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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended April 2, 2024

OR

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

For the transition period from _______________ to ______

Commission file number 0-21423

BJ'S RESTAURANTS, INC.
(Exact name of registrant as specified in its charter)

California	**33-0485615**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

7755 Center Avenue, Suite 300
Huntington Beach, California 92647

(714) 500-2400

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

Title of Each Class	**Trading Symbol**	**Name of each exchange on which registered**
Common Stock, No Par Value	BJRI	NASDAQ Global Select Market

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Indicate by check mark whether the registrant has submitted electronically every interactive data file required to be submitted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☑ No ☐

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

☑ Large accelerated filer	☐ Accelerated filer
☐ Non-accelerated filer	☐ Smaller reporting company
☐ Emerging growth company	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of May 3, 2024, there were 23,383,119 shares of Common Stock of the Registrant outstanding.

BJ'S RESTAURANTS, INC.
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PART I. FINANCIAL INFORMATION

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

BJ'S RESTAURANTS, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands)

	April 2, 2024 (unaudited)	January 2, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 18,820	$ 29,070
Accounts and other receivables, net	15,165	19,469
Inventories, net	13,543	13,245
Prepaid expenses and other current assets	18,117	21,237
Total current assets	65,645	83,021
Property and equipment, net	528,105	525,190
Operating lease assets	348,932	350,091
Goodwill	4,673	4,673
Equity method investment	4,623	4,770
Deferred income taxes, net	50,802	50,147
Other assets, net	42,142	40,562
Total assets	$ 1,044,922	$ 1,058,454
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 52,439	$ 60,641
Accrued expenses	102,178	101,295
Current operating lease obligations	31,937	37,389
Total current liabilities	186,554	199,325
Long-term operating lease obligations	411,952	414,114
Long-term debt	58,000	68,000
Other liabilities	13,064	11,254
Total liabilities	669,570	692,693
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, 5,000 shares authorized, none issued or outstanding	—	—
Common stock, no par value, 125,000 shares authorized and 23,369 and 23,184 shares issued and outstanding as of April 2, 2024 and January 2, 2024, respectively	—	—
Capital surplus	70,213	77,036
Retained earnings	305,139	288,725
Total shareholders' equity	375,352	365,761
Total liabilities and shareholders' equity	$ 1,044,922	$ 1,058,454

See accompanying notes to unaudited consolidated financial statements.

BJ'S RESTAURANTS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	For the Thirteen Weeks Ended	
	April 2, 2024	**April 4, 2023**
Revenues	$ 337,334	$ 341,280
Restaurant operating costs (excluding depreciation and amortization):		
Cost of sales	84,953	90,877
Labor and benefits	125,021	128,333
Occupancy and operating	76,858	79,146
General and administrative	22,997	19,706
Depreciation and amortization	17,873	17,612
Restaurant opening	590	844
Loss on disposal and impairment of assets, net	784	2,146
Total costs and expenses	329,076	338,664
Income from operations	8,258	2,616
Other (expense) income:		
Interest expense, net	(1,411)	(1,121)
Other income, net (1)	696	196
Total other expense	(715)	(925)
Income before income taxes	7,543	1,691
Income tax benefit	(180)	(1,790)
Net income	$ 7,723	$ 3,481
Net income per share:		
Basic	$ 0.33	$ 0.15
Diluted	$ 0.32	$ 0.15
Weighted average number of shares outstanding:		
Basic	23,318	23,481
Diluted	23,965	23,926

(1)For the thirteen weeks ended April 2, 2024 and April 4, 2023, related party costs included in other income, net was an equity method investment loss of $147,000 and $40,000, respectively. See Note 10 for further information.

See accompanying notes to unaudited consolidated financial statements.

BJ'S RESTAURANTS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands)

	For the Thirteen Weeks Ended				
	Common Stock		Capital	Retained	
	Shares	Amount	Surplus	Earnings	Total
Balance, January 3, 2023	23,392	$ —	$ 74,459	$ 271,056	$ 345,515
Exercise of stock options	—	—	—	—	—
Issuance of restricted stock units	137	5,661	(6,159)	—	(498)
Repurchase, retirement and reclassification of common stock	—	(5,661)	—	5,661	—
Stock-based compensation	—	—	2,735	—	2,735
Adjustment to dividends previously accrued	—	—	—	1	1
Net income	—	—	—	3,481	3,481
Balance, April 4, 2023	23,529	$ —	$ 71,035	$ 280,199	$ 351,234
Balance, January 2, 2024	23,184	$ —	$ 77,036	$ 288,725	$ 365,761
Exercise of stock options	5	251	(83)	—	168
Issuance of restricted stock units	180	8,440	(9,301)	—	(861)
Repurchase, retirement and reclassification of common stock	—	(8,691)	—	8,691	—
Stock-based compensation	—	—	2,561	—	2,561
Net income	—	—	—	7,723	7,723
Balance, April 2, 2024	23,369	$ —	$ 70,213	$ 305,139	$ 375,352

See accompanying notes to unaudited consolidated financial statements.

