landlord deposits	(111)	162	Security and landlord deposits	(27)	161
Net cash used in investing activities	Net cash used in investing activities	(58,448)	(49,027)	Net cash used in investing activities	(79,372)	(69,369)
Cash flows from financing activities:	Cash flows from financing activities:			Cash flows from financing activities:		
Proceeds from stock option exercise	Proceeds from stock option exercise	2,510	2,927	Proceeds from stock option exercise	5,111	3,978
Payment associated to shares repurchased for tax withholding	Payment associated to shares repurchased for tax withholding	(164)	—	Payment associated to shares repurchased for tax withholding	(166)	—
Net cash provided by financing activities	Net cash provided by financing activities	2,346	2,927	Net cash provided by financing activities	4,945	3,978
Net decrease in cash and cash equivalents and restricted cash	Net decrease in cash and cash equivalents and restricted cash	(51,281)	(65,104)	Net decrease in cash and cash equivalents and restricted cash	(56,871)	(91,098)
Cash and cash equivalents and restricted cash—beginning of year	Cash and cash equivalents and restricted cash—beginning of year	331,739	472,299	Cash and cash equivalents and restricted cash—beginning of year	331,739	472,299
Cash and cash equivalents and restricted cash—end of period	Cash and cash equivalents and restricted cash—end of period	$ 280,458	$ 407,195	Cash and cash equivalents and restricted cash—end of period	$ 274,868	$ 381,201
Supplemental disclosure of cash flow information	**Supplemental disclosure of cash flow information**			**Supplemental disclosure of cash flow information**		
Purchase of property and equipment accrued in accounts payable and accrued expenses	Purchase of property and equipment accrued in accounts payable and accrued expenses	$ 6,718	$ 2,515	Purchase of property and equipment accrued in accounts payable and accrued expenses	$ 5,455	$ 702

The accompanying notes are an integral part of these condensed consolidated financial statements.

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SWEETGREEN, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sweetgreen, Inc., a Delaware corporation, together with its wholly owned subsidiaries (the "Company"), is a mission-driven, next generation restaurant and lifestyle brand that serves healthy food at scale. The Company's bold vision is to be as ubiquitous as traditional fast food, but with the transparency and quality that consumers increasingly expect. As of June 25, 2023 September 24, 2023, the Company owned and operated 205 220 restaurants in 18 states and Washington, D.C. During the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, the Company had 10 15 and 19 34 Net New Restaurant Openings, respectively.

The Company was founded in November 2006 and incorporated in the state of Delaware in October 2009 and currently is headquartered in Los Angeles, California. The Company's operations are conducted as one operating segment and one reportable segment, as the Company's chief operating decision maker, who is the Company's Chief Executive Officer, reviews financial information on an aggregate basis for purposes of allocating resources and evaluating financial performance. The Company's revenue is primarily derived from retail sales of food and beverages by company-owned restaurants.

The Company has prepared the accompanying unaudited condensed consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial statements and pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). In the opinion of management, the accompanying unaudited condensed consolidated financial statements reflect all adjustments consisting of normal recurring adjustments necessary for a fair presentation of the Company's financial position and results of operations. Interim results of operations are not necessarily indicative of the results that may be achieved for the full year. The financial statements and related notes do not include all information and footnotes required by U.S. generally accepted accounting principles for annual reports and should be read in conjunction with the consolidated financial statements for the fiscal year ended December 25, 2022.

Principles of Consolidation—The accompanying condensed consolidated financial statements include the accounts of the Company. All intercompany balances and transactions have been eliminated in consolidation.

Fiscal Year—The Company's fiscal year is a 52- or 53-week period that ends on the Sunday closest to the last day of December. Fiscal year 2023 is a 53-week period that ends December 31, 2023 and fiscal year 2022 was a 52-week period that ended December 25, 2022. In a 52-week fiscal year, each quarter includes 13 weeks of operations. In a 53-week fiscal year, the first, second and third quarters each include 13 weeks of operations, and the fourth quarter includes 14 weeks of operations.

Management's Use of Estimates—The condensed consolidated financial statements have been prepared by the Company in accordance with GAAP and the rules and regulations of the SEC. The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates made by the Company include the income tax valuation allowance, impairment of long-lived assets and operating lease assets, legal liabilities, fair value of contingent consideration liability, lease accounting matters, valuation of intangible assets acquired in business combinations, goodwill and stock-based compensation. These estimates are based on information available as of the date of the condensed consolidated financial statements; therefore, actual results could differ from those estimates.

Reclassification—The Company has elected to reclassify prior period costs related to utilities and repairs and maintenance costs to conform with the current presentation of occupancy and other related costs within the consolidated statement of operations. As such, prior period financial information has been reclassified, and as a result of the change, the Company reclassified $4.6 $5.6 million and $8.8 $14.4 million for the thirteen and twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022, respectively, from occupancy and related expenses to other restaurant operating costs.

Fair Value of Financial Instruments—The fair value measurement accounting guidance creates a fair value hierarchy to prioritize the inputs used to measure fair value into three categories. A financial instrument's level

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within the fair value hierarchy is based on the lowest level of input significant to the fair value measurement, where Level 1 is the highest category (observable inputs) and Level 3 is the lowest category (unobservable inputs). The three levels are defined as follows:

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets, quoted prices for identical or
similar instruments in markets that are not active and model-derived valuations in which significant value drivers are observable.

Level 3—Unobservable inputs for the asset or liability. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The carrying amount of accounts receivable, other current assets, accounts payable, accrued payroll and accrued expenses approximates fair value due to the short-term maturity of these financial instruments. The Company's contingent consideration is carried at fair value determined using Level 3 inputs in the fair value. For further details see Note 3.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. In other words, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment). For further details see Note 3.

Impairment and closure costs—Impairment includes impairment charges related to the Company's long-lived assets, which include property and equipment and internally developed software, and operating lease assets. Long-lived assets are reviewed for recoverability at the lowest level in which there are identifiable cash flows ("asset group").

The Company determined that triggering events, primarily related to the impact of changing customer behavior trends, including slower than expected return to office during and following the COVID-19 pandemic (including as a result of many workplaces adopting remote or hybrid models), an increase in office vacancies and as a result of broader macroeconomic conditions on the Company's near-term restaurant level cash flow forecasts, certain restaurants and the Company's vacated former Sweetgreen Support Center, during the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022 required an impairment review of the Company's long-lived assets. Based on the results of this analysis, the Company recorded $4.3 million non-cash did not record any impairment during the thirteen weeks ended June 25, 2023, September 24, 2023. The Company recorded a non-cash impairment charge of $4.3 million during the thirty-nine weeks ended September 24, 2023 related to the operating lease asset for the Company's vacated former Sweetgreen Support Center, which was recorded under restructuring charges within the condensed consolidated statement of operations. The Company did not record any asset impairment related to the Company's restaurant locations during the thirteen and twenty-six or thirty-nine weeks ended June 25, 2023 September 24, 2023.

During the thirteen and thirty-nine weeks ended September 25, 2022, the Company recorded non-cash impairment charges based on management's intent to close certain of its locations and the long-lived assets associated with the vacating of its sweetgreen Support Center. These prior year impairment charges totaled $14.3 million, of which $8.5 million was related to property and equipment and $5.8 million was related to operating lease assets. Of the $8.5 million of property and equipment impairment, $6.8 million was associated with the vacated sweetgreen Support Center and was recorded in restructuring charges within the consolidated statement of operations, and $1.7 million was associated with certain store locations and was recorded in impairment and closure costs within the consolidated statement of operations. The operating lease impairment of $5.8 million was associated with the vacated sweetgreen Support Center and was recorded in restructuring charges on the condensed consolidated statement of operations.

Closure costs include lease and related costs associated with closed restaurants, including the amortization of the operating lease asset, and expenses associated with common area maintenance ("CAM") and real estate taxes for previously impaired stores. For each of the thirteen weeks ended June 25, 2023 and June 26, 2022 September 24, 2023, the Company recognized closure costs of $0.2 $0.1 million. For the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, the Company recognized closure costs of $0.3 $0.5 million and $0.2 million, respectively related to the amortization of the operating lease asset, and expenses associated with CAM and real estate taxes for previously-closed stores, including three previously-impaired stores that were closed during the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023.

Restructuring Charges— Restructuring charges are expenses that are paid in connection with the reorganization of the Company's operations. These costs primarily include operating lease asset impairment costs related to the Company's vacated former Sweetgreen Support Center, as well as the amortization of the operating lease asset and related real estate and CAM charges. Additionally, for the thirteen and thirty-nine weeks ended September 25, 2022, the Company recognized $0.6 million of severance and related benefits from workforce reductions affecting approximately 5% of employees at the sweetgreen Support Center, $0.6 million of costs related to abandoning certain potential future restaurant sites in an effort to streamline the Company's future new restaurant openings, and $0.5 million of other related expenses.

Contingent Consideration— Due to certain conversion features, the contingent consideration issued as part of the Company's acquisition of Spyce Food Co. ("Spyce") is considered a liability in accordance with ASC 480. The liability associated with the contingent consideration is initially recorded at fair value upon the issuance date and is subsequently re-measured to fair value at each reporting date. See Note 3. The initial fair value of the liability for the contingent consideration was $16.4 million and was included as part of the

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purchase price for the Spyce acquisition. The fair value of the liability as of June 25, 2023 September 24, 2023 was $21.3 $22.9 million.

Changes in fair value of the contingent consideration is recognized within other (income) expense in the accompanying condensed consolidated statement of operations.

Cash and Cash Equivalents—The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. Amounts receivable from credit card processors are converted to cash shortly after the related sales transaction and are considered to be cash equivalents because they are both short-term and highly liquid in nature. Amounts receivable from sales transactions as of June 25, 2023 September 24, 2023 and December 25, 2022, were $2.8 million and $0.7 million, respectively.

Restricted Cash—The Company's restricted cash balance relates to certificates of deposit that are collateral for letters of credit to lease agreements entered into by the Company.

The reconciliation of cash and cash equivalents and restricted cash presented in the Company's accompanying condensed consolidated balance sheets to the total amount shown in its condensed consolidated statements of cash flows is as follows:

(dollar amounts in thousands)	(dollar amounts in thousands)	As of June 25, 2023	As of December 25, 2022	(dollar amounts in thousands)	As of September 24, 2023	As of December 25, 2022
Reconciliation of cash, cash equivalents and restricted cash:	Reconciliation of cash, cash equivalents and restricted cash:			Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	Cash and cash equivalents	$ 280,333	$ 331,614	Cash and cash equivalents	$ 274,743	$ 331,614
Restricted cash, noncurrent	Restricted cash, noncurrent	125	125	Restricted cash, noncurrent	125	125
Total cash, cash equivalents and restricted cash shown on statement of cash flows	Total cash, cash equivalents and restricted cash shown on statement of cash flows	$ 280,458	$ 331,739	Total cash, cash equivalents and restricted cash shown on statement of cash flows	$ 274,868	$ 331,739

Concentrations of Risk—The Company maintains cash balances at several financial institutions located in the United States. The cash balances may, at times, exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation up to $250,000.

During the thirteen weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, approximately 29% 28% and 33% 32% of the Company's revenue was generated from the Company's restaurants located in the New York City metropolitan area, respectively. During the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, approximately 30% 29% and 32% of the Company's revenue was generated from the Company's restaurants located in the New York City metropolitan area, respectively.

Deferred Costs—Deferred costs primarily consist of capitalized implementation costs from cloud computing arrangements in relation to a new enterprise resource planning system ("ERP"). These costs, net of amortization, amounted to $4.6 $4.4 million as of June 25, 2023 September 24, 2023 and are recorded within other current assets and other assets in the condensed consolidated balance sheets. The amortization of these costs are recognized within the Company's condensed consolidated statement of operations under general and administrative expenses over a useful life of 7 years starting from the ERP project's go live date.

Recently Issued Accounting Pronouncements Not Yet Adopted—The Company has reviewed all recently issued accounting pronouncements and concluded that the pronouncements were either not applicable or will not have a significant impact to its consolidated financial statements.

2. REVENUE RECOGNITION

The following table presents the Company's revenue for the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022 disaggregated by significant revenue channel:

(dollar amounts in thousands)	Thirteen weeks ended June 25, 2023	Thirteen weeks ended June 26, 2022	Twenty-six weeks ended June 25, 2023	Twenty-six weeks ended June 26, 2022
Owned Digital Channels	$ 56,625	$ 50,473	$ 104,915	$ 94,397
In-Store Channel (Non-Digital component)	63,202	47,871	112,589	82,317
Marketplace Channel	32,698	26,574	60,083	50,795
Total Revenue	$ 152,525	$ 124,918	$ 277,587	$ 227,509

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(dollar amounts in thousands)	Thirteen weeks ended September 24, 2023	Thirteen weeks ended September 25, 2022	Thirty-nine weeks ended September 24, 2023	Thirty-nine weeks ended September 25, 2022
Owned Digital Channels	$ 56,461	$ 49,329	$ 161,347	$ 143,966
In-Store Channel (Non-Digital component)	64,612	50,014	177,205	132,184
Marketplace Channel	32,355	24,683	92,463	75,385
Total Revenue	$ 153,428	$ 124,026	$ 431,015	$ 351,535

Gift Cards

Gift card liability included in gift card and loyalty liability within the accompanying condensed consolidated balance sheet was as follows:

(dollar amounts in thousands)	(dollar amounts in thousands)	As of June 25, 2023	As of December 25, 2022	(dollar amounts in thousands)	As of September 24, 2023	As of December 25, 2022
Gift Card Liability	Gift Card Liability	$ 1,824	$ 2,016	Gift Card Liability	$ 1,832	$ 2,016

Revenue recognized from the redemption of gift cards that was included in gift card and loyalty liability at the beginning of the year was as follows:

(dollar amounts in thousands)	(dollar amounts in thousands)	Thirteen weeks ended June 25, 2023	Thirteen weeks ended June 26, 2022	Twenty-six weeks ended June 25, 2023	Twenty-six weeks ended June 26, 2022
Revenue recognized from gift card liability balance at the beginning of the year	Revenue recognized from gift card liability balance at the beginning of the year	$ 80	$ 66	$ 405	$ 319

(dollar amounts in thousands)	Thirteen weeks ended September 24, 2023	Thirteen weeks ended September 25, 2022	Thirty-nine weeks ended September 24, 2023	Thirty-nine weeks ended September 25, 2022
Revenue recognized from gift card liability balance at the beginning of the year	$ 45	$ 35	$ 450	$ 353

Sweetpass

During the twenty six-weeks ended June 25, 2023, second quarter of fiscal 2023, the Company launched its Sweetpass and Sweetpass + loyalty program nationwide.

Sweetpass is the Company's loyalty program where customers can earn rewards, birthday treats, menu exclusives and more. All customers that create a digital account will automatically be enrolled in this free program. For additional perks like a daily $3 off, customers can upgrade to Sweetpass+ for $10 per month. In both the Sweetpass and Sweetpass + program, customers can earn rewards for completing challenges. Rewards typically expire one week to two weeks after they are issued. The Company defers revenue associated with the estimated selling price, net of rewards that are not expected to be redeemed. The estimated selling price of each reward earned is based on the value of the product to which the reward is related. The costs associated with rewards redeemed are primarily included within food, beverage and packaging costs.

The subscription revenue related to Sweetpass + is recognized over the contract period, which is typically one month, and the discount is recognized as a reduction of revenue when incurred.

Due to the insignificant nature of outstanding rewards as of June 25, 2023September 24, 2023, no revenue was deferred for the thirteen and twenty-six thirty-nine weeks ended June 25, 2023September 24, 2023.

3. FAIR VALUE

The following tables present information about the Company's financial liabilities measured at fair value on a recurring basis:

		Fair Value Measurements as of June 25, 2023				Fair Value Measurements as of December 25, 2022					Fair Value Measurements as of September 24, 2023				Fair Value Measurements as of December 25, 2022			
		Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
(dollar amounts in thousands)	(dollar amounts in thousands)									(dollar amounts in thousands)								
Contingent consideration	Contingent consideration	21,275	—	—	21,275	21,296	—	—	21,296	Contingent consideration	22,887	—	—	22,887	21,296	—	—	21,296

The fair value of the contingent consideration was determined based on significant inputs not observable in the market.

In connection with the Company's acquisition of Spyce on September 7, 2021, the former equity holders of Spyce may receive up to 714,285 additional shares of Class A common stock, calculated based on the initial offering price of the Company's Class A common stock of $28.00 per share sold in the Company's initial public offering ("IPO") (the "Reference Price"), contingent on the achievement of certain performance milestones between the closing date of the acquisition and June 30, 2026. Additionally, the former equityholders equity holders of Spyce may receive true-up payments in cash as follows: if (i) described below. If as of the second anniversary of the closing date of the acquisition, the 30-Day Volume-Weighted Average Price of the Company's Class A

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common stock ("VWAP Price") is less than the Reference Price, then the Company shall pay to each former equityholder equity holder of Spyce that has continually held their respective portion of the 1,316,763 total shares of the Company's Class A common stock issued in connection with the acquisition during such period, the delta between the Reference Price and the VWAP Price for the upfront portion of the purchase price ("true-up payment"). As of the second anniversary of the closing date of the acquisition, the Company calculated the delta between the Reference Price and (ii) the VWAP Price for the upfront portion of the purchase price as $13.62. This resulted in an estimated true-up payment of $10.2 million, due to an estimated 570,249 shares that did not meet the continuous holding requirement. This total true-up payment was included within contingent consideration on the Company's condensed consolidated balance sheets, of which $8.9 million was previously recorded as of June 25, 2023, and all of which is expected to be paid out in cash during the fiscal quarter ended December 31, 2023.

Additionally, if as of the date of the achievement of any of the three milestones, the VWAP Price as of such milestone achievement date is less than the Reference Price, then the Company shall pay to each former equityholder equity holder of Spyce that is eligible to receive a milestone payment the delta between the Reference Price and the VWAP Price for the contingent consideration associated with such milestone. The contingent consideration, excluding the true-up payment, which was calculated as noted above, was valued using the Monte Carlo method. The analysis considered, among other items, the equity value, the contractual terms of the Spyce merger agreement, potential liquidity event scenarios (prior to the IPO), the Company's credit adjusted discount rate, equity volatility, risk-free rate and the probability of milestone targets required for issuance of shares under the contingent consideration will be achieved.

The following table provides a roll forward of the aggregate fair values of the Company's contingent consideration, for which fair value is determined using Level 3 inputs.

(dollar amounts in thousands)		Contingent Consideration
Balance—December 25, 2022	$	21,296
Change in fair value		(21) 1,591
Balance—June 25, September 24, 2023	$	21,275 22,887

The following non-financial instruments were measured at fair value, on a nonrecurring basis, as of and for the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, reflecting certain property and equipment and operating leases for which an impairment loss was recognized during the corresponding periods within impairment and closure costs and restructuring charges within the consolidated statement of operations.

The Company recorded non-cash impairment charges of $4.3 million during the thirty-nine weeks ended September 24, 2023 related to the vacated sweetgreen Support Center and was recorded in restructuring charges within the consolidated statement of operations,

The Company recorded non-cash impairment charges of $14.3 million during the thirteen and thirty-nine weeks ended September 25, 2022, of which $8.5 million was related to property and equipment and $5.8 million was related to operating lease assets. Of the $8.5 million of property and equipment impairment, $6.8 million was associated with the vacated sweetgreen Support Center and was recorded in restructuring charges within the consolidated statement of operations, and $1.7 million was associated with certain store locations and was recorded in impairment and closure costs within the consolidated statement of operations. The operating lease impairment of $5.8 million was associated with the vacated sweetgreen Support Center and was recorded in restructuring charges on the condensed consolidated statement of operations operations;, see Note 1:

(dollar amounts in thousands)	(dollar amounts in thousands)	Total	Fair Value Measurements as of June 25, 2023 Level 1	Level 2	Level 3	Thirteen Weeks Ended June 25, 2023 Impairment Losses	Twenty-six Weeks Ended June 25, 2023 Impairment Losses
Operating lease assets	Operating lease assets	6,069	—	—	6,069	4,291	4,291

(dollar amounts in thousands)	Total	Fair Value Measurements as of September 24, 2023 Level 1	Level 2	Level 3	Thirteen Weeks Ended September 24, 2023 Impairment Losses	Thirty-nine weeks ended September 24, 2023 Impairment Losses
Operating lease assets	5,894	—	—	5,894	—	4,291

		Fair Value Measurements as of September 25, 2022			Thirteen Weeks Ended September 25, 2022	Thirty-Nine Weeks Ended September 25, 2022
	Total	Level 1	Level 2	Level 3	Impairment Losses	
(dollar amounts in thousands)						
Certain property and equipment, net	—	—	—	—	8,527	8,527
Operating lease assets	10,744	—	—	10,744	5,840	5,840

4. PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or estimated useful life. A summary of property and equipment is as follows:

(dollar amounts in thousands)	(dollar amounts in thousands)	As of June 25, 2023	As of December 25, 2022
Kitchen equipment	Kitchen equipment	$ 81,168	$ 71,304
Computers and other equipment	Computers and other equipment	33,705	30,543
Furniture and fixtures	Furniture and fixtures	32,381	27,262
Leasehold improvements	Leasehold improvements	240,358	212,825
Assets not yet placed in service	Assets not yet placed in service	33,831	34,767
Total property and equipment	Total property and equipment	421,443	376,701
Less: accumulated depreciation	Less: accumulated depreciation	(161,595)	(141,444)
Property and equipment, net	Property and equipment, net	$ 259,848	$ 235,257

(dollar amounts in thousands)	As of September 24, 2023	As of December 25, 2022
Kitchen equipment	$ 87,463	$ 71,304
Computers and other equipment	36,008	30,543
Furniture and fixtures	35,153	27,262
Leasehold improvements	258,960	212,825
Assets not yet placed in service	20,554	34,767
Total property and equipment	438,138	376,701
Less: accumulated depreciation	(173,868)	(141,444)
Property and equipment, net	$ 264,270	$ 235,257

Depreciation expense for the thirteen weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022 was $12.0 million $12.9 million and $9.4 million $9.9 million, respectively.

Depreciation expense for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022 was $23.1 million $36.1 million and $18.2 million $28.1 million, respectively.

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As of June 25, 2023 September 24, 2023, the Company had 19 seven facilities under construction, with one due to open during the fiscal fourth quarter of 2023 and six due to open during fiscal year 2023. 2024. As of December 25, 2022, the Company had 20 facilities under construction, all of which were due to open opened during fiscal year 2023. Depreciation commences after a store opens and the related assets are placed in service.

Total research and development cost excluding any related cost associated with Spyce acquisition was $0.2 million and $3.3 million $0.4 million for both the thirteen weeks ended June 25, September 24, 2023 and June 26, 2022 September 25, 2022, respectively. . Total research and development cost excluding any related cost associated with Spyce acquisition was $0.5 million $0.9 million and $4.7 million $1.4 million for the twenty-sixthirty-nine weeks ended June 25, September 24, 2023 and June 26, 2022 September 25, 2022, respectively. Research and development cost are is recorded within general and administrative cost in the Company's accompanying condensed consolidated statement of operations.

5. GOODWILL AND INTANGIBLE ASSETS, NET

During the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, there were no changes in the carrying amount of goodwill of $36.0 million.

The following table presents the Company's intangible assets, net balances:

(dollar amounts in thousands)	(dollar amounts in thousands)	As of June 25, 2023	As of December 25, 2022	(dollar amounts in thousands)	As of September 24, 2023	As of December 25, 2022
Internal use software	Internal use software	$ 34,790	$ 31,502	Internal use software	$ 36,732	$ 31,502
Developed technology	Developed technology	20,050	20,050	Developed technology	20,050	20,050
Total intangible assets	Total intangible assets	54,840	51,552	Total intangible assets	56,782	51,552
Accumulated amortization	Accumulated amortization	(25,443)	(20,990)	Accumulated amortization	(28,233)	(20,990)
Intangible assets, net	Intangible assets, net	$ 29,397	$ 30,562	Intangible assets, net	$ 28,549	$ 30,562

Developed technology intangible assets were recognized in conjunction with the Company's acquisition of Spyce on September 7, 2021. The estimated useful life of developed technology is five years and the assets were placed into service during the thirteen thirty-nine weeks ended June 25, 2023 September 24, 2023.

Amortization expense for intangible assets was $2.5 million $2.8 million and $1.9 million $2.0 million for the thirteen weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, respectively.

Amortization expense for intangible assets was $4.5 million $7.2 million and $3.8 million $5.8 million for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, respectively.

Estimated future amortization of internal use software and developed technology is as follows:

(dollar amounts in thousands)	(dollar amounts in thousands)		(dollar amounts in thousands)	
2023	2023	$ 5,503	2023	$ 2,673
2024	2024	8,271	2024	9,190
2025	2025	6,006	2025	6,637
2026	2026	4,270	2026	4,667
2027	2027	4,010	2027	4,046
Thereafter	Thereafter	1,337	Thereafter	1,336
Total	Total	29,397	Total	$ 28,549

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6. ACCRUED EXPENSES

Accrued expenses consist of the following:

(dollar amounts in thousands)	(dollar amounts in thousands)	As of June 25, 2023	As of December 25, 2022	(dollar amounts in thousands)	As of September 24, 2023	As of December 25, 2022
Fixed asset accrual	Fixed asset accrual	$ 5,063	$ 5,963	Fixed asset accrual	$ 3,846	$ 5,963
Accrued general and sales tax	Accrued general and sales tax	3,268	2,736	Accrued general and sales tax	3,294	2,736

Rent deferrals	Rent deferrals	1,562	1,728	Rent deferrals	1,499	1,728
Accrued delivery fee	Accrued delivery fee	984	968	Accrued delivery fee	1,016	968
Accrued settlements and legal fees	Accrued settlements and legal fees	489	1,106	Accrued settlements and legal fees	826	1,106
Other accrued expenses	Other accrued expenses	10,112	9,568	Other accrued expenses	11,004	9,568
Total accrued expenses	Total accrued expenses	$ 21,478	$ 22,069	Total accrued expenses	$ 21,485	$ 22,069

7. DEBT

Credit Facility—On December 14, 2020, the Company entered into a First Amended and Restated Revolving Credit, Delayed Draw Term Loan and Security Agreement (as subsequently amended, as discussed below, the "2020 Credit Facility") with EagleBank. The 2020 Credit Facility superseded the Company's 2017 revolving credit facility with EagleBank and allows the Company to borrow (i) up to $35.0 million (subsequently increased to $45.0 million) in the aggregate principal amount under the refinanced revolving facility and (ii) up to $10.0 million in the aggregate principal amount under a delayed draw term loan facility, which expired on December 14, 2021, and which was never drawn on. The refinanced revolving facility originally matured on December 14, 2022 (and has since been extended to December 13, 2024). However, if the Company issues certain convertible debt or unsecured indebtedness under the 2020 Credit Facility, then the refinanced revolving facility will mature on the earlier to occur of (i) the maturity date indicated in the previous sentence and (ii) 90 days prior to the scheduled maturity date for any portion of such permitted convertible debt or unsecured indebtedness.

On May 9, 2022, the Company and Eagle Bank amended the 2020 Credit Facility to allow for the issuance of Letters of Credit of up to $1.5 million. In connection therewith, the Company entered into a $950,000 irrevocable standby Letter of Credit with Eagle Bank with The Travelers Indemnity Company as the beneficiary in connection with the Company's workers compensation insurance policy.

On December 13, 2022, the Company and Eagle Bank amended the 2020 Credit Facility to extend the maturity date from December 14, 2022 to December 13, 2024. The amendment also increased the revolving facility cap by $10.0 million, to allow for the Company to borrow up to $45.0 million in the aggregate principal amount under the refinanced revolving facility. The Company incurred $0.1 million of loan origination fees related to the amendment, which was recorded within other current assets on the audited consolidated balance sheets and will be amortized over the life of the facility. Under the 2020 Credit Facility, interest accrues on the outstanding loan balance and is payable monthly at a rate of the adjusted one-month term Secured Overnight Financing Rate, plus 2.90%, with a floor on the interest rate at 3.75%. As of June 25, 2023 September 24, 2023 and December 25, 2022, the Company had no outstanding balance under the 2020 Credit Facility.

On April 26, 2023, the Company and Eagle Bank further amended the 2020 Credit Facility to allow for an increase to the issuance of Letters of Credit of up to $3.5 million. In connection therewith, the Company increased its irrevocable standby Letter of Credit with Eagle Bank to $1.95 million, with The Travelers Indemnity Company as the beneficiary in connection with the Company's workers' compensation insurance policy. This replaced the previous amendment dated May 9, 2022.

Under the 2020 Credit Facility, the Company is required to maintain certain levels of liquidity (defined as total cash and cash equivalents on hand plus the available amount under the revolving facility) which liquidity amount shall be no less than the trailing 90-day cash burn. The Company was in compliance with the applicable financial covenants as of June 25, 2023 September 24, 2023 and December 25, 2022.

The obligations under the 2020 Credit Facility are guaranteed by the Company's existing and future material subsidiaries and secured by substantially all of the Company's and subsidiaries guarantor's assets. The 2020 Credit Facility also restricts the Company's ability, and the ability of the Company's subsidiary guarantors, to, among other things, incur liens; incur additional indebtedness; transfer or dispose of assets; make acquisitions, change the nature of the business; guarantee obligations; pay dividends to shareholders or

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repurchase stock; and make advances, loans, or other investments. The 2020 Credit Facility contains customary events of default, including, without limitation, failure to pay the outstanding loans or accrued interest on the due date.

8. LEASES

As a result of the Company losing its emerging growth company status on December 25, 2022, the Company was required to adopt ASC 842, effective beginning on December 27, 2021. As a result, the amounts included in the Company's condensed consolidated statement of operations represent the updated balances to the respective line items within previously filed quarterly statements' condensed consolidated statement of operations. For the reasons described herein, the fiscal year 2022 quarterly information presented herein does not mirror the financial information included in our Quarterly Reports on Form 10-Q filed during fiscal year 2022.
The Company leases restaurants and corporate office space under various non-cancelable lease agreements that expire on various dates through 2033. 2038. Lease terms for restaurants generally include a base term of 10 years, with options to extend these leases for additional periods of 5 to 15 years.

The components of lease cost for the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022 were as follows:

	Thirteen weeks ended	Twenty-six weeks ended	Thirteen weeks ended	Thirty-nine weeks ended

(dollar amounts in thousands)	(dollar amounts in thousands)	Classification	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022	(dollar amounts in thousands)	Classification	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
Operating lease cost	Operating lease cost	Occupancy and related expense General and administrative expense Pre-opening costs	12,586	11,847	24,415	21,488	Operating lease cost	Occupancy and related expense General and administrative expense Pre-opening costs	$ 12,061	$ 11,502	$ 35,931	$ 32,989
Variable lease cost	Variable lease cost	Occupancy and related expense General and administrative expense	2,178	1,278	4,790	3,301	Variable lease cost	Occupancy and related expense General and administrative expense	2,904	1,680	8,237	4,982
Short term lease cost	Short term lease cost	Occupancy and related expense General and administrative expense	74	33	219	178	Short term lease cost	Occupancy and related expense General and administrative expense	98	33	318	212
Sublease income	Sublease income	General and administrative expense	(178)	(233)	(356)	(411)	Sublease income	General and administrative expense	—	(186)	(356)	(597)
Total lease cost	Total lease cost		$ 14,660	$ 12,925	$ 29,068	$ 24,556	Total lease cost		$ 15,063	$ 13,029	$ 44,130	$ 37,586

As of June 25, September 24, 2023, future minimum lease payments for operating leases consisted of the following:

(dollar amounts in thousands)	(dollar amounts in thousands)		(dollar amounts in thousands)	
2023	2023	20,499	2023	$ 7,807
2024	2024	53,103	2024	54,059
2025	2025	53,354	2025	54,414
2026	2026	52,247	2026	53,317
2027	2027	47,957	2027	49,042
Thereafter	Thereafter	169,683	Thereafter	176,221
Total	Total	396,843	Total	$ 394,860
Less: imputed interest	Less: imputed interest	93,861	Less: imputed interest	92,269
Total lease liabilities	Total lease liabilities	302,982	Total lease liabilities	$ 302,591

As of June 25, September 24, 2023 and December 25, 2022 the Company had additional operating lease commitments of $22.7 $21.5 million and $18.0 million, respectively, for non-cancelable leases without a possession date, which the

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Company anticipates will commence in fiscal year 2023 or early 2024. These The nature of such lease commitments is consistent with the nature of the leases that the Company has executed thus far.