BJ’S RESTAURANTS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Thirteen Weeks Ended	
	April 2, 2024	April 4, 2023
Cash flows from operating activities:		
Net income	$ 7,723	$ 3,481
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,873	17,612
Non-cash lease expense	7,855	8,196
Amortization of financing costs	54	54
Deferred income taxes	(655)	(758)
Stock-based compensation expense	2,477	2,642
Loss on disposal and impairment of assets, net	784	2,146
Equity method investment	147	40
Changes in assets and liabilities:		
Accounts and other receivables	4,654	8,744
Inventories, net	(138)	(152)
Prepaid expenses and other current assets	1,637	933
Other assets, net	(2,287)	280
Accounts payable	(5,832)	(3,982)
Accrued expenses	888	8,833
Operating lease obligations	(14,660)	(15,262)
Other liabilities	1,810	(908)
Net cash provided by operating activities	22,330	31,899
Cash flows from investing activities:		
Purchases of property and equipment	(21,882)	(26,966)
Proceeds from sale of assets	—	4
Net cash used in investing activities	(21,882)	(26,962)
Cash flows from financing activities:		
Borrowings on line of credit	234,400	185,000
Payments on line of credit	(244,400)	(185,000)
Taxes paid on vested stock units under employee plans	(861)	(498)
Proceeds from exercise of stock options	168	—
Cash dividends accrued under stock compensation plans	(5)	(14)
Net cash used in financing activities	(10,698)	(512)
Net (decrease) increase in cash and cash equivalents	(10,250)	4,425
Cash and cash equivalents, beginning of period	29,070	24,873
Cash and cash equivalents, end of period	$ 18,820	$ 29,298

See accompanying notes to unaudited consolidated financial statements.

BJ’S RESTAURANTS, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Thirteen Weeks Ended	
	April 2, 2024	April 4, 2023
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ 1,437	$ 2
Cash paid for interest, net of capitalized interest	$ 1,204	$ 858
Cash paid for operating lease obligations	$ 15,537	$ 16,378
Supplemental disclosure of non-cash investing and financing activities:		
Operating lease assets obtained in exchange for operating lease obligations	$ 7,046	$ 7,931
Property and equipment acquired and included in accounts payable	$ 7,544	$ 10,818
Stock-based compensation capitalized	$ 84	$ 93

See accompanying notes to unaudited consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements include the accounts of BJ's Restaurants, Inc. (referred to herein as the "Company," "we," "us" and "our") and our wholly owned subsidiaries. The consolidated financial statements presented herein include all material adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of our financial condition, results of operations, shareholders' equity and cash flows for the periods presented. Our consolidated financial statements and accompanying notes have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Certain information and footnote disclosures normally included in consolidated financial statements in accordance with U.S. GAAP have been omitted pursuant to the U.S. Securities and Exchange Commission ("SEC") rules.

The preparation of financial statements in conformity with U.S. GAAP requires us to make certain estimates and assumptions for the reporting periods covered by the financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual amounts could differ from these estimates. Our operating results for the thirteen weeks ended April 2, 2024 may not be indicative of operating results for the entire year.

A description of our accounting policies and other financial information is included in our audited consolidated financial statements filed with the SEC on Form 10-K for the fiscal year ended January 2, 2024. The disclosures included in our accompanying interim consolidated financial statements and footnotes should be read in conjunction with our consolidated financial statements and notes thereto included in the Annual Report on Form 10-K and our other reports filed from time to time with the Securities and Exchange Commission.

2. REVENUE RECOGNITION

Our revenues are comprised of food and beverage sales from our restaurants, including takeout, delivery and catering sales. Revenues from restaurant sales are recognized when payment is tendered. Amounts paid with a credit card are recorded in accounts and other receivables until payment is collected from the credit card processor. We sell gift cards which do not have an expiration date, and we do not deduct non-usage fees from outstanding gift card balances. Gift card sales are recorded as a liability and recognized as revenues upon redemption in our restaurants. Based on historical redemption rates, a portion of our gift card sales are not expected to be redeemed and will be recognized as gift card "breakage." Estimated gift card breakage is recorded as revenue and recognized in proportion to our historical redemption pattern, unless there is a legal obligation to remit the unredeemed gift cards to government authorities.

Our "BJ's Premier Rewards Plus" guest loyalty program enables participants to earn points for qualifying purchases that can be redeemed for food and beverages in the future. We allocate the transaction price between the goods delivered and the future goods that will be delivered on a relative standalone selling price basis, and defer the revenues allocated to the points, less expected expirations, until such points are redeemed.