A summary of lease terms and discount rates for operating leases as of June 25, September 24, 2023 and December 25, 2022 is as follows:

June 25, 2023	December 25, 2022	September 24, 2023	December 25, 2022

Weighted average remaining lease term (years):	Weighted average remaining lease term (years):			Weighted average remaining lease term (years):		
Operating Leases	Operating Leases	7.72	7.98	Operating Leases	7.56	7.98
Weighted average discount rate:	Weighted average discount rate:			Weighted average discount rate:		
Operating Leases	Operating Leases	6.41 %	6.09 %	Operating Leases	6.48 %	6.09 %

Supplemental cash flow information related to leases for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022:

		June 25, 2023	June 26, 2022		September 24, 2023	September 25, 2022
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:			Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases, net of lease incentives	Operating cash flows from operating leases, net of lease incentives	$ 21,870	$ 9,105	Operating cash flows from operating leases, net of lease incentives	$ 31,189	$ 30,545
Right of use assets obtained in exchange for lease obligations:	Right of use assets obtained in exchange for lease obligations:			Right of use assets obtained in exchange for lease obligations:		
Operating leases	Operating leases	$ 14,125	32,417	Operating leases	$ 18,631	$ 39,599

9. COMMON STOCK

As of June 25, 2023 September 24, 2023 and December 25, 2022, the Company had reserved shares of common stock for issuance in connection with the following:

		As of June 25, 2023	As of December 25, 2022		As of September 24, 2023	As of December 25, 2022
Options outstanding under the 2009 Stock Plan, 2019 Equity Incentive Plan, Spyce Food Co. 2016 Stock Option Plan and Grant Plan and 2021 Equity Incentive Plan	Options outstanding under the 2009 Stock Plan, 2019 Equity Incentive Plan, Spyce Food Co. 2016 Stock Option Plan and Grant Plan and 2021 Equity Incentive Plan	13,873,261	13,813,922	Options outstanding under the 2009 Stock Plan, 2019 Equity Incentive Plan, Spyce Food Co. 2016 Stock Option Plan and Grant Plan and 2021 Equity Incentive Plan	13,471,636	13,813,922
Shares reserved for achievement of Spyce milestones	Shares reserved for achievement of Spyce milestones	714,285	714,285	Shares reserved for achievement of Spyce milestones	714,285	714,285
Shares reserved for employee stock purchase plan	Shares reserved for employee stock purchase plan	3,000,000	3,000,000	Shares reserved for employee stock purchase plan	4,111,331	3,000,000
RSUs and PSUs outstanding under the 2019 Equity Incentive Plan and 2021 Equity Incentive Plan	RSUs and PSUs outstanding under the 2019 Equity Incentive Plan and 2021 Equity Incentive Plan	8,072,857	8,402,109	RSUs and PSUs outstanding under the 2019 Equity Incentive Plan and 2021 Equity Incentive Plan	7,909,312	8,402,109
Shares available for future issuance under the 2021 Equity Incentive Plan	Shares available for future issuance under the 2021 Equity Incentive Plan	10,112,082	10,655,568	Shares available for future issuance under the 2021 Equity Incentive Plan	10,201,747	10,655,568

Total reserved shares of common stock	Total reserved shares of common stock	35,772,485	36,585,884	Total reserved shares of common stock	36,408,311	36,585,884

10. STOCK-BASED COMPENSATION

2021 Equity Incentive Plan

In connection with the Company's IPO, the Company adopted the 2021 Equity Incentive Plan (the "2021 Plan"), which allows for issuance of stock options (including incentive stock options and non-qualified stock options), restricted stock units ("RSUs"), including performance-based awards, and other types of awards. The maximum number of shares of common stock that may be issued under the 2021 Plan is 35,166,753, which is the sum of (i) 11,500,000 new shares, plus (ii) an additional number of shares consisting of (a) shares that were available for the issuance of awards under any prior equity incentive plans in place (which shall include the Prior Stock Plans (as defined below)) and the options to purchase certain shares of common stock, assumed by the Company, pursuant to the Spyce Food Co. 2016 Stock Option and Grant Plan, prior to the time the Company's 2021 Plan became effective and (b) any shares of the Company's common stock subject to outstanding stock options or other stock awards granted under the Prior Stock Plans that on or after the Company's 2021 Plan became effective, terminate or expire prior to the exercise or settlement; are not issued because the award is settled in cash; are forfeited because of the failure to vest; or are reacquired or withheld (or not issued) to satisfy a tax withholding obligation or the purchase or exercise price. Options

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granted during, or prior to, the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 generally have vesting terms between twelve months and four years and have a contractual life of 10 years.

The Company issues shares of Class A common stock upon the vesting and settlement of RSUs and upon the exercises of stock options under the 2021 Plan. The 2021 Plan is administered by the board of directors, or a duly authorized committee of the Company's board of directors. Options granted to members of the Company's board of directors generally vest immediately.

2009 Stock Plan and 2019 Equity Incentive Plan

Prior to the Company's IPO, the Company granted stock options, RSUs and performance-based restricted stock awards ("PSUs") to its employees, as well as nonemployees non-employees (including directors and others who provide substantial services to the Company) under the Company's 2009 Stock Plan and 2019 Equity Incentive Plan (collectively, the "Prior Stock Plans"). Awards permitted to be granted under the Prior Stock Plans include incentive stock options to the Company's employees and non-qualified stock options to the Company's employees and non-employees, as well as stock appreciation rights, restricted stock awards, RSUs (including PSUs), and other forms of stock awards to the Company's employees, directors and consultants and any of the Company's affiliated employees and consultants.

Options granted in the fiscal year ended December 26, 2021 and prior generally have vesting terms between one year and four years and have a contractual life of 10 years. No further stock awards will be granted under the Prior Stock Plans now that the 2021 Equity Incentive Plan is effective; however, awards outstanding under the Prior Stock Plans will continue to be governed by their existing terms.

Spyce Acquisition

In conjunction with the Spyce acquisition, the Company issued shares of Class S stock which converted to the Class A common stock upon the Company's IPO. Shares of Class S stock that were issued to certain Spyce employees, and the corresponding shares of Class A common stock received by such employees in connection with the Company's IPO, are were subject to time-based service requirements and will vest vested on September 7, 2023, subject to vesting acceleration in full upon the occurrence of certain events. as these requirements were met. As the value is fixed, the grant date fair value of these shares represents the fair value of the shares on the acquisition date. For the thirteen weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, the Company recognized stock-based compensation expense of $0.9 million$0.7 million and $0.8 million, respectively, related to the vested portion of such shares. For both the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, the Company recognized stock-based compensation expense of $1.7 million$2.4 million and $2.5 million, respectively, related to the vested portion of such shares.

2021 Employee Stock Purchase Plan

In conjunction with the IPO, the Company's board of directors adopted, and the Company's stockholders approved, the Company's 2021 employee stock purchase plan (the "ESPP"). The Company's ESPP authorizes the issuance of 3,000,000 shares of common stock under purchase rights granted to the Company's employees or to the employees of any of its designated affiliates. The number of shares of the Company's common stock reserved for issuance will automatically increase on January 1 of each year for a period of 10 years, which began on January 1, 2023, by the lesser of (i) 1% of the total number of shares of the Company's common stock outstanding on December 31 of the immediately preceding year; and (ii) 4,300,000 shares, except before the date of any such increase, the Company's board of directors may determine that such increase will be less than the amount set forth in clauses (i) and (ii). On January 1, 2023 the ESPP authorized shares increased by 1,111,331 to 4,111,331 in accordance with the above.

As of June 25, 2023 September 24, 2023, there had been no offering period or purchase period under the ESPP, and no such period will begin unless and until determined by the administrator.

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Stock Options

The following table summarizes the Company's stock option activity for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022:

(dollar amounts in thousands except per share amounts)	(dollar amounts in thousands except per share amounts)	Number of Shares	Weighted Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value	(dollar amounts in thousands except per share amounts)	Number of Shares	Weighted Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance—December 25, 2022	Balance—December 25, 2022	13,813,922	$ 7.86	6.63	$ 34,454	Balance—December 25, 2022	13,813,922	$ 7.86	6.63	$ 34,454
Options granted	Options granted	1,206,794	7.95			Options granted	1,368,894	8.38		
Options exercised	Options exercised	(521,242)	4.81			Options exercised	(888,309)	5.75		
Options forfeited	Options forfeited	(497,994)	10.74			Options forfeited	(679,474)	11.12		
Options expired	Options expired	(128,219)	10.25			Options expired	(143,397)	10.77		
Balance—June 25, 2023		13,873,261	$ 7.86	6.61	$ 50,641					
Balance—September 24, 2023						Balance—September 24, 2023	13,471,636	$ 7.85	6.42	$ 56,433
Exercisable—June 25, 2023		9,916,948	$ 6.48	5.75	$ 46,246					
Exercisable—September 24, 2023						Exercisable—September 24, 2023	9,915,352	$ 6.64	5.64	$ 50,906
Vested and expected to vest—June 25, 2023		13,873,261	$ 7.86	6.61	$ 50,641					
Vested and expected to vest—September 24, 2023						Vested and expected to vest—September 24, 2023	13,471,636	$ 7.85	6.42	$ 56,433

(dollar amounts in thousands except per share amounts)	(dollar amounts in thousands except per share amounts)	Number of Shares	Weighted Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value	(dollar amounts in thousands except per share amounts)	Number of Shares	Weighted Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (In Years)	Aggregate Intrinsic Value
Balance—December 26, 2021	Balance—December 26, 2021	13,773,414	$ 6.87	7.42	$ 337,269	Balance—December 26, 2021	13,773,414	$ 6.87	7.42	$ 337,269
Options assumed	Options assumed	—	—			Options assumed	—	—		
Options granted	Options granted	578,865	23.75			Options granted	741,118	22.64		
Options exercised	Options exercised	(560,610)	5.22			Options exercised	(819,454)	4.85		
Options forfeited	Options forfeited	(130,590)	12.24			Options forfeited	(252,190)	13.44		
Options expired	Options expired	(25,243)	5.85			Options expired	(32,272)	6.94		
Balance—June 26, 2022		13,635,836	$ 7.61	7.21	$ 84,673					

Balance—September 25, 2022					Balance—September 25, 2022	13,410,616	$ 7.74	6.99	$ 125,586
Exercisable—June 26, 2022	8,824,027	$ 5.35	6.35	$ 70,585					
Exercisable—September 25, 2022					Exercisable—September 25, 2022	9,254,215	$ 5.77	6.27	$ 102,364
Vested and expected to vest—June 26, 2022	13,635,836	$ 7.61	7.21	$ 84,673					
Vested and expected to vest—September 25, 2022					Vested and expected to vest—September 25, 2022	13,410,616	$ 7.74	6.99	$ 125,586

The weighted-average fair value of options granted during the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022, was $8.67$8.97 and $10.57 10.18, respectively.

The fair value of each option granted has been estimated as of the date of the grant using the Black-Scholes option-pricing model. The Company has elected to account for forfeitures as they occur.

As of June 25, 2023 September 24, 2023, there was $17.8 million$15.6 million in unrecognized compensation expense related to unvested stock-based compensation arrangements and is expected to be recognized over a weighted average period 2.21 years.2.08 years.

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Restricted Stock Units and Performance Stock Units

Restricted stock units

The following table summarizes the Company's RSU activity for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, September 25, 2022:

(dollar amounts in thousands except per share amounts)	(dollar amounts in thousands except per share amounts)	Number of Shares	Weighted-Average Grant Date Fair Value	(dollar amounts in thousands except per share amounts)	Number of Shares	Weighted-Average Grant Date Fair Value
Balance—December 25, 2022	Balance—December 25, 2022	1,780,681	$ 23.40	Balance—December 25, 2022	1,780,681	$ 23.40
Granted	Granted	353,743	8.67	Granted	398,043	8.97
Released	Released	(298,778)	21.52	Released	(407,139)	21.45
Forfeited	Forfeited	(384,217)	22.15	Forfeited	(483,701)	21.79
Balance—June 25, 2023		1,451,429	19.30			
Balance—September 24, 2023				Balance—September 24, 2023	1,287,884	18.77

(dollar amounts in thousands except per share amounts)	(dollar amounts in thousands except per share amounts)	Number of Shares	Weighted-Average Grant Date Fair Value	(dollar amounts in thousands except per share amounts)	Number of Shares	Weighted-Average Grant Date Fair Value
Balance—December 26, 2021	Balance—December 26, 2021	2,392,426	$ 24.18	Balance—December 26, 2021	2,392,426	$ 24.18
Granted	Granted	439,764	22.45	Granted	566,245	21.59
Released	Released	(57,084)	19.65	Released	(588,620)	22.15
Forfeited	Forfeited	(158,022)	27.41	Forfeited	(306,399)	26.06
Balance—June 26, 2022		2,617,084	$ 23.86			
Balance—September 25, 2022				Balance—September 25, 2022	2,063,652	$ 23.77

As of June 25, 2023 September 24, 2023, unrecognized compensation expense related to RSUs was $15.6 $11.6 million and is expected to be recognized over a weighted average period of 1.73 1.71 years. The fair value of shares released as of the vesting date during the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was

$2.9 million. $4.4 million.

Performance stock units

In October 2021, the Company granted 2,100,000 PSUs to each founder (the "founder PSUs") for a total of 6,300,000 PSUs, under the 2019 Equity Incentive Plan. The founder PSUs vest upon the satisfaction of a service condition and the achievement of certain stock price goals. As of June 25, 2023 September 24, 2023 unrecognized compensation expense related to the founder PSUs was $42.5 $35.6 million and is expected to be recognized over a weighted average period of 1.48 years. 1.51 years.

Subsequent to the Company's IPO, the Company issued 321,428 PSUs to the Spyce founders ("Spyce PSUs") based on three separate performance-based milestone targets. During the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, the Company has not recorded any stock-based compensation expense related to the Spyce PSUs, as no expense will be recognized until the targets are probable of being met. Unrecognized compensation expense related to the Spyce PSUs was $9.8 million, which will be expensed if the performance-based milestone targets become probable of being met.

There were no PSU grants during the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022.

A summary of stock-based compensation expense recognized during the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022 is as follows:

		Thirteen weeks ended		Twenty-six weeks ended			Thirteen weeks ended		Thirty-nine weeks ended	
(dollar amounts in thousands)	(dollar amounts in thousands)	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022	(dollar amounts in thousands)	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
Stock-options	Stock-options	$ 2,104	$ 2,567	$ 4,576	$ 5,099	Stock-options	$ 2,140	$ 2,771	$ 6,716	$ 7,870
Restricted stock units	Restricted stock units	3,249	11,592	5,994	22,176	Restricted stock units	2,432	5,782	8,426	27,958
Performance stock units	Performance stock units	9,049	9,048	18,097	18,097	Performance stock units	6,894	9,048	24,991	27,145
Total stock-based compensation	Total stock-based compensation	$ 14,402	$ 23,207	$ 28,667	$ 45,372	Total stock-based compensation	$ 11,466	$ 17,601	$ 40,133	$ 62,973

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11. INCOME TAXES

The Company's entire pretax loss for the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022 was from its U.S domestic operations. The Company's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items arising during interim periods. For the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 there were no significant discrete items recorded and the Company recorded $0.3 million and $0.6 million $1.0 million in income taxes, respectively. For the thirteen and twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022 there were no significant discrete items recorded and the Company recorded less than $0.1 million in income tax expense, respectively.

On March 27, 2020, President Trump signed into law the CARES Act (as defined below). Intended to provide economic relief to those impacted by the COVID-19 pandemic, the CARES Act includes provisions, among others, to enhance business' liquidity and provide for refundable employee retention tax credits, which could be used to offset payroll tax liabilities. On March 11, 2021, President Biden signed the American Rescue Plan Act ("ARPA"). The ARPA includes several provisions, such as measures that extend and expand the employee retention credit, previously enacted under the CARES Act, through September 30, 2021. As there is no authoritative guidance under U.S. GAAP on accounting for government assistance to for-profit business entities, the Company accounts for the ERC (as defined below) by analogy to International Accounting Standard ("IAS") 20, Accounting for Government Grants and Disclosure of Government Assistance. In accordance with IAS 20, management determined it has reasonable assurance for receipt of the ERC and recorded the ERC benefit of $1.8 million within Labor and other related expenses and $5.1 million, within general and administrative expenses in the Condensed Consolidated Statement of Operations for the twenty-sixthirty-nine weeks ended June 25, 2023 September 24, 2023 as an offset to Social Security tax expense. As of June 25, 2023 September 24, 2023 the Company received $0.5 $3.4 million cash payment reducing the ERC receivable within other current assets on the Condensed Consolidated Balance Sheet to $6.4 $3.6 million.

On August 16, 2022, President Biden signed the Inflation Reduction Act of 2022 ("IRA") into law. The IRA contains several revisions to the Internal Revenue Code, including a 15% corporate minimum income tax for entities with adjusted financial statement income of over $1.0 billion and a 1% excise tax on corporate stock repurchases in tax years beginning after December 31, 2022. These tax law changes did not have a material effect on the Company's results of operations.

12. NET LOSS PER SHARE

During the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, the rights, including the liquidation and dividend rights, of the holders of Class A and Class B common stock were identical, except with respect to voting. As the liquidation and dividend rights were identical, the undistributed earnings were allocated on a proportionate basis and the resulting net loss per share attributable to common stockholders were, therefore, the same for both Class A and Class B common stock on an individual or combined basis.