The liability related to our gift card and loyalty program, included in "Accrued expenses" on our Consolidated Balance Sheets is as follows (in thousands):

	April 2, 2024	January 2, 2024
Gift card liability	$ 10,615	$ 14,380
Deferred loyalty revenue	$ 2,723	$ 2,510

Revenue recognized for the redemption of gift cards and loyalty rewards deferred at the beginning of each respective fiscal year is as follows (in thousands):

	For the Thirteen Weeks Ended	
	April 2, 2024	April 4, 2023
Revenue recognized from gift card liability	$ 5,863	$ 6,245
Revenue recognized from guest loyalty program	$ 4,318	$ 4,083

3. LEASES

We determine if a contract contains a lease at inception. Our material operating leases consist of restaurant locations and office space. U.S. GAAP requires that our leases be evaluated and classified as operating or finance leases for financial reporting purposes. The classification evaluation begins at the commencement date, and the lease term used in the evaluation includes the non-cancellable period for which we have the right to use the underlying asset, together with renewal option periods when the exercise of the renewal option is reasonably certain and failure to exercise such option would result in an economic penalty. All of our restaurant and office space leases are classified as operating leases. We have elected to account for lease and non-lease components as a single lease component for office and beverage gas equipment. We do not have any finance leases.

Lease costs included in “Occupancy and operating” on the Consolidated Statements of Operations consisted of the following (in thousands):

	For the Thirteen Weeks Ended			
	April 2, 2024		April 4, 2023	
Lease cost	$	14,389	$	14,896
Variable lease cost		795		989
Total lease costs	$	15,184	$	15,885

4. LONG-TERM DEBT

Line of Credit

On November 3, 2021, we entered into a Fourth Amended and Restated Credit Agreement (“Credit Facility”) with Bank of America, N.A. (“BofA”), JPMorgan Chase Bank, N.A., and certain other parties to amend and restate our revolving line of credit (the “Line of Credit”) to improve the pricing, extend the maturity date, change the interest reference rate, eliminate certain financial covenants and conditions, and reset other financial covenants starting with the fourth quarter of 2021.

Our Credit Facility matures on November 3, 2026, and provides us with revolving loan commitments totaling $215 million, which may be increased up to $315 million, of which $50 million may be used for the issuance of letters of credit. Availability under the Credit Facility is reduced by outstanding letters of credit, which are used to support our self-insurance programs. On April 2, 2024, there were borrowings of $58.0 million and letters of credit of $17.2 million outstanding, leaving $139.8 million available to borrow.

Borrowings under the Line of Credit bear interest at an annual rate equal to either (a) the Bloomberg Short-Term Bank Yield Index rate (“BSBY”) plus a percentage not to exceed 2.00% (with a floor on BSBY of 0.00%), or (b) a percentage not to exceed 1.00% above a Base Rate equal to the highest of (i) the Federal Funds Rate plus 1/2 of 1.00%, (ii) BofA’s Prime Rate, (iii) the BSBY rate plus 1.00%, and (iv) 1.00%, in either case depending on the level of lease and debt obligations of the Company as compared to EBITDA plus lease expenses. The weighted average interest rate during the thirteen weeks ended April 2, 2024 and April 4, 2023 was approximately 6.9% and 6.4%, respectively.

The Credit Facility is secured by the Company’s assets and contains provisions requiring us to maintain compliance with certain covenants, including a Fixed Charge Coverage Ratio and a Lease Adjusted Leverage Ratio. On April 2, 2024, we were in compliance with these covenants.

Pursuant to the Line of Credit, we are required to pay certain customary fees and expenses associated with maintenance and use of the Line of Credit, including letter of credit issuance fees, unused commitment fees and interest, which are payable monthly. Interest expense and commitment fees under the Credit Facility were approximately $1.4 million and $1.1 million, for the thirteen weeks ended April 2, 2024 and April 4, 2023, respectively. We also capitalized approximately $0.1 million of interest expense related to new restaurant construction during each of the thirteen weeks ended April 2, 2024 and April 4, 2023.

5. NET INCOME PER SHARE

Basic and diluted net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period. The number of diluted shares reflects the potential dilution that could occur if holders of in-the-money options and warrants were to exercise their right to convert these instruments into common stock and the restrictions on restricted stock units (“RSUs”) were to lapse. Additionally, performance-based RSUs are considered contingent shares; therefore, at each reporting date we determine the probable number of shares that will vest and include these contingently issuable shares in our diluted share calculation unless they are anti-dilutive. Once these performance-based RSUs vest, they are included in our basic net income per share calculation.

The following table presents a reconciliation of basic and diluted net income per share, including the number of dilutive equity awards included in the dilutive net income per share computation (in thousands):

	For the Thirteen Weeks Ended	
	April 2, 2024	April 4, 2023
Numerator:		
Net income	$ 7,723	$ 3,481
Denominator:		
Weighted-average shares outstanding – basic	23,318	23,481
Dilutive effect of equity awards	647	445
Weighted-average shares outstanding – diluted	23,965	23,926
Net income per share:		
Basic	$ 0.33	$ 0.15
Diluted	$ 0.32	$ 0.15

For each of the thirteen weeks ended April 2, 2024 and April 4, 2023, there were approximately 0.9 million of equity awards that were excluded from the calculation of diluted net income per share because they are anti-dilutive.