The following table sets forth the computation of net loss per common share:

		Thirteen weeks ended		Twenty-six weeks ended			Thirteen weeks ended		Thirty-nine weeks ended	
		June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022		September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
(dollar amounts in thousands)	(dollar amounts in thousands)					(dollar amounts in thousands)				
Numerator:	Numerator:					Numerator:				
Net loss	Net loss	$ (27,258)	$ (40,504)	$ (60,915)	$ (90,156)	Net loss	$ (25,055)	$ (51,027)	$ (85,970)	$ (141,183)
Denominator:	Denominator:					Denominator:				
Weighted-average common shares outstanding—basic and diluted	Weighted-average common shares outstanding—basic and diluted	111,585,282	109,679,467	111,441,435	109,575,841	Weighted-average common shares outstanding—basic and diluted	112,179,722	110,375,126	111,687,538	109,848,272
Earnings per share—basic and diluted	Earnings per share—basic and diluted	$ (0.24)	$ (0.37)	$ (0.55)	$ (0.82)	Earnings per share—basic and diluted	$ (0.22)	$ (0.46)	$ (0.77)	$ (1.29)

The Company's potentially dilutive securities, which include preferred stock, time-based vesting restricted stock units, performance stock units, contingently issuable stock and options to purchase common stock, have been excluded from the computation of diluted net loss per share as the effect would be antidilutive. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share is the same. The Company excluded the following potential common shares,

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presented based on amounts outstanding at each period end, from the computation of diluted net loss per share for the periods indicated because including them would have had an anti-dilutive effect:

		Thirteen weeks ended		Twenty-six weeks ended			Thirteen weeks ended		Thirty-nine weeks ended	
		June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022		September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
Options to purchase common stock	Options to purchase common stock	13,873,261	13,635,836	13,873,261	13,635,836	Options to purchase common stock	13,471,636	13,410,616	13,471,636	13,410,616
Time-based vesting restricted stock units	Time-based vesting restricted stock units	1,451,429	2,617,084	1,451,429	2,617,084	Time-based vesting restricted stock units	1,287,884	2,063,652	1,287,884	2,063,652
Performance stock units	Performance stock units	6,621,428	6,621,428	6,621,428	6,621,428	Performance stock units	6,621,428	6,621,428	6,621,428	6,621,428
Contingently issuable stock	Contingently issuable stock	714,285	714,285	714,285	714,285	Contingently issuable stock	714,285	714,285	714,285	714,285
Total common stock equivalents	Total common stock equivalents	22,660,403	23,588,633	22,660,403	23,588,633	Total common stock equivalents	22,095,233	22,809,981	22,095,233	22,809,981

13. RELATED-PARTY TRANSACTIONS

The Company's founders and Chief Financial Officer each hold indirect minority passive interests in Luzzatto Opportunity Fund II, LLC, an entity which holds indirect equity interests in Welcome to the Dairy, LLC, which is the owner of the properties leased by the Company for the Company's principal corporate headquarters. For both the thirteen weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, total payments to Welcome to the Dairy, LLC, totaled $1.1 million and

$1.5 million, respectively. $0.9 million. For the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, total payments to Welcome to the Dairy, LLC, totaled $2.1 million $3.0 million and $3.2 million $4.1 million, respectively.

14. COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company is obligated under various operating leases related to its office facilities, restaurant locations, and certain equipment under non-cancelable operating leases that expire on various dates. Under certain of these leases, the Company is liable for contingent rent based on a percentage of sales in excess of specified thresholds and typically responsible for its proportionate share of real estate taxes, CAMs and other occupancy costs. Refer to Note 8, Leases, for additional information.

Purchase Obligations

Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms. The majority of the Company's purchase obligations relate to amounts owed for supplies within its restaurants and are due within the next twelve months.

Legal Contingencies

The Company is subject to various claims, lawsuits, governmental investigations and administrative proceedings that arise in the ordinary course of business. The Company does not believe that the ultimate resolution of any of these matters will have a material effect on the Company's financial position, results of operations, liquidity, or capital resources. However, an increase in the number of these claims, or one or more successful claims under which the Company incurs greater liabilities than the Company currently anticipates, could materially and adversely affect the Company's business, financial position, results of operations, and cash flows.

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and related notes included elsewhere in this report. This discussion contains forward-looking statements based upon current plans, expectations and beliefs that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section titled "Special Note Regarding Forward-Looking Statements" and in other parts of this report. Unless the context otherwise requires, all references in this section to "we," "us," "our," the "Company," or "Sweetgreen" refer to Sweetgreen, Inc. and its subsidiaries.

As a result of losing our emerging growth company status on December 25, 2022, we were required to adopt ASC 842, effective beginning on December 27, 2021. Additionally, we elected to reclassify prior period costs related to utilities and repairs and maintenance costs to conform with the current presentation of occupancy and other related cost within the condensed consolidated statement of operations. As a result, the amounts included in our condensed consolidated statement of operations represent the updated balances to the respective line items within previously filed quarterly statements' condensed consolidated statement of operations. For the reasons described herein, the fiscal year 2022 quarterly information presented herein does not mirror the financial information included in our Quarterly Reports on Form 10-Q filed during fiscal year 2022.

Overview

We are a mission-driven, next generation restaurant and lifestyle brand that serves healthy food at scale. Our bold vision is to be as ubiquitous as traditional fast food, but with the transparency and quality that consumers increasingly expect. As of June 25, 2023 September 24, 2023, we owned and operated 205 220 restaurants in 18 states and Washington, D.C.

Factors Affecting Our Business

Expanding Restaurant Footprint

Opening new restaurants is an important driver of our revenue growth. During the thirteen weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, we had 10 15 and 8 10 Net New Restaurant Openings, respectively. During the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022, we had 19 34 and 16 26 Net New Restaurant Openings, respectively. Our total count as of June 25, 2023 September 24, 2023 was 205 220 restaurants in 18 states states and Washington, D.C. During fiscal year 2024, we plan to integrate our Infinite Kitchen into an increased number of our new restaurants. As a result, we anticipate the a range of 23 to 28 Net New Restaurant Openings for fiscal year 2024 will not exceed our forecasted range of Net New Restaurant Openings for fiscal year 2023.2024.

We are still in the very nascent stages of our journey, and one of our greatest immediate opportunities is to grow our footprint in both existing and new U.S. markets and, over time, internationally.

Real Estate Selection

We utilize a rigorous, data-driven real estate selection process to identify the location and timing of opening new restaurants, both in new and existing U.S. markets and in urban and suburban areas, with both high anticipated foot or vehicle traffic and proximity to workplaces, residences and other restaurant and retail businesses that support our multi-channel approach, including our Native Delivery, Marketplace Delivery and Outpost and Catering Channels.

Macroeconomic Conditions, Inflation, the Impact of the COVID-19 Pandemic and Supply Chain Constraints

Consumer spending on food outside the home fluctuates with macroeconomic conditions. Consumers tend to allocate higher spending to food outside the home when macroeconomic conditions are stronger, and decrease spending on food outside the home during weaker economies. Throughout our history, our customers have demonstrated a willingness to pay a premium for a craveable, convenient, and healthier alternative to traditional fast-food and fast-casual offerings. However, as a premium offering in the fast-casual industry, we are exposed both to consumers trading the convenience of food away from home for the cost benefit of cooking, and to consumers selecting less expensive fast-casual alternatives during weaker economic periods.

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While we have historically been able to partially offset inflation and other cost increases, such as wage increases and increases in cost of goods sold, in the costs of core operating resources by gradually increasing menu prices or other customer fees, such as service fees and delivery fees, coupled with more efficient purchasing practices, productivity improvements, and greater economies of scale, there can be no assurance that we will be able to continue to do so in the current macroeconomic environment or in the future. In particular, current and future macroeconomic conditions could cause additional menu price increases to negatively impact our Same Store Sales Growth. There can be no assurance that future cost increases, including as a result of inflation, can be offset by increased menu prices or that our current or future menu prices will be fully absorbed by our customers without any resulting change to their demand for our products.

Our revenue growth has been negatively impacted in recent periods, in part by current macroeconomics conditions and softening consumer demand. We continue to see variability in our customer traffic patterns, including as a result of fluctuations in return to office as a result of many workplaces adopting remote or hybrid models and we expect this variability to continue for the foreseeable future.

During the twenty six twenty-six weeks ended June 25, 2023, June 25 2023, we experienced an interruption by our supplier to the supply of packaging to our stores. This caused a disruption in our stores, as well as higher costs of packaging materials, which negatively impacted our restaurant operating costs during that period. However, during the period. thirteen weeks ended September 24, 2023 we started to see reduced costs of certain ingredients, specifically with respect to chicken and fish.

Seasonality

Our revenue fluctuates as a result of seasonal factors and weather conditions. Historically, our revenue has been lower in the first and fourth quarters of the fiscal year due, in part, to the holiday season and the fact that fewer people eat out during periods of inclement weather (generally the winter months, though inclement weather conditions may occur in certain markets at any time of the year) than during periods of mild to warm weather (the spring, summer, and fall months). In addition, a core part of our menu, salads, has proven to be more popular among consumers in the warmer months. Recently, as consumer behavior trends have changed, due in part to the COVID-19 pandemic and the emergence of hybrid or remote work environments, the seasonality in our business has been less predictable than in prior years and we have seen an increased and prolonged negative impact on our revenue around national holidays.

Sales Channel Mix

Our revenue is primarily derived from sales of food and beverage to customers through our five sales channels: In-Store Channel, Pick-Up Channel, Native Delivery Channel, Marketplace Channel and Outpost and Catering Channel. There have been historical fluctuations in the mix of sales between our various channels. For example, during the COVID-19 pandemic, we saw a significant increased percentage of sales through our Native Delivery and Marketplace Channels. Due to the fact that our Native Delivery, Outpost and Catering, and Marketplace Channels require the payment of third-party fees in order to fulfill deliveries, sales through these channels have historically negatively impacted our margins. Additionally, historically, orders on our Native Delivery, Outpost and Catering and Marketplace Channels have resulted in a higher rate of refunds and credits than our In-Store and Pick-Up Channels, which has a negative impact on revenue on these channels. We have also historically prioritized promotions and discounts on our Owned Digital Channels, which also reduces revenue on these channels. If we see a shift in sales through the Native Delivery, Outpost and Catering, and Marketplace channels, our margins may decrease.

Key Performance Metrics and Non-GAAP Financial Measures

We track the following key performance metrics and non-GAAP financial measures to evaluate our performance, identify trends, formulate financial projections, and make strategic decisions. We believe that these key performance metrics, which include certain non-GAAP financial measures, provide useful information to investors and others in understanding and evaluating our results of operations in the same manner as our management team. These key performance metrics and non-GAAP financial measures are presented for supplemental informational purposes only, should not be considered a substitute for financial information presented

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in accordance with GAAP, and may be different from similarly titled metrics or measures presented by other companies.

		Thirteen weeks ended		Twenty-six weeks ended			Thirteen weeks ended		Thirty-nine weeks ended	
(dollar amounts in thousands)	(dollar amounts in thousands)	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022	(dollar amounts in thousands)	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022

Net New Restaurant Openings	Net New Restaurant Openings	10	8	19	16	Net New Restaurant Openings	15	10	34	26
Average Unit Volume		$2,920	$ 2,881	$ 2,920	$ 2,881					
Average Unit Volume (as adjusted)(1)						Average Unit Volume (as adjusted)(1)	$2,905	$ 2,892	$ 2,905	$ 2,892
Same-Store Sales Change (%) (as adjusted)(1) (2)	Same-Store Sales Change (%) (as adjusted)(1) (2)	3 %	16 %	4 %	24 %	Same-Store Sales Change (%) (as adjusted)(1) (2)	4 %	6 %	4 %	17 %
Total Digital Revenue Percentage	Total Digital Revenue Percentage	59 %	62 %	59 %	64 %	Total Digital Revenue Percentage	58 %	60 %	59 %	62 %
Owned Digital Revenue Percentage	Owned Digital Revenue Percentage	37 %	40 %	38 %	41 %	Owned Digital Revenue Percentage	37 %	40 %	37 %	41 %

(1) Our results for the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 25, 2022 have been adjusted to reflect the temporary closures of one restaurant, which was excluded from the Comparable Restaurant Base. This did not result in a material change to AUV.

(2) Our results for the thirteen and thirty-nine weeks ended September 24, 2023 have been adjusted to reflect the temporary closures of zero and two restaurants, respectively, which were excluded from the calculation of Same-Store Sales Change. Our results for the thirteen and thirty-nine weeks ended September 25, 2022 have been adjusted to reflect the temporary closure of four restaurants. Such adjustments did not result in a material change to Same-Store Sales Change. No restaurants were excluded from the calculation of Same-Store Sales Change for the thirteen and twenty-six weeks ended June 26, 2022.

Net New Restaurant Openings

Net New Restaurant Openings reflect the number of new Sweetgreen restaurant openings during a given reporting period, net of any permanent Sweetgreen restaurant closures during the same given period. Before we open new restaurants, we incur pre-opening costs, as further described below.

Average Unit Volume

AUV is defined as the average trailing revenue for the prior four fiscal quarters for all restaurants in the Comparable Restaurant Base. The measure of AUV allows us to assess changes in guest traffic and per transaction patterns at our restaurants. Comparable Restaurant Base for any measurement period is defined as all restaurants that have operated for at least twelve full months as of the end of such measurement period, other than any restaurants that had a material, temporary closure during the relevant measurement period.No restaurants were excluded from the Comparable Restaurant Base for the thirteen and thirty-nine weeks ended September 24, 2023. For the thirteen and thirty-nine weeks ended September 25, 2022, one restaurant was excluded from the Comparable Restaurant Base. This adjustment did not result in a material change to AUV.

Same-Store Sales Change

Same-Store Sales Change reflects the percentage change in year-over-year revenue for the relevant fiscal period for all restaurants that have operated for at least 13 full fiscal months as of the end of such fiscal period; provided, that for any restaurant that has had a temporary closure (which historically has been defined as a closure of at least five days during which the restaurant would have otherwise been open) during any prior or current fiscal month, such fiscal month, as well as the corresponding fiscal month for the prior or current fiscal year, as applicable, will be excluded when calculating Same-Store Sales Change for that restaurant. This financial measure highlights the performance of existing restaurants, while excluding the impact of new restaurant openings and closures. During the thirteen and twenty-six thirty-nine weeks ended June 25, 2023, one September, 2023, zero and two restaurants were excluded from the calculation of Same-Store Sales Change, respectively. During the thirteen and thirty-nine weeks ended September 25, 2022, four restaurants were excluded from the calculation of Same-Store Sales Change. Such adjustments did not result in a material change to Same-Store Sales Change.

Total Digital Revenue Percentage and Owned Digital Revenue Percentage

Our Total Digital Revenue Percentage is the percentage of our revenue attributed to purchases made through our Total Digital Channels. Our Owned Digital Revenue Percentage is the percentage of our revenue attributed to purchases made through our Owned Digital Channels.

Non-GAAP Financial Measures

In addition to our consolidated financial statements, which are presented in accordance with GAAP, we present certain non-GAAP financial measures, including Restaurant-Level Profit, Restaurant-Level Profit Margin,

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Adjusted EBITDA, and Adjusted EBITDA Margin. We believe these measures are useful to investors and others in evaluating our performance because these measures:

- facilitate operating performance comparisons from period to period by isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or NOL), and the age and book depreciation of facilities and equipment (affecting relative depreciation expense);
- are widely used by analysts, investors, and competitors to measure a company's operating performance; are used by our management and board of directors for various purposes, including as measures of performance, and as a basis for strategic planning and forecasting; and
- are used internally for a number of benchmarks, including to compare our performance to that of our competitors.

Restaurant-Level Profit, Restaurant-Level Profit Margin, Adjusted EBITDA, and Adjusted EBITDA Margin have limitations as analytical tools, and you should not consider them in isolation or as substitutes for analysis of our results as reported under GAAP. In particular, Restaurant-Level Profit and Adjusted EBITDA should not be viewed as substitutes for, or superior to, loss from operations or net loss prepared in accordance with GAAP as a measure of profitability. Some of these limitations are:

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized may have to be replaced in the future, and Restaurant-Level Profit and Adjusted EBITDA do not reflect all cash capital expenditure requirements for such replacements or for new capital expenditure requirements;
- Restaurant-Level Profit and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;
- Restaurant-Level Profit and Adjusted EBITDA do not reflect the impact of the recording or release of valuation allowances or tax payments that may represent a reduction in cash available to us;
- Restaurant-Level Profit and Adjusted EBITDA do not consider the potentially dilutive impact of stock-based compensation;
- Restaurant-Level Profit is not indicative of overall results of the Company and does not accrue directly to the benefit of stockholders, as corporate-level expenses are excluded;
- Adjusted EBITDA does not take into account any income or costs that management determines are not indicative of ongoing operating performance, such as stock-based compensation; loss on disposal of property and equipment; certain other expenses; Spyce acquisition costs; ERP implementation and related costs; legal settlements; and, in certain periods, impairment and closure costs and restructuring charges; and
- other companies, including those in our industry, may calculate Restaurant-Level Profit and Adjusted EBITDA differently, which reduces their usefulness as comparative measures.

Because of these limitations, you should consider Restaurant-Level Profit, Restaurant-Level Profit Margin, Adjusted EBITDA and Adjusted EBITDA Margin alongside other financial performance measures, loss from operations, net loss, and our other GAAP results.