6. STOCK-BASED COMPENSATION

Our current shareholder approved stock-based compensation plan is the BJ's Restaurants, Inc. Equity Incentive Plan, (as amended from time to time, "the Plan"). Under the Plan, we may issue shares of our common stock to team members, officers, directors and consultants. We have historically granted incentive stock options, non-qualified stock options, and service- and performance-based RSUs. In Fiscal 2024, we also granted market-based RSUs. Stock options are charged against the Plan share reserve on the basis of one share for each share of common stock issuable upon exercise of options granted. All options granted under the Plan expire within 10 years of their date of grant. Grants of restricted stock, RSUs, performance shares and performance units, if any, are currently charged against the Plan share reserve on the basis of 1.5 shares for each share granted. The Plan also contains other limits on the terms of incentive grants such as the maximum number that can be granted to a team member during any fiscal year.

We use the Black-Scholes option-pricing model to determine the fair value of our stock options, and we use the Monte Carlo simulation model to determine the fair value of our market-based RSUs. Both models require assumptions to be made regarding our stock price volatility, the expected life of the award, risk-free interest rate and expected dividend rates. The fair value of service-based and performance-based RSUs granted is equal to the fair value of our common stock at market close on the date of grant or the last trading day prior to the date of grant when grants take place on a day when the market is closed. The grant date fair value of each stock option, market-based and service-based RSU is expensed over the vesting period (e.g., one, three or five years) and the fair value of each performance-based RSU is expensed based on the estimated quantity that is expected to vest corresponding with management's current estimate of the level that the performance goal will be achieved.

The following table presents the stock-based compensation recognized within our consolidated financial statements (in thousands):

	For the Thirteen Weeks Ended	
	April 2, 2024	April 4, 2023
Labor and benefits	$ 508	$ 866
General and administrative	$ 1,969	$ 1,776
Capitalized (1)	$ 84	$ 93
Total stock-based compensation	$ 2,561	$ 2,735

(1)Capitalized stock-based compensation relates to our restaurant development personnel and is included in "Property and equipment, net" on the Consolidated Balance Sheets.

Stock Options
The fair value of each stock option was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	For the Thirteen Weeks Ended	
	April 2, 2024	April 4, 2023
Volatility	67.5%	66.9%
Risk-free interest rate	3.9%	3.5%
Expected life (years)	5	5
Expected dividend yield	—%	—%
Fair value of options granted	$ 18.86	$ 18.32

Under our stock-based compensation plan, the exercise price of a stock option is required to equal or exceed the fair value of our common stock at market close on the option grant date or the last trading day prior to the date of grant when grants take place on a day when the market is closed. The following table presents stock option activity:

	Options Outstanding		Options Exercisable	
	Shares (in thousands)	Weighted Average Exercise Price	Shares (in thousands)	Weighted Average Exercise Price
Outstanding at January 2, 2024	867	$ 39.70	648	$ 41.65
Granted	121	31.86		
Exercised	(5)	31.54		
Forfeited	(6)	37.69		
Outstanding at April 2, 2024	977	$ 38.79	727	$ 41.03

As of April 2, 2024, total unrecognized stock-based compensation expense related to non-vested stock options was approximately $3.6 million, which is expected to be recognized over the next three years.

Restricted Stock Units

Service-Based Restricted Stock Units

The following table presents service-based restricted stock unit activity:

	Shares (in thousands)	Weighted Average Fair Value
Outstanding at January 2, 2024	822	$ 31.46
Granted	165	31.96
Released	(141)	38.25
Forfeited	(26)	30.02
Outstanding at April 2, 2024	820	$ 30.44

As of April 2, 2024, total unrecognized stock-based compensation expense related to non-vested RSUs was approximately $14.0 million, which is expected to be recognized over the next three to five years.

Market-Based and Performance-Based Restricted Stock Units

The following table presents market-based and performance-based restricted stock unit activity:

	Shares (in thousands)	Weighted Average Fair Value
Outstanding at January 2, 2024	128	$ 36.24
Awarded	79	39.09
Released	(65)	46.91
Forfeited	(1)	38.23
Outstanding at April 2, 2024	141	$ 32.87

The fair value of market-based RSUs was estimated on the grant date using the Monte Carlo simulation model with the following weighted average assumptions:

		For the Thirteen Weeks Ended	
		April 2, 2024	April 4, 2023
Volatility		49.8%	n/a
Risk-free interest rate		3.8%	n/a
Expected life (years)		3	n/a
Expected dividend yield		—%	n/a
Fair value of market-based awards granted	$	34.79	n/a

As of April 2, 2024, the total unrecognized stock-based compensation expense related to non-vested market-based and performance-based RSUs was approximately $2.6 million, which is expected to be recognized over the next three years.