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Restaurant-Level Profit and Restaurant-Level Profit Margin

We define Restaurant-Level Profit as loss from operations adjusted to exclude general and administrative expense, depreciation and amortization, pre-opening costs, loss on disposal of property and equipment, and, in certain periods, impairment and closure costs and restructuring charges. Restaurant-Level Profit Margin is Restaurant-Level Profit as a percentage of revenue.

As it excludes general and administrative expense, which is primarily attributable to our corporate headquarters, which we refer to as our Sweetgreen Support Center, we evaluate Restaurant-Level Profit and Restaurant-Level Profit Margin as a measure of profitability of our restaurants.

The following table sets forth a reconciliation of our loss from operations to Restaurant-Level Profit, as well as the calculation of loss from operations margin and Restaurant-Level Profit Margin for each of the periods indicated:

		Thirteen weeks ended		Twenty-six weeks ended			Thirteen weeks ended		Thirty-nine weeks ended	
(dollar amounts in thousands)	(dollar amounts in thousands)	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022	(dollar amounts in thousands)	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
Loss from operations	Loss from operations	$ (31,246)	$ (42,673)	$ (66,568)	$ (92,695)	Loss from operations	$ (26,487)	$ (52,931)	$ (93,055)	$ (145,626)
Add back:	Add back:					Add back:				
General and administrative	General and administrative	40,350	51,798	75,257	101,997	General and administrative	35,963	41,903	111,220	143,900
Depreciation and amortization	Depreciation and amortization	14,518	11,305	27,628	21,982	Depreciation and amortization	15,682	11,887	43,310	33,869
Pre-opening costs	Pre-opening costs	2,302	2,520	5,668	5,032	Pre-opening costs	2,522	3,061	8,190	8,093

Impairment and closure costs	Impairment and closure costs	157	182	347	199	Impairment and closure costs	132	1,722	479	1,921
Loss on disposal of property and equipment(1)	Loss on disposal of property and equipment(1)	10	11	58	19	Loss on disposal of property and equipment(1)	489	21	547	40
Restructuring charges(2)	Restructuring charges(2)	4,998	—	5,636	—	Restructuring charges(2)	812	14,266	6,448	14,266
Restaurant-Level Profit	Restaurant-Level Profit	$ 31,089	$ 23,143	$ 48,026	$ 36,534	Restaurant-Level Profit	$ 29,113	$ 19,929	$ 77,139	$ 56,463
Loss from operations margin	Loss from operations margin	(20) %	(34) %	(24) %	(41) %	Loss from operations margin	(17) %	(43) %	(22) %	(41) %
Restaurant-Level Profit Margin	Restaurant-Level Profit Margin	20 %	19 %	17 %	16 %	Restaurant-Level Profit Margin	19 %	16 %	18 %	16 %

(1) Loss on disposal of property and equipment includes the loss on disposal of assets related to retirements and replacement or write-off of leasehold improvements or equipment.

(2) Restructuring charges are expenses that are paid in connection with reorganization of our operations. These costs primarily include lease and related costs associated with our vacated former Sweetgreen Support Center, including the impairment and the amortization of the operating lease asset.

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Adjusted EBITDA and Adjusted EBITDA Margin

We define Adjusted EBITDA as net loss adjusted to exclude income tax expense, interest income, interest expense, depreciation and amortization, stock-based compensation expense, loss on disposal of property and equipment, other (income) expense, Spyce acquisition costs, ERP implementation and related costs, legal settlements, and, in certain periods, impairment and closure costs, restructuring charges and legal settlements. Adjusted EBITDA Margin is Adjusted EBITDA as a percentage of revenue.

The following table sets forth a reconciliation of our net loss to Adjusted EBITDA, as well as the calculation of net loss margin and Adjusted EBITDA Margin for each of the periods indicated:

		Thirteen weeks ended		Twenty-six weeks ended			Thirteen weeks ended		Thirty-nine weeks ended	
(dollar amounts in thousands)	(dollar amounts in thousands)	June 25, 2023	June 26, 2022	June 25, 2023	June 26, 2022	(dollar amounts in thousands)	September 24, 2023	September 25, 2022	September 24, 2023	September 25, 2022
Net loss	Net loss	$ (27,258)	$ (40,504)	$ (60,915)	$ (90,156)	Net loss	$ (25,055)	$ (51,027)	$ (85,970)	$ (141,183)
Non-GAAP adjustments:	Non-GAAP adjustments:					Non-GAAP adjustments:				
Income tax expense	Income tax expense	318	20	636	40	Income tax expense	318	20	954	60
Interest income	Interest income	(3,251)	(593)	(6,313)	(761)	Interest income	(3,381)	(1,644)	(9,694)	(2,405)
Interest expense	Interest expense	18	22	39	45	Interest expense	19	23	58	68
Depreciation and amortization	Depreciation and amortization	14,518	11,305	27,628	21,982	Depreciation and amortization	15,682	11,887	43,310	33,869
Stock-based compensation(1)	Stock-based compensation(1)	14,402	23,207	28,667	45,372	Stock-based compensation(1)	11,466	17,601	40,133	62,973
Loss on disposal of property and equipment(2)	Loss on disposal of property and equipment(2)	10	11	58	19	Loss on disposal of property and equipment(2)	489	21	547	40
Impairment and closure costs(3)	Impairment and closure costs(3)	157	182	347	199	Impairment and closure costs(3)	132	1,722	479	1,921
Other expense/(income)(4)	Other expense/(income)(4)	(1,073)	(1,618)	(15)	(1,863)	Other expense/(income)(4)	1,612	(303)	1,597	(2,166)
Spyce acquisition costs(5)	Spyce acquisition costs(5)	161	161	322	340	Spyce acquisition costs(5)	148	161	470	502
Restructuring charges(6)	Restructuring charges(6)	4,998	—	5,636	—	Restructuring charges(6)	812	14,266	6,448	14,266

ERP implementation and related costs[7]	ERP implementation and related costs[7]	219	—	435	—	ERP implementation and related costs[7]	222	64	657	64
Legal settlements[8]	Legal settlements[8]	50	—	50	—	Legal settlements[8]	15	—	65	—
Adjusted EBITDA	Adjusted EBITDA	$ 3,269	$ (7,807)	$ (3,425)	$ (24,783)	Adjusted EBITDA	$ 2,479	$ (7,209)	$ (946)	$ (31,991)
Net loss margin	Net loss margin	(18) %	(32) %	(22) %	(40) %	Net loss margin	(16) %	(41) %	(20) %	(40) %
Adjusted EBITDA Margin	Adjusted EBITDA Margin	2 %	(6) %	(1) %	(11) %	Adjusted EBITDA Margin	2 %	(6) %	— %	(9) %

(1) Includes non-cash, stock-based compensation.

(2) Loss on disposal of property and equipment includes the loss on disposal of assets related to retirements and replacement or write-off of leasehold improvements or equipment.

(3) Includes costs related to impairment of long-lived assets and store closures.

(4) Other expense/(income) includes the change in fair value of the contingent consideration and the change in fair value of the warrant liability. See Notes 1 and 3 to our condensed consolidated financial statements included elsewhere in this Quarterly Report.

(5) Spyce acquisition costs includes one-time costs we incurred in order to acquire Spyce including, severance payments, retention bonuses, and valuation and legal expenses.

(6) Restructuring charges are expenses that are paid in connection with reorganization of our operations. These costs primarily include lease and related costs associated with our vacated former Sweetgreen Support Center, including the impairment and the amortization of the operating lease asset.

(7) Represents the amortization costs associated to the implementation from our cloud computing arrangements in relation to our new ERP.

(8) Expenses incurred to establish accruals related to the settlements of legal matters.

Components of Results of Operations

Revenue

We recognize food and beverage revenue, net of discounts and incentives, when payment is tendered at the point of sale as the performance obligation has been satisfied, through our three disaggregated revenue channels: Owned Digital Channels, In-Store-Channel (Non-Digital component), and Marketplace Channel. Provisions for discounts are provided for in the same period the related sales are recorded. Sales taxes and other taxes collected from customers and remitted to governmental authorities are presented on a net basis, and as such, are excluded from revenue. We expect revenue to increase as we focus on opening additional restaurants, diversify and expand

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our menu, make investments in our Owned Digital Channels to attract new customers and increase order frequency in our existing customers, as well as any increases in the price of our menu items.

Gift Cards

We also sell gift cards that do not have an expiration date. Upon sale, gift cards are recorded as unearned revenue and included within gift card liability in the accompanying consolidated balance sheets. The revenue from gift cards is recognized when redeemed by customers. Because we do not track addresses of gift card purchasers, the relevant jurisdiction related to the requirement for escheatment, the legal obligation to remit unclaimed assets to the state, is our state of incorporation, which is Delaware. The state of Delaware requires escheatment after five years from issuance. We do not recognize breakage income because of our requirements to escheat unredeemed gift card balances.

Delivery

The majority of our restaurant locations offer a delivery option. Delivery services are fulfilled by third-party service providers whether delivery is ordered through our Native Delivery Channel or Marketplace Channel. With respect to Native Delivery Channel sales, we control the delivery services and recognize revenue, including delivery revenue, when the delivery partner transfers food or beverage to the customer. For these sales, we receive payment directly from the customer at the time of sale. With respect to Marketplace Channel sales, we recognize revenue, excluding delivery fees collected by the delivery partner as we do not control the delivery service, when control of the food or beverage is delivered to the end customer. We receive payment from the delivery partner subsequent to the transfer of food and the payment terms are short-term in nature. For all delivery sales, we are considered the principal and recognize the revenue on a gross basis. For a more detailed discussion of our third-party delivery fees and our expectations regarding our margins, see the section titled "—Sales Channel Mix" above.

Restaurant Operating Costs, Exclusive of Depreciation and Amortization

Food, Beverage, and Packaging

Food, beverage, and packaging costs include the direct costs associated with food, beverage, and packaging of our menu items. We anticipate food, beverage and packaging costs on an absolute dollar basis will increase for the foreseeable future to the extent we experience additional in-store orders, as we open additional restaurants, and as a result our revenue grows. Additionally, we previously have experienced an increase in freight-related surcharges from our vendors as a result of increased inflation and higher gas prices. However, food, beverage, and packaging costs as a percentage of revenue may vary, as these costs are impacted by menu mix and fluctuations in commodity costs, inflation, and availability, as well as geographic scale and proximity.

Labor and Related Expenses

Labor and related expenses include salaries, bonuses, benefits, payroll taxes, workers compensation expenses, and other expenses related to our restaurant employees. As with other variable expense items, we expect labor costs to grow as our revenue grows. Other factors that influence labor costs include each jurisdiction's minimum wage and payroll tax legislation, inflation, the strength of the labor market for hourly employees, benefit costs, health care costs, and the size and location of our restaurants.

Occupancy and Related Expenses

Occupancy and related expenses consist of restaurant-level occupancy expenses (including rent, common area maintenance ("CAM") expenses and real estate taxes) and exclude occupancy expenses associated with unopened restaurants, which are recorded separately in pre-opening costs. We anticipate occupancy and related expenses on an absolute dollar basis will increase for the foreseeable future to the extent we continue to open new restaurants and revenue grows. Occupancy and related expenses as a percentage of revenue are impacted by geographic location, type of restaurant build, and amount of revenue.

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Other Restaurant Operating Costs

Other restaurant operating costs include other operating expenses incidental to operating our restaurants, such as repairs and maintenance, utilities, certain local taxes, third-party delivery fees, non-perishable supplies, restaurant-level marketing, credit card fees and property insurance. We expect that other restaurant operating costs will increase on an absolute dollar basis for the foreseeable future to the extent we continue to open new restaurants and our revenue grows. Other restaurant operating costs as a percentage of revenue are expected to increase in line with growth in our Native Delivery, Outpost and Catering, and Marketplace Channels, as these channels require us to pay third-party delivery fees. However, as revenue increases, we expect that other restaurant operating costs, such as repairs and maintenance and property insurance, as a percentage of revenue will decline.

Operating Expenses

General and Administrative

General and administrative expenses consist primarily of operations, technology, finance, legal, human resources, administrative personnel, and other personnel costs that support restaurant development and operations, as well as stock-based compensation expense and brand-related marketing. As a percentage of revenue, we expect our general and administrative expenses to vary from period to period and to decrease over time.

Depreciation and Amortization

Depreciation and amortization include the depreciation of fixed assets, including leasehold improvements and equipment, and the amortization of external costs, certain internal costs directly associated with developing computer software applications for internal use and developed technology acquired as part of our Spyce acquisition. We expect that depreciation and amortization expenses will increase on an absolute dollar basis as we continue to build new restaurants and make investments in our digital platform.

Pre-Opening Costs

Pre-opening costs primarily consist of non-cash rent, wages, travel for training and restaurant opening teams, food, marketing, and other restaurant costs that we incur prior to the opening of a restaurant. These expenses will increase in proportion to the increase of our new restaurant openings. These costs are expensed as incurred. We expect that pre-opening costs will increase on an absolute dollar basis as we continue to build new restaurants and enter new markets.

Impairment and Closure Costs

Impairment includes impairment charges related to our long-lived assets, which include property and equipment, and operating lease assets.

Closure costs include lease and related costs associated with closed restaurants, including the amortization of the operating lease asset, and expenses associated with CAM and real estate taxes for previously closed stores.

Loss on Disposal of Property and Equipment

Loss on disposal of property and equipment includes the net book value of assets that have been retired and consists primarily of furniture, equipment and fixtures that were replaced in the normal course of business.

Restructuring Charges

Restructuring charges are expenses that are paid in connection with the reorganization of our operations. These costs primarily include operating lease asset impairment costs related to our vacated former Sweetgreen Support Center, as well as the amortization of the operating lease asset and related real estate and CAM charges.

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Interest Income and Interest Expense

Interest income consists of interest earned on our cash and cash equivalents. Interest expense includes mainly the interest incurred on our outstanding indebtedness, as well as amortization of deferred financing costs, mainly debt origination and commitment fees.

Other (Income) Expense

Other (income) expense consists of changes in the fair value of our contingent consideration liability and changes in fair value in our preferred warrant liability. We will continue to remeasure the liability associated with our contingent consideration liability until the underlying service conditions are met, or the performance period expires.

Income Tax Expense

Income tax expense consists of federal and state tax expense on our operating activity, and changes to our deferred tax asset and deferred tax liability. For additional information, see Note 11 to our condensed consolidated financial statements included elsewhere in this Quarterly Report.