7. INCOME TAXES

We calculate our interim income tax provision in accordance with ASC Topic 270, "Interim Reporting" and ASC Topic 740, "Accounting for Income Taxes." The related tax expense or benefit is recognized in the interim period in which it occurs. In addition, the effect of changes in enacted tax laws, rates or tax status is recognized in the interim period in which the change occurs. The computation of the annual estimated effective tax rate at each interim period requires certain significant estimates and judgment including the expected operating income for the year, permanent and temporary differences because of differences between amounts measured and recognized in accordance with tax laws and financial accounting standards, and the likelihood of recovering deferred tax assets generated in the current fiscal year. The accounting estimates used to compute income tax expense may change as new events occur, additional information is obtained or the tax environment changes.

Our effective income tax rate for the thirteen weeks ended April 2, 2024 was a benefit of 2.4% compared to a benefit rate of 105.9% for the comparable thirteen week period of 2023. The effective tax rate benefit for the thirteen weeks ended April 2, 2024 and April 4, 2023, was different from the statutory tax rate primarily as a result of significant Federal Insurance Contributions Act ("FICA") tax tip credits.

As of April 2, 2024, we had unrecognized tax benefits of approximately $1.0 million, of which approximately $0.9 million, if reversed, would impact our effective tax rate.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is the following (in thousands):

	For the Thirteen Weeks Ended			
	April 2, 2024		April 4, 2023	
Beginning gross unrecognized tax benefits	$	967	$	1,249
Increases for tax positions taken in prior years		—		18
Increases for tax positions taken in the current year		26		—
Decreases due to lapse of statute of limitations		—		(236)
Ending gross unrecognized tax benefits	$	993	$	1,031

Our uncertain tax positions are related to tax years that remain subject to examination by tax agencies. As of April 2, 2024, the earliest tax year still subject to examination by the Internal Revenue Service is 2020, although 2015 is still open due to amendments related to a net operating loss carryback. The earliest year still subject to examination by a significant state or local taxing authority is 2019.

8. LEGAL PROCEEDINGS

We are subject to lawsuits, administrative proceedings and demands that arise in the ordinary course of our business and which typically involve claims from guests, team members and others related to operational, employment, real estate and intellectual property issues common to the foodservice industry. A number of these claims may exist at any given time. We are self-insured for a portion of our general liability, team member workers' compensation and employment practice liability insurance requirements. We maintain coverage with a third-party insurer to limit our total exposure. We believe that most of our claims will be covered by our insurance, subject to coverage limits and the portion of such claims that are self-insured; however, punitive damages awards are not covered by our insurance. To date, we have not been ordered to pay punitive damages with respect to any claims, but there can be no assurance that punitive damages will not be awarded with respect to any future claims. We could be affected by adverse publicity resulting from allegations in lawsuits, claims and proceedings, regardless of whether these allegations are valid or whether we are ultimately determined to be liable. We currently believe that the final disposition of these types of lawsuits, proceedings and claims will not have a material adverse effect on our financial position, results of operations or liquidity. It is possible, however, that our future results of operations for a particular quarter or fiscal year could be impacted by changes in circumstances relating to lawsuits, proceedings or claims.

9. SHAREHOLDERS' EQUITY

Stock Repurchases

During the thirteen weeks ended April 2, 2024, we did not repurchase shares of common stock. In February 2024, our Board of Directors approved an increase in our share repurchase program by $50 million. We currently have approximately $61.1 million available under our authorized $550 million share repurchase program as of April 2, 2024. Repurchases may be made at any time.

Cash Dividends

We currently do not pay any cash dividends. Any payment of quarterly cash dividends will be subject to our Board of Directors determining that the payment of dividends is in the best interest of the Company and its shareholders.

10. RELATED PARTY TRANSACTIONS

Equity Method Investment

During fiscal 2022, we contributed assets valued at $5.0 million to a company, in which our recently retired Chief Executive Officer and current Board member has a less than 1% interest. We recorded this non-cash contribution, in exchange for a 20% ownership of the company, as an investment within "Equity method investment" on our Consolidated Balance Sheets, and the related gain within "Loss on disposal and impairment of assets, net" on our Consolidated Statements of Operations. For the thirteen weeks ended April 2, 2024 and April 4, 2023, we recorded a net loss related to the investment of $147,000 and $40,000, respectively, within "Other income, net," and accordingly adjusted the investment carrying amount on our Consolidated Balance Sheets.

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

STATEMENT REGARDING FORWARD-LOOKING DISCLOSURE

Certain information included in this Form 10-Q and other filings with the Securities and Exchange Commission, in our press releases, in other written communications, and in oral statements made by or with the approval of one of our authorized officers may contain "forward-looking" statements about our current and expected performance trends, growth plans, business goals and other matters. Words or phrases such as "believe," "plan," "will likely result," "expect," "intend," "will continue," "is anticipated," "estimate," "project," "may," "could," "would," "should," and similar expressions are intended to identify "forward-looking" statements. These statements, and any other statements that are not historical facts, are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995, as codified in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended from time to time. The cautionary statements made in this Form 10-Q should be read as being applicable to all related "forward-looking" statements wherever they appear in this Form 10-Q. These forward-looking statements are based on information available to us as of the date any such statements are made, and we assume no obligation to update these forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include, but are not limited to, the risk factors described in Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 2, 2024, as updated in our Form 10-Q for the thirteen weeks ended April 2, 2024, and in other reports filed subsequently with the SEC.