Results of Operations

Comparison of the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022

The following table summarizes our results of operations for the thirteen weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022:

(dollar amounts in thousands)	(dollar amounts in thousands)	Thirteen weeks ended June 25, 2023	Thirteen weeks ended June 26, 2022	Dollar Change	Percentage Change	(dollar amounts in thousands)	Thirteen weeks ended September 24, 2023	Thirteen weeks ended September 25, 2022	Dollar Change	Percentage Change
Revenue	Revenue	$ 152,525	$ 124,918	$ 27,607	22 %	Revenue	$ 153,428	$ 124,026	$ 29,402	24 %
Restaurant operating costs (exclusive of depreciation and amortization presented separately below):	Restaurant operating costs (exclusive of depreciation and amortization presented separately below):					Restaurant operating costs (exclusive of depreciation and amortization presented separately below):				
Food, beverage, and packaging	Food, beverage, and packaging	40,992	33,897	7,095	21 %	Food, beverage, and packaging	41,754	34,474	7,280	21 %
Labor and related expenses	Labor and related expenses	43,513	37,013	6,500	18 %	Labor and related expenses	43,750	38,006	5,744	15 %
Occupancy and related expenses	Occupancy and related expenses	13,526	11,150	2,376	21 %	Occupancy and related expenses	13,961	11,504	2,457	21 %
Other restaurant operating costs	Other restaurant operating costs	23,405	19,715	3,690	19 %	Other restaurant operating costs	24,850	20,113	4,737	24 %
Total cost of restaurant operations	Total cost of restaurant operations	121,436	101,775	19,661	19 %	Total cost of restaurant operations	124,315	104,097	20,218	19 %
Operating expenses:	Operating expenses:					Operating expenses:				
General and administrative	General and administrative	40,350	51,798	(11,448)	(22 %)	General and administrative	35,963	41,903	(5,940)	(14 %)
Depreciation and amortization	Depreciation and amortization	14,518	11,305	3,213	28 %	Depreciation and amortization	15,682	11,887	3,795	32 %
Pre-opening costs	Pre-opening costs	2,302	2,520	(218)	(9 %)	Pre-opening costs	2,522	3,061	(539)	(18 %)
Impairment and closure costs	Impairment and closure costs	157	182	(25)	(14 %)	Impairment and closure costs	132	1,722	(1,590)	(92 %)
Loss on disposal of property and equipment	Loss on disposal of property and equipment	10	11	(1)	100 %	Loss on disposal of property and equipment	489	21	468	100 %
Restructuring charges	Restructuring charges	4,998	—	4,998	N/A	Restructuring charges	812	14,266	(13,454)	(94 %)
Total operating expenses	Total operating expenses	62,335	65,816	(3,481)	(5 %)	Total operating expenses	55,600	72,860	(17,260)	(24 %)

Loss from operations	Loss from operations	(31,246)	(42,673)	11,427	(27 %)	Loss from operations	(26,487)	(52,931)	26,444	(50 %)
Interest income	Interest income	(3,251)	(593)	(2,658)	448 %	Interest income	(3,381)	(1,644)	(1,737)	106 %
Interest expense	Interest expense	18	22	(4)	(18 %)	Interest expense	19	23	(4)	(17 %)
Other (income) expense	Other (income) expense	(1,073)	(1,618)	545	(34 %)	Other (income) expense	1,612	(303)	1,915	(632 %)
Net loss before income taxes	Net loss before income taxes	(26,940)	(40,484)	13,544	(33 %)	Net loss before income taxes	(24,737)	(51,007)	26,270	(52 %)
Income tax expense	Income tax expense	318	20	298	100 %	Income tax expense	318	20	298	100 %
Net loss	Net loss	$ (27,258)	$ (40,504)	$ 13,842	(33 %)	Net loss	$ (25,055)	$ (51,027)	$ 25,972	(51 %)

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The following table summarizes our results of operations for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 and June 26, 2022 September 25, 2022:

		Twenty-six weeks ended					Thirty-nine weeks ended			
(dollar amounts in thousands)	(dollar amounts in thousands)	June 25, 2023	June 26, 2022	Dollar Change	Percentage Change	(dollar amounts in thousands)	September 24, 2023	September 25, 2022	Dollar Change	Percentage Change
Revenue	Revenue	$ 277,587	$ 227,509	$ 50,078	22 %	Revenue	$ 431,015	$ 351,535	$ 79,480	23 %
Restaurant operating costs (exclusive of depreciation and amortization presented separately below):	Restaurant operating costs (exclusive of depreciation and amortization presented separately below):					Restaurant operating costs (exclusive of depreciation and amortization presented separately below):				
Food, beverage, and packaging	Food, beverage, and packaging	76,579	61,003	15,576	26 %	Food, beverage, and packaging	118,333	95,477	22,856	24 %
Labor and related expenses	Labor and related expenses	82,756	71,315	11,441	16 %	Labor and related expenses	126,506	109,321	17,185	16 %
Occupancy and related expenses	Occupancy and related expenses	26,156	21,667	4,489	21 %	Occupancy and related expenses	40,117	33,171	6,946	21 %
Other restaurant operating costs	Other restaurant operating costs	44,070	36,990	7,080	19 %	Other restaurant operating costs	68,920	57,103	11,817	21 %
Total cost of restaurant operations	Total cost of restaurant operations	229,561	190,975	38,586	20 %	Total cost of restaurant operations	353,876	295,072	58,804	20 %
Operating expenses:	Operating expenses:					Operating expenses:				
General and administrative	General and administrative	75,257	101,997	(26,740)	(26 %)	General and administrative	111,220	143,900	(32,680)	(23 %)
Depreciation and amortization	Depreciation and amortization	27,628	21,982	5,646	26 %	Depreciation and amortization	43,310	33,869	9,441	28 %
Pre-opening costs	Pre-opening costs	5,668	5,032	636	13 %	Pre-opening costs	8,190	8,093	97	1 %
Impairment and closure costs	Impairment and closure costs	347	199	148	74 %	Impairment and closure costs	479	1,921	(1,442)	(75 %)
Loss on disposal of property and equipment	Loss on disposal of property and equipment	58	19	39	100 %	Loss on disposal of property and equipment	547	40	507	100 %
Restructuring charges	Restructuring charges	5,636	—	5,636	N/A	Restructuring charges	6,448	14,266	(7,818)	(55 %)

Total operating expenses	Total operating expenses	114,594	129,229	(14,635)	(11 %)	Total operating expenses	170,194	202,089	(31,895)	(16 %)
Loss from operations	Loss from operations	(66,568)	(92,695)	26,127	(28 %)	Loss from operations	(93,055)	(145,626)	52,571	(36 %)
Interest income	Interest income	(6,313)	(761)	(5,552)	730 %	Interest income	(9,694)	(2,405)	(7,289)	303 %
Interest expense	Interest expense	39	45	(6)	(13 %)	Interest expense	58	68	(10)	(15 %)
Other (income) expense	Other (income) expense	(15)	(1,863)	1,848	(99 %)	Other (income) expense	1,597	(2,166)	3,763	(174 %)
Net loss before income taxes	Net loss before income taxes	(60,279)	(90,116)	29,837	(33 %)	Net loss before income taxes	(85,016)	(141,123)	56,107	(40 %)
Income tax expense	Income tax expense	636	40	596	100 %	Income tax expense	954	60	894	100 %
Net loss	Net loss	$ (60,915)	$ (90,156)	$ 30,433	(32 %)	Net loss	$ (85,970)	$ (141,183)	$ 55,213	(40 %)

Revenue

		Thirteen weeks ended			Twenty-six weeks ended				Thirteen weeks ended			Thirty-nine weeks ended		
(dollar amounts in thousands)	(dollar amounts in thousands)	June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change	(dollar amounts in thousands)	September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change
Revenue	Revenue	152,525	124,918	22 %	277,587	227,509	22 %	Revenue	153,428	124,026	24 %	431,015	351,535	23 %
Average Unit Volume	Average Unit Volume	2,920	2,881	1 %	2,920	2,881	1 %	Average Unit Volume	2,905	2,892	— %	2,905	2,892	— %
Same-Store Sales Change	Same-Store Sales Change	3 %	16 %	(13 %)	4 %	24 %	(20 %)	Same-Store Sales Change	4 %	6 %	(2 %)	4 %	17 %	(13 %)

The increase in revenue for the thirteen weeks ended June 25, 2023 September 24, 2023 was primarily due to an increase of $26.2 million $26.3 million of incremental revenue associated with 47 54 Net New Restaurant Openings during or subsequent to the thirteen weeks ended June 26, 2022 September 25, 2022. The remaining increase in revenue was due to an increase in Comparable Restaurant Base revenue of $3.5 million $4.7 million, resulting in a positive Same-Store Sales Change of 3% 4%, consisting of a 4% 5% benefit from menu price increases that were implemented subsequent to the thirteen weeks ended June 26, 2022 September 25, 2022, partially offset by a 1% decline in traffic/mix. These increases were partially offset by a $2.1 million $1.1 million negative impact from restaurant closures and remodels that occurred subsequent to June 26, 2022. September 25, 2022, and an increase in discounts.

The increase in revenue for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to an increase of $45.3 million $70.6 million of incremental revenue associated with 55 70 Net New Restaurant Openings during or subsequent to the twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022. The remaining increase in revenue was due to an increase in Comparable Restaurant Base revenue of $8.7 million $14.4 million, resulting in a positive Same-Store Sales Change of 4%, primarily due to a

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4% 5% benefit from menu price increases that were implemented subsequent to the thirteen weeks ended June 26, 2022. September 25, 2022, partially offset by a 1% decline in traffic/mix. These increases were partially offset by a $4.0 million $4.6 million negative impact from restaurant closures and remodels that occurred subsequent to June 26, 2022. September 25, 2022, and an increase in discounts.

Restaurant Operating Costs

Food, Beverage, and Packaging

		Thirteen weeks ended			Twenty-six weeks ended				Thirteen weeks ended			Thirty-nine weeks ended		
(dollar amounts in thousands)	(dollar amounts in thousands)	June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change	(dollar amounts in thousands)	September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change
Food, beverage, and packaging	Food, beverage, and packaging	40,992	33,897	21 %	76,579	61,003	26 %	Food, beverage, and packaging	41,754	34,474	21 %	118,333	95,477	24 %

As a percentage of total revenue	As a percentage of total revenue	27 %	27 %	— %	28 %	27 %	1 %	As a percentage of total revenue	27 %	28 %	(1 %)	27 %	27 %	— %

The increase in food, beverage, and packaging costs for the thirteen weeks ended June 25, 2023 September 24, 2023 was primarily due to a $6.0 million $5.9 million increase in food and beverage costs and a $1.1 million $1.4 million increase in packaging costs. This was primarily due to the 47 54 Net New Restaurant Openings during or subsequent to the thirteen weeks ended June 26, 2022 September 25, 2022.

The increase in food, beverage, and packaging costs for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to a $12.9 million $18.8 million increase in food and beverage costs, a $2.6 million $3.9 million increase in packaging costs and a $0.1 million increase in freight and gas surcharges associated with deliveries from our distribution partners. This was primarily due to the 55 70 Net New Restaurant Openings during or subsequent to the twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022. In addition, during the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, we experienced supply chain disruptions for our bowls and plates, which resulted in use of alternative packaging solutions as well as higher costs of materials.

As a percentage of revenue, food, beverage, and packaging costs for the thirteen weeks ended weeks ended June 25, 2023 remained consistent September 24, 2023 slightly decreased compared to the thirteen weeks ended June 26, 2022 September 25, 2022 primarily due to an increase menu price increases and decreases in costs the price of materials as discussed above, offset by menu pricing increases. chicken and fish.

As a percentage of revenue, food, beverage, and packaging costs for the twenty-six thirty-nine weeks ended June 25, 2023 slightly increased September 24, 2023 remained consistent compared to the twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022 primarily associated with 55 Net New Restaurant Openings during or subsequent to as a result of the twenty-six weeks ended June 26, 2022, increase in costs of materials discussed above. above, offset by menu pricing increases.

Labor and Related Expenses

(dollar amounts in thousands)	(dollar amounts in thousands)	Thirteen weeks ended			Twenty-six weeks ended			(dollar amounts in thousands)	Thirteen weeks ended			Thirty-nine weeks ended		
		June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change		September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change
Labor and related expenses	Labor and related expenses	43,513	37,013	18 %	82,756	71,315	16 %	Labor and related expenses	43,750	38,006	15 %	126,506	109,321	16 %
As a percentage of total revenue	As a percentage of total revenue	29 %	30 %	(1 %)	30 %	31 %	(1 %)	As a percentage of total revenue	29 %	31 %	(2 %)	29 %	31 %	(2 %)

The increase in labor and related expenses for the thirteen weeks ended June 25, 2023 September 24, 2023 was primarily due to the 47 54 Net New Restaurant Openings during or subsequent to the thirteen weeks ended June 26, 2022 September 25, 2022. The increase was also due to an increase in staffing expenses across all restaurant locations, primarily related to an increase in prevailing wage rates in many of our markets as a result of continued wage rate inflation in the industry. These increases were partially offset by improved labor optimization.

The increase in labor and related expenses for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to the 55 70 Net New Restaurant Openings during or subsequent to the twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022. The increase was also due to an increase in staffing expenses across all restaurant locations, primarily related to an increase in prevailing wage rates in many of our markets as a result of continued wage rate inflation in the industry. These increases were partially offset by a $1.8 million benefit related to refundable employee retention tax credits (“ERC”) issued as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”) as well as an improvement in labor optimization. See Note 11 to our condensed consolidated financial statements included elsewhere in this Quarterly Report for further details on the ERC.

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As a percentage of revenue, the decrease in labor and related expenses for the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to higher revenue and improvement in labor optimization, as discussed above compared to the thirteen and twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022. The twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was also positively impacted by the $1.8 million retention credit in connection with the CARES Act.

Occupancy and Related Expenses

(dollar amounts in thousands)	(dollar amounts in thousands)	Thirteen weeks ended			Twenty-six weeks ended			(dollar amounts in thousands)	Thirteen weeks ended			Thirty-nine weeks ended		
		June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change		September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change

Occupancy and related expenses	Occupancy and related expenses	13,526	11,150	21 %	26,156	21,667	21 %	Occupancy and related expenses	13,961	11,504	21 %	40,117	33,171	21 %
As a percentage of total revenue	As a percentage of total revenue	9 %	9 %	— %	9 %	10 %	(1 %)	As a percentage of total revenue	9 %	9 %	— %	9 %	9 %	— %

The increase in occupancy and related expenses for the thirteen weeks ended June 25, 2023 September 24, 2023 was primarily due to the 47 54 Net New Restaurant Openings during or subsequent to the thirteen weeks ended June 26, 2022 September 25, 2022.

The increase in occupancy and related expenses for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to the 55 70 Net New Restaurant Openings during or subsequent to the twenty-six thirty-nine weeks ended June 26, September 25, 2022.

As a percentage of revenue, occupancy and related expenses remained relatively flat for the thirteen and thirty-nine weeks ended June 25, 2023 September 24, 2023 compared to June 26, 2022 September 25, 2022, primarily due to higher revenue, offset by the changes increase in stores, restaurants, described above.

As a percentage of revenue, occupancy and related expenses decreased for the twenty-six weeks ended June 25, 2023 compared to June 26, 2022, primarily due to the impact of menu price increases, described above, offset by the impact of the COVID-19-related rent abatement received for multiple restaurant locations during the thirteen and twenty-six weeks ended June 26, 2022

Other Restaurant Operating Costs

		Thirteen weeks ended			Twenty-six weeks ended				Thirteen weeks ended			Thirty-nine weeks ended		
(dollar amounts in thousands)	**(dollar amounts in thousands)**	**June 25, 2023**	**June 26, 2022**	**Percentage Change**	**June 25, 2023**	**June 26, 2022**	**Percentage Change**	**(dollar amounts in thousands)**	**September 24, 2023**	**September 25, 2022**	**Percentage Change**	**September 24, 2023**	**September 25, 2022**	**Percentage Change**
Other restaurant operating costs	Other restaurant operating costs	23,405	19,715	19%	44,070	36,990	19%	Other restaurant operating costs	24,850	20,113	24%	68,920	57,103	21%
As a percentage of total revenue	As a percentage of total revenue	15 %	16 %	(1)%	16 %	16 %	—%	As a percentage of total revenue	16 %	16 %	—%	16 %	16 %	—%

The increase in other restaurant operating costs for the thirteen weeks ended June 25, 2023 September 24, 2023 was primarily due to the 47 54 Net New Restaurant Openings during during or subsequent to the thirteen weeks ended June 26, 2022. September 25, 2022. This includes increases in delivery fees due to higher transaction volume, real estate taxes, utilities and repair and maintenance expenses, delivery fees due to higher transaction volume, credit card and online processing fees related to the increases in revenue, and office systems, kitchen, cleaning and related supplies to support the Net New Restaurant Openings described above.

The increase in other restaurant operating costs for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to the 55 70 Net New Restaurant Openings during or subsequent to the twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022. This includes increases in delivery fees due to higher transaction volume, real estate taxes, utilities and repair and maintenance expenses, delivery fees due to higher transaction volume, credit card and online processing fees related to the increases in revenue, and office systems, kitchen, cleaning and related supplies to support the Net New Restaurant Openings described above.

As a percentage of revenue, other restaurant operating costs for the thirteen and thirty-nine weeks ended June 25, 2023 decreased compared to the thirteen weeks ended June 26, 2022 due to higher revenue, lower supply costs, as well as lower delivery fees as a result of lower revenue from our Native Delivery Channels.

As a percentage of revenue, other restaurant operating costs for the twenty-six weeks ended June 25, 2023 were flat September 24, 2023 was consistent compared to the thirteen and twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022 due to higher revenue, offset by inflationary pressures and the increases described noted above.

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Operating Expenses

General and Administrative

		Thirteen weeks ended			Twenty-six weeks ended				Thirteen weeks ended			Thirty-nine weeks ended		
(dollar amounts in thousands)	**(dollar amounts in thousands)**	**June 25, 2023**	**June 26, 2022**	**Percentage Change**	**June 25, 2023**	**June 26, 2022**	**Percentage Change**	**(dollar amounts in thousands)**	**September 24, 2023**	**September 25, 2022**	**Percentage Change**	**September 24, 2023**	**September 25, 2022**	**Percentage Change**
General and administrative	General and administrative	40,350	51,798	(22 %)	75,257	101,997	(26 %)	General and administrative	35,963	41,903	(14 %)	111,220	143,900	(23 %)

As a percentage of total revenue	As a percentage of total revenue	26 %	41 %	(15 %)	27 %	45 %	(18 %)	As a percentage of total revenue	23 %	34 %	(11 %)	26 %	41 %	(15 %)

The decrease in general and administrative expenses for the thirteen weeks ended June 25, 2023 September 24, 2023 was primarily due to a $8.8 million $6.1 million decrease in stock-based compensation expense, as well as a reduction in spend across the Sweetgreen support center. Specifically, a $1.3 million decrease in marketing and advertising costs and center, including a $0.7 million decrease in rent office systems and related costs. a $0.5 million decrease in liability insurance. In addition, we had a decrease decreases in liability insurance cost, travel related expenses, legal research and prototyping costs and research and prototyping rent costs. These decreases were partially offset by a $0.7 million $1.0 million increase in management salaries salary and benefits, including bonus, and expense primarily related to the amortization of costs associated with the implementation timing of our cloud computing arrangements bonus accrual, and a $0.9 million increase in relation to our new ERP system. marketing and advertising costs.

The decrease in general and administrative expenses for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to a $16.7 million $22.8 million decrease in stock-based compensation expense, the benefit of $5.1 million of ERC's, a $2.2 million $6.2 million decrease in management salaries and benefits, including bonus, the benefit of $5.1 million of ERC's, and a $1.1 million $1.4 million decrease in liability insurance and a $1.3 million decrease in rent and related costs. costs,. Additionally, we had a decrease decreases in marketing research and advertising prototyping costs, liability insurance cost, legal costs, travel related expenses and research and prototyping costs. office systems. These decreases were partially offset by a an increase in consulting fees and expense related to the amortization of costs associated with the implementation of our cloud computing arrangements in relation to our new ERP system.

As a percentage of revenue, the decrease in general and administrative expenses for the thirteen and thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to the fluctuations noted above, as well as comparatively higher revenue in the current period.

As a percentage of revenue, the decrease in general and administrative expenses for the twenty-six weeks ended June 25, 2023 was primarily due to the fluctuations noted above, as well as comparatively higher revenue in the current period.

Depreciation and Amortization

(dollar amounts in thousands)	(dollar amounts in thousands)	Thirteen weeks ended			Twenty-six weeks ended			(dollar amounts in thousands)	Thirteen weeks ended			Thirty-nine weeks ended		
		June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change		September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change
Depreciation and amortization	Depreciation and amortization	14,518	11,305	28 %	27,628	21,982	26 %	Depreciation and amortization	15,682	11,887	32 %	43,310	33,869	28 %
As a percentage of total revenue	As a percentage of total revenue	10 %	9 %	1 %	10 %	10 %	— %	As a percentage of total revenue	10 %	10 %	— %	10 %	10 %	— %

The increase in depreciation and amortization for the thirteen weeks ended June 25, 2023 September 24, 2023 was primarily due to the 47 54 Net New Restaurant Openings during or subsequent to the thirteen weeks ended June 26, September 25, 2022.

The increase in depreciation and amortization for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to the 55 70 Net New Restaurant Openings during or subsequent to the twenty-sixthirty-nine weeks ended June 26, 2022.

As a percentage of revenue, depreciation and amortization slightly increased for the thirteen weeks ended June 25, 2023 compared to the thirteen weeks ended June 26, 2022 which was primarily due to the increases noted above, partially offset by comparatively higher revenue in the current period.

September 25, 2022.

As a percentage of revenue, depreciation and amortization remained flat for the twenty-six thirteen and thirty-nine weeks ended June 25, 2023, September 24, 2023 compared to the thirteen weeks ended September 25, 2022 which was primarily due to the increases noted above, offset by comparatively higher revenue in the current period, offset by the increases noted above. period.

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Pre-Opening Costs

(dollar amounts in thousands)	(dollar amounts in thousands)	Thirteen weeks ended			Twenty-six weeks ended			(dollar amounts in thousands)	Thirteen weeks ended			Thirty-nine weeks ended		
		June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change		September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change

Pre-opening costs	Pre-opening costs	2,302	2,520	(9%)	5,668	5,032	13%	Pre-opening costs	2,522	3,061	(18%)	8,190	8,093	1%
As a percentage of total revenue	As a percentage of total revenue	2 %	2 %	— %	2 %	2 %	— %	As a percentage of total revenue	2 %	2 %	— %	2 %	2 %	— %

The decrease in pre-opening costs for the thirteen weeks ended June 25, 2023 September 24, 2023 was due to the timing of openings in the period as well as improved cost efficiencies.

The increase in pre-opening costs for the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was due to the timing of openings in the period and an acceleration of restaurant openings anticipated in fiscal year 2023, primarily in the first quarter of fiscal year 2023, partially offset by improved cost efficiencies.

As a percentage of revenue, pre-opening costs were relatively flat in the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, due to the variances noted above, offset by comparatively higher revenue in the current period.

Impairment and Closure Costs

(dollar amounts in thousands)	(dollar amounts in thousands)	Thirteen weeks ended			Twenty-six weeks ended			(dollar amounts in thousands)	Thirteen weeks ended			Thirty-nine weeks ended		
		June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change		September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change
Impairment and closure costs	Impairment and closure costs	157	182	(14%)	347	199	74%	Impairment and closure costs	132	1,722	(92%)	479	1,921	(75%)
As a percentage of total revenue	As a percentage of total revenue	— %	— %	— %	— %	— %	— %	As a percentage of total revenue	— %	1 %	(1) %	— %	1 %	(1) %

During the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, we recorded closure costs of $0.2 million $0.1 million and $0.3 million $0.5 million, respectively, related to lease and related costs associated with closed restaurants, including the amortization of operating lease asset, and expenses associated with CAM and real estate taxes for previously closed stores.

Restructuring

(dollar amounts in thousands)	(dollar amounts in thousands)	Thirteen weeks ended			Twenty-six weeks ended			(dollar amounts in thousands)	Thirteen weeks ended			Thirty-nine weeks ended		
		June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change		September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change
Restructuring charges	Restructuring charges	4,998	—	N/A	5,636	—	N/A	Restructuring charges	812	14,266	(94%)	6,448	14,266	(55%)
As a percentage of total revenue	As a percentage of total revenue	3 %	— %	3%	2 %	— %	2%	As a percentage of total revenue	1 %	12 %	(11%)	1 %	4 %	(3%)

During the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, we recorded restructuring charges of $5.0 million $0.8 million and $5.6 million $6.4 million, respectively, associated with our former Sweetgreen Support Center, which was vacated in fiscal year 2022. This included $4.3 million for each of the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, related to impairment of our operating lease liability, asset, and $0.7 million $0.8 million and $1.3 million $2.1 million for the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, respectively, related to the amortization of the remaining operating lease asset and related real estate and CAM charges.

Loss on Disposal of Property and Equipment

(dollar amounts in thousands)	(dollar amounts in thousands)	Thirteen weeks ended			Twenty-six weeks ended			(dollar amounts in thousands)	Thirteen weeks ended			Thirty-nine weeks ended		
		June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change		September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change

Loss on disposal of property and equipment	Loss on disposal of property and equipment	10	11	(9 %)	58	19	205 %	Loss on disposal of property and equipment	489	21	100 %	547	40	100 %
As a percentage of total revenue	As a percentage of total revenue	— %	— %	— %	— %	— %	— %	As a percentage of total revenue	— %	— %	— %	— %	— %	— %

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The change in loss on disposal of property and equipment was due to timing of furniture, equipment and fixture replacements at multiple restaurants, in addition to a fleet-wide replacement of kitchen equipment with a more cost efficient item, for the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 compared to the prior year period.

Interest Income and Interest Expense

		Thirteen weeks ended			Twenty-six weeks ended				Thirteen weeks ended			Thirty-nine weeks ended		
(dollar amounts in thousands)	(dollar amounts in thousands)	June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change	(dollar amounts in thousands)	September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change
Interest income	Interest income	(3,251)	(593)	448 %	(6,313)	(761)	730 %	Interest income	(3,381)	(1,644)	106 %	(9,694)	(2,405)	303 %
Interest expense	Interest expense	18	22	(18 %)	39	45	(13 %)	Interest expense	19	23	(17 %)	58	68	(15 %)
Total interest income, net	Total interest income, net	$ (3,233)	$ (571)	466 %	$ (6,274)	$ (716)	776 %	Total interest income, net	$ (3,362)	$ (1,621)	107 %	$ (9,636)	$ (2,337)	312 %
As a percentage of total revenue	As a percentage of total revenue	(2) %	— %	(2 %)	(2) %	— %	(2 %)	As a percentage of total revenue	(2) %	(1) %	(1 %)	(2) %	(1) %	(2 %)

The increase in interest income, net, was primarily due to higher interest rates on our money market cash accounts during the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 compared to the prior year period.

Other (Income) Expense

		Thirteen weeks ended			Twenty-six weeks ended				Thirteen weeks ended			Thirty-nine weeks ended		
(dollar amounts in thousands)	(dollar amounts in thousands)	June 25, 2023	June 26, 2022	Percentage Change	June 25, 2023	June 26, 2022	Percentage Change	(dollar amounts in thousands)	September 24, 2023	September 25, 2022	Percentage Change	September 24, 2023	September 25, 2022	Percentage Change
Other (income) expense	Other (income) expense	(1,073)	(1,618)	(34 %)	(15)	(1,863)	(99 %)	Other (income) expense	1,612	(303)	(632 %)	1,597	(2,166)	(174 %)
As a percentage of total revenue	As a percentage of total revenue	(1) %	(1) %	— %	— %	(1) %	1 %	As a percentage of total revenue	1 %	— %	1 %	— %	(1) %	1 %

The change in other (income) expense for each of the thirteen and twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023 was primarily due to a change in the fair value of our contingent consideration compared to the prior year, which was issued as part of the Spyce acquisition in the third quarter of fiscal year 2021.

Liquidity and Capital Resources

Sources and Material Cash Requirements

To date, we have funded our operations through proceeds received from previous common stock and preferred stock issuances, our ability to obtain lending commitments and through cash flow from operations. Additionally, in November 2021, we completed our IPO, from which we received net proceeds of $384.7 million from sales of our shares of

Class A common stock, after deducting underwriting discounts and commissions and offering expenses. As of June 25, 2023 September 24, 2023 and December 25, 2022, we had $280.3 274.7 million and $331.6 million in cash and cash equivalents, respectively. As of June 25, 2023 September 24, 2023, we had access to a $43.1 million revolver loan(s) under our 2020 Credit Agreement after giving effect to a $1,945,000 irrevocable standby Letter of Credit outstanding thereunder. As of June 25, 2023 September 24, 2023, there have been no draws on the revolving facility. Based on our current operating plan, we believe our existing cash and cash equivalents and access to available revolving loan(s), will be sufficient to fund our operating lease obligations, capital expenditures, and working capital needs for at least the next 12 months. We believe we will meet longer-term expected future cash requirements and obligations through a combination of cash flows from operating activities, available cash balances, and available revolving loan(s). If we are unable to generate positive operating cash flows, additional debt and equity financings may be necessary to sustain future operations, and there can be no assurance that such financing will be available to us on commercially reasonable terms, or at all.

Our primary liquidity and capital requirements are for new restaurant development, initiatives to improve the team member and customer experience in our restaurants, research and development costs, marketing-related costs, working capital and general corporate needs. Additionally, during the fiscal quarter ended December 31, 2023 we expect to make a cash payment of approximately $10.2 million related to the true-up payment relating to the upfront portion of the purchase price from our acquisition of Spyce, which amount is currently included within contingent consideration in our condensed consolidated balance sheets. See Note 3 for further details. We have not required significant working capital because customers generally pay using cash or credit and debit cards and, as a result, our operations do not require significant receivables. Additionally, our operations do not require significant inventories due, in part, to our use of numerous fresh ingredients. Additionally, we are able to sell most of our inventory items before payment is due to the supplier of such items. Refer to Note 8 to our condensed consolidated financial statements included elsewhere in this Quarterly Report for additional information.

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Credit Facility

On December 14, 2020, we entered into a First Amended and Restated Revolving Credit, Delayed Draw Term Loan and Security Agreement (as subsequently amended, as discussed below, the “2020 Credit Facility”) with EagleBank. The 2020 Credit Facility superseded our 2017 revolving credit facility with EagleBank and allows us to borrow (i) up to $35.0 million (subsequently increased to $45.0 million) in the aggregate principal amount under the refinanced revolving facility and (ii) up to $10.0 million in the aggregate principal amount under a delayed draw term loan facility, which expired on December 14, 2021, and which was never drawn on. The refinanced revolving facility originally matured on December 14, 2022 (and has since been extended to December 13, 2024). However, if we issue certain convertible debt or unsecured indebtedness under the 2020 Credit Facility, then the refinanced revolving facility will mature on the earlier to occur of (i) the maturity date indicated in the previous sentence and (ii) 90 days prior to the scheduled maturity date for any portion of such permitted convertible debt or unsecured indebtedness.

On May 9, 2022, we and Eagle Bank amended the 2020 Credit Facility to allow for the issuance of Letters of Credit of up to $1.5 million. In connection therewith, we entered into a $950,000 irrevocable standby Letter of Credit with Eagle Bank with The Travelers Indemnity Company as the beneficiary in connection with our workers compensation insurance policy.

On December 13, 2022, we and Eagle Bank amended the 2020 Credit Facility to extend the maturity date from December 14, 2022 to December 13, 2024. The amendment also increased the revolving facility cap by $10.0 million, to allow for us to borrow up to $45.0 million in the aggregate principal amount under the refinanced revolving facility.

On April 26, 2023, we and Eagle Bank further amended the 2020 Credit Facility to allow for an increase to the issuance of Letters of Credit of up to $3.5 million. In connection therewith, we increased our irrevocable standby Letter of Credit with Eagle Bank to $1.945 million, with The Travelers Indemnity Company as the beneficiary in connection with our workers’ compensation insurance policy. This replaced the previous amendment dated May 9, 2022.

Under the 2020 Credit Facility, interest accrues on the outstanding loan balance and is payable monthly at a rate of the adjusted one-month term Secured Overnight Financing Rate, plus 2.90%, with a floor on the interest rate at 3.75%. As of June 25, 2023 September 24, 2023 and December 25, 2022, we had no outstanding balance under the 2020 Credit Facility.

The obligations under the 2020 Credit Facility are guaranteed by our existing and future material subsidiaries and secured by substantially all of our and our subsidiary guarantor’s assets. The 2020 Credit Facility also restricts our ability, and the ability of our subsidiary guarantors, to, among other things, incur liens; incur additional indebtedness; transfer or dispose of assets; make acquisitions, change the nature of the business; guarantee obligations; pay dividends to shareholders or repurchase stock; and make advances, loans, or other investments. The 2020 Credit Facility contains customary events of default, including, without limitation, failure to pay the outstanding loans or accrued interest on the due date.

Cash Flows

The following table summarizes our cash flows for the periods indicated:

(amounts in thousands)	Twenty-six weeks ended June 25, 2023	Twenty-six weeks ended June 26, 2022
Net cash provided by (used in) operating activities	4,821	(19,004)
Net cash used in investing activities	(58,448)	(49,027)
Net cash provided by financing activities	2,346	2,927
Net decrease in cash and cash equivalents and restricted cash	$ (51,281)	$ (65,104)

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(amounts in thousands)	Thirty-nine weeks ended September 24, 2023	Thirty-nine weeks ended September 25, 2022
Net cash provided by (used in) operating activities	$ 17,556	$ (25,707)
Net cash used in investing activities	(79,372)	(69,369)
Net cash provided by financing activities	4,945	3,978
Net decrease in cash and cash equivalents and restricted cash	$ (56,871)	$ (91,098)

Operating Activities

For the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, cash provided by (used in) operating activities increased $23.8 $43.3 million compared to the twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022. The increase was primarily due to a $25.7 $38.1 million increase in income after excluding non-cash items partially offset by and the impact of unfavorable working capital fluctuations of $4.8 $4.7 million, which primarily related to the timing of payroll and other payments in the ordinary course of business.

Investing Activities

For the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, cash used in investing activities increased $9.4 $10.0 million compared to the twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022, primarily due to a $9.1 $8.9 million increase in the purchases of property and equipment, due to an increase in Net New Restaurants Openings. Additionally, we had a $0.9 million increase related to the purchase of intangible assets.

Financing Activities

For the twenty-six thirty-nine weeks ended June 25, 2023 September 24, 2023, cash provided by financing activities decreased $0.6 increased $1.0 million compared to the twenty-six thirty-nine weeks ended June 26, 2022 September 25, 2022. This was primarily due to a decrease an increase in proceeds received from stock option exercises of $0.4 million. exercises.

Contractual Obligations

Material contractual obligations arising in the normal course of business primarily consist of operating lease obligations and purchase obligations. The timing and nature of these commitments are expected to have an impact on our liquidity and capital requirements in future periods. Refer to Note 8, Leases, in the accompanying Condensed Consolidated Financial Statements included in Part I, Item 1 for additional information relating to our long-term debt and operating leases.

Purchase obligations include agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms. The majority of our purchase obligations relate to amounts owed for supplies within its restaurants and are due within the next twelve months.

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires us to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the balance sheet date, as well as reported amounts of revenue and expenses during the reporting period. Our most significant estimates and judgments involve difficult, subjective, or complex judgements made by management. Actual results may differ from these estimates. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations, and cash flows will be affected. We had no significant changes to our critical accounting estimates as described in our Annual Report on Form 10-K for the fiscal year ended December 25, 2022.