GENERAL

BJ's Restaurants is a leading casual dining restaurant brand differentiated by a high-quality, varied menu with compelling value, and a dining experience that offers our customers (referred to as "guests") best-in-class service, hospitality and enjoyment, in a high-energy, welcoming and approachable atmosphere. BJ's is a national restaurant chain that, as of May 6, 2024, owns and operates 217 restaurants located in 31 states.

The first BJ's restaurant opened in 1978 in Orange County, California, and was a small sit-down pizzeria that featured Chicago style deep-dish pizza with a unique California twist. In 1996, we introduced our proprietary craft beers and expanded the BJ's concept to a full-service, high-energy casual dining restaurant when we opened our first large format restaurant with an on-site brewing operation in Brea, California. Today our restaurants feature a broad menu with approximately 100 menu items designed to offer something for everyone including: slow roasted entrees such as prime rib, EnLIGHTened Entrees® such as our Cherry Chipotle Glazed Salmon, our original signature deep-dish pizza, and the world-famous Pizookie® dessert. We also offer our award-winning BJ's craft beers, which are produced at four in-house brewing facilities, two standalone brewpubs and by independent third-party brewers using our proprietary recipes, alongside a full bar featuring innovative cocktails.

Our revenues are comprised of food and beverage sales from our restaurants, including takeout, delivery and catering sales. Revenues from restaurant sales are recognized when payment is tendered. Amounts paid with a credit card are recorded in accounts and other receivables until payment is collected from the credit card processor. We sell gift cards which do not have an expiration date, and we do not deduct non-usage fees from outstanding gift card balances. Gift card sales are recorded as a liability and recognized as revenues upon redemption in our restaurants. Based on historical redemption rates, a portion of our gift card sales are not expected to be redeemed and will be recognized as gift card “breakage.” Estimated gift card breakage is recorded as revenue and recognized in proportion to our historical redemption pattern, unless there is a legal obligation to remit the unredeemed gift cards to government authorities.

Our guest loyalty program enables participants to earn points for qualifying purchases that can be redeemed for food and beverages in the future. We allocate the transaction price between the goods delivered and the future goods that will be delivered, on a relative standalone selling price basis, and defer the revenues allocated to the points until such points are redeemed.

All of our restaurants are Company-owned. In calculating comparable restaurant sales, we include a restaurant in the comparable base once it has been open for 18 months. Guest traffic for our restaurants is estimated based on the number of guest checks.

Cost of sales is comprised of food and beverage costs, including the cost to produce and distribute our proprietary craft beer, soda and ciders. The components of cost of sales are variable and typically fluctuate directly with sales volumes but also may be impacted by changes in commodity prices, a shift in sales mix to higher cost proteins or other higher cost items, or varying levels of promotional activities.

Labor and benefit costs include direct hourly and management wages, bonuses, payroll taxes, fringe benefits and stock-based compensation, and workers’ compensation expense that are directly related to restaurant level team members.

Occupancy and operating expenses include restaurant supplies, credit card fees, third-party delivery company commissions, marketing costs, fixed rent, percentage rent, common area maintenance charges, utilities, real estate taxes, repairs and maintenance and other related restaurant costs.

General and administrative expenses include costs for our corporate administrative functions that support existing operations and provide infrastructure to facilitate our future growth. Components of this category include corporate management, field supervision and corporate hourly staff salaries and related team member benefits (including stock-based compensation expense and cash-based incentive compensation), travel and relocation costs, information systems, the cost to recruit and train new restaurant management team members, corporate rent, certain brand marketing-related expenses and legal and consulting fees.

Depreciation and amortization are composed primarily of depreciation of capital expenditures for restaurant and brewing equipment and leasehold improvements.

Restaurant opening expenses, which are expensed as incurred, consist of the costs of hiring and training the initial hourly work force for each new restaurant, travel, the cost of food and supplies used in training, grand opening promotional costs, the cost of the initial stock of operating supplies and other direct costs related to the opening of a restaurant, including rent during the construction and in-restaurant training period.

RESULTS OF OPERATIONS

The following table provides, for the periods indicated, our unaudited Consolidated Statements of Operations expressed as percentages of total revenues. The results of operations for the thirteen weeks ended April 2, 2024 and April 4, 2023, are not necessarily indicative of the results to be expected for the full fiscal year. Percentages below may not reconcile due to rounding.

	For the Thirteen Weeks Ended	
	April 2, 2024	April 4, 2023
Revenues	100.0%	100.0%
Restaurant operating costs (excluding depreciation and amortization):		
Cost of sales	25.2	26.6
Labor and benefits	37.1	37.6
Occupancy and operating	22.8	23.2
General and administrative	6.8	5.8
Depreciation and amortization	5.3	5.2
Restaurant opening	0.2	0.2
Loss on disposal and impairment of assets, net	0.2	0.6
Total costs and expenses	97.6	99.2
Income from operations	2.4	0.8
Other (expense) income:		
Interest expense, net	(0.4)	(0.3)
Other income, net	0.2	0.1
Total other expense	(0.2)	(0.3)
Income before income taxes	2.2	0.5
Income tax benefit	(0.1)	(0.5)
Net income	2.3%	1.0%

Thirteen Weeks Ended April 2, 2024 Compared to Thirteen Weeks Ended April 4, 2023

Revenues. Total revenues decreased by $3.9 million, or 1.2%, to $337.3 million during the thirteen weeks ended April 2, 2024, from $341.3 million during the comparable thirteen-week period of 2023. The decrease in revenues primarily consisted of a 1.7%, or $5.5 million, decline in comparable restaurant sales, and a $5.2 million decrease related to closed restaurants, offset by a $7.1 million increase related to sales from new restaurants not yet in our comparable restaurant sales base. The decrease in comparable restaurant sales was due to a decrease in guest traffic of approximately 5.8%, offset by an increase in average check of approximately 4.1%, resulting from menu price increases and changes in mix.

Cost of Sales. Cost of sales decreased by $5.9 million, or 6.5%, to $85.0 million during the thirteen weeks ended April 2, 2024, from $90.9 million during the comparable thirteen-week period of 2023. This was primarily due to lower commodity costs and the effects of our cost savings initiatives, coupled with lower sales. As a percentage of revenues, cost of sales decreased to 25.2% for the current thirteen-week period from 26.6% for the prior year comparable period. This decrease was primarily due to lower inflationary pressure on food costs, menu price increases and the effectiveness of our cost savings initiatives.

Labor and Benefits. Labor and benefit costs for our restaurants decreased by $3.3 million, or 2.6%, to $125.0 million during the thirteen weeks ended April 2, 2024, from $128.3 million during the comparable thirteen-week period of 2023. This was primarily due to $2.9 million related to lower hourly labor, $0.7 million related to lower workers' compensation, and $0.4 million in lower stock-based compensation expense, offset by $1.0 million related to increased management compensation costs. As a percentage of revenues, labor and benefit costs decreased to 37.1% for the current thirteen-week period from 37.6% for the prior year comparable period. This decrease was primarily due improved labor efficiency and the effectiveness of our cost savings initiatives. Included in labor and benefits for the thirteen weeks ended April 2, 2024 and April 4, 2023, was approximately $0.5 million and $0.9 million, respectively, or 0.2% of revenues of stock-based compensation expense, related to equity awards granted in accordance with our Gold Standard Stock Ownership Program for certain restaurant management team members.

Occupancy and Operating. Occupancy and operating expenses decreased by $2.3 million, or 2.9%, to $76.9 million during the thirteen weeks ended April 2, 2024, from $79.1 million during the comparable thirteen-week period of 2023. This was primarily due to decreases of $1.4 million in restaurant facilities expenses, $1.0 million in utilities, and $0.4 million in third-party delivery company fees and expenses, offset by a $0.7 million increase in marketing related expenses. As a percentage of revenues, occupancy and operating expenses decreased to 22.8% for the current thirteen-week period from 23.2% for the prior year comparable period. This decrease was primarily related to improved operational efficiency and the effectiveness of our cost savings initiatives.

General and Administrative. General and administrative expenses increased by $3.3 million, or 16.7%, to $23.0 million during the thirteen weeks ended April 2, 2024, from $19.7 million during the comparable thirteen-week period of 2023. This was primarily due to increases of $1.3 million in corporate expenses related to meeting costs and software amortization, $1.2 million in legal fees, $0.6 million related to our deferred compensation liability, $0.2 million in payroll taxes and $0.2 million in stock-based compensation expense, offset by a $0.4 million decrease in incentive compensation. Certain extraordinary expenses were included in general and administrative costs for the thirteen weeks ended April 2, 2024, including $0.9 million of legal costs related to shareholder cooperation agreements and $0.3 million in severance related to personnel changes. Included in general and administrative costs for the thirteen weeks ended April 2, 2024 and April 4, 2023, was approximately $2.0 million and $1.8 million, or 0.6% and 0.5% of revenues, respectively, of stock-based compensation expense. As a percentage of revenues, general and administrative expenses increased to 6.8% for the current thirteen-week period from 5.8% for the prior year comparable period. This increase is primarily related to increased legal and corporate expenses arising in connection with our recently announced cooperation agreements with certain investors, coupled with the deleveraging from a lower revenue base.

Depreciation and Amortization. Depreciation and amortization increased by $0.3 million, or 1.5%, to $17.9 million during the thirteen weeks ended April 2, 2024, compared to $17.6 million during the comparable thirteen-week period of 2023. This increase was primarily related to depreciation expense related to our restaurants opened since the thirteen weeks ended April 4, 2023, partially offset by the impact of impairment and disposal charges taken in the prior year, and the closure of four restaurants since the thirteen weeks ended April 4, 2023. As a percentage of revenues, depreciation and amortization increased to 5.3% for the current thirteen-week period from 5.2% for the prior year comparable period. This increase was primarily due to a lower revenue base.