Recent Accounting Pronouncements

See Note 1 to our condensed consolidated financial statements included elsewhere in this Quarterly Report for recently adopted accounting pronouncements and recently issued accounting pronouncements not yet adopted as of the date of this Quarterly Report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risks in the ordinary course of business. The primary risks we face are commodity price risks, interest rate risk, and the effects of inflation. There have been no material changes to our exposure to market risks as described in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended December 25, 2022.

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ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date. Our disclosure controls and procedures are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to management including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes to our internal control over financial reporting that occurred during the fiscal quarter ended June 25, 2023 September 24, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to various claims, lawsuits, governmental investigations, and administrative proceedings that arise in the ordinary course of business. We do not believe that the ultimate resolution of any of these matters will have a material effect on our financial position, results of operations, liquidity, or capital resources. However, an increase in the number of these claims, or one or more successful claims under which we incur greater liabilities than we currently anticipate, could materially and adversely affect our business, financial position, results of operations, and cash flows.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the fiscal year ended December 25, 2022.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None. During our last fiscal quarter, our directors and officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated the contracts, instructions or written plans for the purchase or sale of the Company's securities set forth in the table below.

				Type of Trading Arrangement				
Name	**Position**	**Action**	**Adoption/ Termination Date**	**Rule 10b5-1***	**Non-Rule 10b5-1****	**Total Shares of Class A Common Stock to be Sold*****	**Total Shares of Class A Common Stock to be Purchased**	**Expiration Date**
Youngme Moon	Director	Adoption	August 24, 2023	X		up to 97,500	N/A	November 23, 2024
Jim McPhail	Chief Development Officer	Adoption	August 30, 2023	X		up to 123,875****		November 30, 2025
Adrienne Gemperle	Chief People Officer	Adoption	August 31, 2023	X		up to 52,500*****		December 3, 2024
Mitch Reback	Chief Financial Officer	Adoption	August 31, 2023	X		up to 116,602 ******		November 30, 2024

* Contract, instruction or written plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.
** "Non-Rule 10b5-1 trading arrangement" as defined in Item 408(c) of Regulation S-K under the Exchange Act.
*** Represents the maximum number of shares that may be sold pursuant to the 10b5-1 trading arrangement. The number of shares sold will be dependent on the satisfaction of certain conditions as set forth in the written plan.
**** This 10b5–1 trading arrangement includes up to 103,875 shares subject to restricted stock unit awards previously granted to Mr. McPhail that may vest and be released on or before November 30, 2025 upon the satisfaction of the applicable service-based vesting conditions. The actual number of shares that will be released to Mr. McPhail pursuant to the restricted stock unit awards and sold under the Rule 10b5-1 trading arrangement will be net of the number of shares sold to satisfy tax withholding obligations arising from the vesting of such shares and is not yet determinable
***** This 10b5–1 trading arrangement includes up to 48,500 shares subject to restricted stock unit awards previously granted to Ms. Gemperle that may vest and be released on or before December 3, 2024 upon the satisfaction of the applicable service-based vesting conditions. The actual number of shares that will be released to Ms. Gemperle pursuant to the restricted stock unit awards and sold under the Rule 10b5-1 trading arrangement will be net of the number of shares sold to satisfy tax withholding obligations arising from the vesting of such shares and is not yet determinable
****** This 10b5–1 trading arrangement includes up to 87,127 shares subject to restricted stock unit awards previously granted to Mr. Reback that may vest and be released on or before November 30, 2024 upon the satisfaction of the applicable service-based vesting conditions. The actual number of shares that will be released to Mr. Reback pursuant to the restricted stock unit awards and sold under the Rule 10b5-1 trading arrangement will be net of the number of shares sold to satisfy tax withholding obligations arising from the vesting of such shares and is not yet determinable

ITEM 6. EXHIBITS

The following exhibits are included herein or incorporated herein by reference:

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Registrant	8-K	001-41069	3.1	11/22/2021	
3.2	Amended and Restated Bylaws of the Registrant	8-K	001-41069	3.2	11/22/2021	
10.1	Amendment No. 4 to First Amended and Restated Revolving Credit, Delayed Draw Term Loan and Security Agreement, dated as of April 25, 2023, by and between the Registrant and EagleBank.					X
31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X

Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of the Registrant	8-K	001-41069	3.1	11/22/2021	
3.2	Amended and Restated Bylaws of the Registrant	8-K	001-41069	3.2	11/22/2021	

31.1	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1†	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	XBRL Instance Document (embedded within the Inline XBRL document)					X

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Exhibit Number	**Exhibit Description**	**Form**	**File No.**	**Exhibit**	**Filing Date**	**Filed Herewith**
31.2	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.					X
32.1†	Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.					X
101.INS	XBRL Instance Document (embedded within the Inline XBRL document)					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)					X

† The certifications attached as Exhibit 32.1 that accompany this Quarterly Report on Form 10-Q are not deemed filed with the SEC and are not to be incorporated by reference into any filing of the Registrant under the Securities Act, whether made before or after the date of this Quarterly Report on Form 10-Q, irrespective of any general incorporation language contained in such filing.

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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.

SWEETGREEN, INC.

Date: July 27, 2023November 2, 2023

By: /s/ Mitch Reback

Mitch Reback

Chief Financial Officer (Principal Financial Officer, Principal Accounting Officer, and Duly Authorized Signatory)

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Exhibit 10.1

EXECUTION

AMENDMENT NO. 4 TO FIRST AMENDED AND RESTATED REVOLVING CREDIT, DELAYED DRAW TERM LOAN AND SECURITY AGREEMENT

THIS AMENDMENT NO. 4 TO FIRST AMENDED AND RESTATED REVOLVING CREDIT, DELAYED DRAW TERM LOAN AND SECURITY AGREEMENT (this "Amendment")

is made as of April 25, 2023 (the "Effective Date") by and among **SWEETGREEN, INC.,** a Delaware corporation ("Borrower"), the entities that become parties to the Loan Agreement (as defined below) as guarantors pursuant to Section 4.l(g) of the Loan Agreement (each, a "Guarantor"and, collectively, the "Guarantors"), and **EAGLEBANK** ("Lender"). For purposes of this Amendment, the term "Loan Agreement" shall mean that certain First Amended and Restated Revolving Credit, Delayed Draw Tenn Loan and Security Agreement, dated as of December 14, 2020, as amended by that certain Amendment No. I to First Amended and Restated Revolving Credit, Delayed Draw Term Loan and Security Agreement dated as of September 29, 2021, that certain Amendment No. 2 to First Amended and Restated Revolving Credit, Delayed Draw Term Loan and Security Agreement dated as of May 9, 2022, and that certain Amendment No. 3 to First Amended and Restated Revolving Credit, Delayed Draw Term Loan and Security Agreement dated as of December 13, 2022 by and among Borrower, Guarantors and Lender. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings given to such terms in the Loan Agreement.

WHEREAS, the Borrower has requested that certain modifications be made to the Loan Agreement, to among other things, increase the existing Letter of Credit sublimit under the Revolving Facility; and

WHEREAS, the Loan Parties and Lender have agreed to amend the Loan Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the terms and conditions contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the Loan Parties and Lender hereby agree to the following amendments to the Loan Agreement.

1. Amendments to Loan Agreement. Effective as of the Effective Date but subject to the satisfaction of the conditions precedent set forth in Section 2 below, the parties hereto agree that the Loan Agreement is hereby amended as follows:

"2.15 Letter of Credit Facility

Subject to the terms and conditions hereof, the Issuing Lender agrees to issue one or more standby Letters of Credit (including direct pay standby letters of credit) for the account of Borrower on any Business Day from the Closing Date through, but not including, the Revolving Facility Maturity Date in such form as may be approved from time to time by the Issuing Lender; provided, that the Issuing Lender shall have no obligation to and shall not issue any Letter of Credit if, after giving effect to such issuance, (a) the sum of all issued, undrawn and unexpired Letters of Credit plus the Letter of Credit Obligations would exceed Three Million Five Hundred Thousand Dollars ($3,500,000), or (b) the outstanding Aggregate Revolving Facility Obligations would exceed the Facility Cap. The Letters of Credit shall (i) be issued to support obligations of Borrower or any of its Subsidiaries, contingent or otherwise, incurred in the ordinary course of business, (ii) expire on a date satisfactory to the Issuing Lender, which date shall be no later than the earlier of (A) one (1) year from the date of issuance of the Letter of Credit (subject to automatic renewal of Letter of Credit issued by the Issuing Lender, at the sole and absolute

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option of the Issuing Lender, so long as such renewal periods terminate no later than the fifth (5th) Business Day prior to the Revolving Facility Maturity Date) and (B) the fifth (5th) Business Day prior to the Revolving Facility Maturity Date; provided, that a Letter of Credit may expire up to (but not later than) one (I) year beyond the Revolving Facility Maturity Date so long as Borrower cash collateralizes one hundred five-percent (105%) of the face amount of each issued, undrawn and unexpired Letter of Credit no later than thirty

(30) days prior to the Revolving Facility Maturity Date on terms and conditions acceptable to the Issuing Lender in its sole discretion, and (iii) be subject to the UCP600 and, to the extent not inconsistent therewith, the, at the option of Lender, laws of the State of Maryland or the State of New York. The Issuing Lender shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Issuing Lender or any Lender to exceed any limits imposed by, any Applicable Law. References herein to "issue" and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any existing Letters of Credit, unless the context otherwise requires."

2. Conditions of Effectiveness. The effectiveness of this Amendment is subject to the following conditions precedent:

(a) Lender shall have received counterparts of this Amendment duly executed by Borrower, each Guarantor and Lender.

(b) Lender shall have received such documents and certificates as Lender or its counsel may reasonably request relating to the organization, existence and good standing of the Loan Parties, the authorization of this Agreement and any other legal matters relating to such Loan Parties, the Loan Documents or this Agreement, all in form and substance reasonably satisfactory to Lender and its counsel.

(c) Lender shall have received an Officer's Certificate in the form of Exhibit H attached to the Loan Agreement, dated the date hereof, and signed by the Chief Financial Officer of each of the Loan Parties.

(d) Lender shall have received a non-refundable fee in the amount of Eighteen Thousand Five Hundred and 00/100 Dollars ($18,500).

(e) Lender shall have received payment of Lender's fees and reasonable out-of-pocket expenses (including reasonable out-of-pocket fees and expenses of counsels for Lender) in connection with this Amendment.

3. Representations and Warranties of the Loan Parties. Each Loan Party for itself hereby represents and warrants as follows:

(a) This Amendment and each of the Loan Documents (each as amended hereby), as applicable, constitute the legal, vallid and binding obligations of such Loan Party enforceable against such Loan Party in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting Lender's rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) As of the date hereof and giving effect to the terms of this Amendment, (i) no Default or Event of Default shall have occurred and be continuing and (ii) the representations and warranties of Borrower set forth in the Loan Agreement are true and correct in all material effects (provided that any representation or warranty qualified by materiality or Material Adverse Effect is true and correct in all respects) (except to the extent any such representation or warranty expressly relates to an earlier date, in which case such representation or warranty shall be true and correct as of such earlier date).

4. Reference to and Effect on the Loan Agreement and the Loan Documents.

(a) Upon the effectiveness hereof, each reference to the Loan Agreement or any other Loan Document shall mean and be a reference to the Loan Agreement and such other Loan Document, as the case may be, as amended hereby.

(b) Except as specifically amended above, each Loan Document and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

(c) Except as specifically provided above, the execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Lender, nor constitute a waiver of any provision of the Loan Agreement, the Loan Documents or any other documents, instruments and agreements executed and/or delivered in connection therewith.

(d) This Amendment is a "Loan Document" under (and as defined in) the Loan Agreement.

5. Consent and Reaffirmation. Without in any way establishing a course of dealing by Lender, each of Lender and each of the undersigned Loan Parties consents to this Amendment and reaffirms the terms and conditions of the Loan Agreement and the other Loan Documents executed by it and acknowledges and agrees that the Loan Agreement and each and every Loan Document executed by the undersigned in connection with the Loan Agreement remains in full force and effect and is hereby reaffirmed, ratified and confirmed.

6. Counterparts;Electronic Execution. This Amendment may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or in electronic (e.g., "pdf' or "tif') format shall be effective as delivery of a manually executed counterpart of this Amendment. The words "execution," "signed," "signature," and words of similar import in this Amendment shall be deemed to include electronic or digital signatures or the keeping of records in electronic form, each of which shall be of the same effect, validity and enforceability as manually executed signatures or a paper-based recordkeeping system, as the case may be, to the extent and as provided for under applicable law, including the Electronic Signatures in Global and National Commerce Act of 2000 (15 USC§ 7001 et seq.) or any other similar state laws based on the Uniform Electronic Transactions Act.

7. Governing Law; Jurisdiction; Service of Process. The provisions of Section 15.1 of the Loan Agreement are hereby incorporated by reference herein, *mutatis mutandis*.

8. Entire Agreement. The provisions of Section 15.8 of the Loan Agreement are hereby incorporated by reference herein, *mutatis mutandis*.

9. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

[Signature Pages Follow]

SWEETGREEN LA, LLC

By: /s/ Mitch Reback

Name: Mitch Reback

Its: Chief Financial Officer Attn: 3102 West 36th Street

Los Angeles, California 90018

Email: mitch.reback@sweetgreen.com

SWEETGREEN CHICAGO LLC

By: /s/ Mitch Reback

Name: Mitch Reback
Its: Chief Financial Officer Attn: 3102 West 36th Street
Los Angeles, California 90018
Email: mitch.reback@sweetgreen.com

SWEETGREEN TEXAS, LLC

By: /s/ Mitch Reback

Name: Mitch Reback
Its: Chief Financial Officer Attn: 3102 West 36th Street
Los Angeles, California 90018
Email: mitch.reback@sweetgreen.com

SWEETGREEN COLORADO, LLC

By: /s/ Mitch Reback

Name: Mitch Reback
Its: Chief Financial Officer Attn: 3102 West 36th Street
Los Angeles, California 90018
Email: mitch.reback@sweetgreen.com

[Signature Page to Amendment No. 4 to Amended and Restated Revolving Credit, Delayed Draw Term Loan and Security Agreement]

IN WITNESS WHEREOF, this Agreement is signed and given under seal as of the date first written above and it is intended that this Agreement is and shall constitute and have the effect of a sealed instrument according to law.

BORROWER: SWEETGREEN, INC.

By: /s/ Mitch Reback

Name: Mitch Reback
Its: Chief Financial Officer Attn: 3102 West 36th Street
Los Angeles, California 90018
Email: mitch.reback@sweetgreen.com

GUARANTORS:

SWEETGREEN NEW YORK, LLC

By: /s/ Mitch Reback

Name: Mitch Reback
Its: Chief Financial Officer Attn: 3102 West 36th Street
Los Angeles, California 90018
Email: mitch.reback@sweetgreen.com

SWEETGREEN BOSTON, LLC

By: /s/ Mitch Reback

Name: Mitch Reback

Its: Chief Financial Officer Attn: 3102 West 36th Street

Los Angeles, California 90018

Email: mitch.reback@sweetgreen.com

[Signature Page to Amendment No. 4 to Amended and Restated Revolving Credit, Delayed Draw Term Loan and Security Agreement]

LENDER: EAGLEBANK

By: /s/ Scott Kinlaw Name: Scott S. Kinlaw

Its: Senior Vice President

Attn: 2001 K Street NW

Washington, D.C. 20006

Telephone: (202) 292-1629

FAX: (301) 841-0345

Email: Skinlaw@EagleBankCom.com

[Signature Page to Amendment No. 4 to Amended and Restated Revolving Credit, Delayed Draw Term Loan and Security Agreement]

Exhibit 31.1

CERTIFICATIONS

I, Jonathan Neman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sweetgreen, Inc.;

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(s) 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(s) 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: July 27, 2023 November 2, 2023

/s/ Jonathan Neman

Jonathan Neman
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Mitch Reback, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sweetgreen, Inc.;

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(s) 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(s) 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: July 27, 2023 November 2, 2023

/s/ Mitch Reback

Mitch Reback

Chief Financial Officer

(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended, (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. §1350), Jonathan Neman, Chief Executive Officer of Sweetgreen, Inc. (the "Company"), and Mitch Reback, Chief Financial Officer of the Company, each hereby certifies that, to the best of his knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended June 25, 2023 September 24, 2023, to which this Certification is attached as Exhibit 32.1 (the "Quarterly Report"), fully complies with the requirements of Section 13(a) or Section 15(d) of the Exchange Act; and

2. The information contained in the Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 27, 2023 November 2, 2023

In Witness Whereof, the undersigned have set their hands hereto as of the 27th 2nd day of July, November, 2023.

/s/ Jonathan Neman	/s/ Mitch Reback
Jonathan Neman	Mitch Reback
Chief Executive Officer	Chief Financial Officer
(Principal Executive Officer)	(Principal Financial Officer)

This certification accompanies the Form 10-Q to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Sweetgreen, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-Q), irrespective of any general incorporation language contained in such filing.

DISCLAIMER

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