Restaurant Opening. Restaurant opening expense decreased by $0.3 million, or 30.1%, to $0.6 million during the thirteen weeks ended April 2, 2024, compared to $0.8 million during the comparable thirteen-week period of 2023. This decrease was primarily due to the timing of openings.

Loss on Disposal and Impairment of Assets, Net. Loss on disposal and impairment of assets, net, was $0.8 million during the thirteen weeks ended April 2, 2024, and $2.1 million during the comparable thirteen-week period of 2023. For the thirteen weeks ended April 2, 2024, these costs primarily relate to disposals of assets in conjunction with initiatives to keep our restaurants up to date. For the thirteen weeks ended April 4, 2023, these costs primarily related to disposals of assets in conjunction with initiatives to keep our restaurants up to date, including the removal of glass partitions in our dining rooms that were installed during in the pandemic.

Interest Expense, Net. Interest expense, net, increased by $0.3 million to $1.4 million during the thirteen weeks ended April 2, 2024, compared to $1.1 million during the comparable thirteen-week period of 2023. This increase was primarily due to the increase in weighted average interest rate year over year.

Other Income, Net. Other income, net, increased by $0.5 million to $0.7 million of income during the thirteen weeks ended April 2, 2024, compared to $0.2 million during the comparable thirteen-week period of 2023. This increase was primarily related to gains associated with the cash surrender value of certain life insurance policies under our deferred compensation plan.

Income Tax Benefit. Our effective income tax rate for the thirteen weeks ended April 2, 2024, was a benefit of 2.4% compared to a benefit of 105.9% for the comparable thirteen-week period of 2023. The effective tax rate for the thirteen weeks ended April 2, 2024 and April 4, 2023 was different than the statutory rate primarily due to FICA tax tip credits.

LIQUIDITY AND MATERIAL CASH REQUIREMENTS

The following table provides, for the periods indicated, a summary of our key liquidity measurements (dollars in thousands):

	April 2, 2024	January 2, 2024
Cash and cash equivalents	$ 18,820	$ 29,070
Net working capital	$ (120,909)	$ (116,304)
Current ratio	0.4:1.0	0.4:1.0

Our capital requirements are driven by our fundamental financial objective to improve total shareholder return through a balanced approach of new restaurant expansion plans, enhancements and initiatives focused on existing restaurants, and return of capital to our shareholders through our share repurchase program. In addition, we want to maintain a flexible balance sheet to provide the financial resources necessary to manage the risks and uncertainties of conducting our business operations in the restaurant industry. In order to achieve these objectives, we use a combination of operating cash flows, debt, landlord allowances and proceeds from stock option exercises.

Based on current operations, we believe that our current cash and cash equivalents, coupled with cash generated from operations and availability under our credit agreement will be adequate to meet our capital expenditure and working capital needs for at least the next twelve months. Our future operating performance will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Similar to many restaurant chains, we typically utilize operating lease arrangements (principally ground leases) for our restaurant locations. We believe our operating lease arrangements provide appropriate leverage for our capital structure in a financially efficient manner. However, we are not limited to the use of lease arrangements as our only method of opening new restaurants and from time to time have purchased the underlying land for new restaurants. We typically lease our restaurant locations for periods of 10 to 20 years under operating lease arrangements. Our rent structures vary from lease to lease, but generally provide for the payment of both minimum and contingent (percentage) rent based on sales, as well as other expenses related to the leases (for example, our pro-rata share of common area maintenance, property tax and insurance expenses). Many of our lease arrangements include the opportunity to secure tenant improvement allowances to partially offset the cost of developing and opening the related restaurants. Generally, landlords recover the cost of such allowances from increased minimum rents. There can be no assurance that such allowances will be available to us on each project. From time to time, we may also decide to purchase the underlying land for a new restaurant if that is the only way to secure a highly desirable site. Currently, we own the underlying land for our Texas brewpub locations. We also own parcels of land adjacent to two of our restaurants. It is not our current strategy to own a large number of land parcels that underlie our restaurants. Therefore, in many cases we have subsequently entered into sale-leaseback arrangements for land parcels that we previously purchased. We disburse cash for certain site-related work, buildings, leasehold improvements, furnishings, fixtures and equipment to build our leased and owned premises. We own substantially all of the equipment, furniture and trade fixtures in our restaurants and currently plan to do so in the future.

CASH FLOWS

The following tables set forth, for the periods indicated, our cash flows from operating, investing, and financing activities (in thousands):

	For the Thirteen Weeks Ended	
	April 2, 2024	April 4, 2023
Net cash provided by operating activities	$ 22,330	$ 31,899
Net cash used in investing activities	(21,882)	(26,962)
Net cash used in financing activities	(10,698)	(512)
Net (decrease) increase in cash and cash equivalents	$ (10,250)	$ 4,425

Operating Cash Flows

Net cash provided by operating activities was $22.3 million during the thirteen weeks ended April 2, 2024, representing a $9.6 million decrease from the $31.9 million provided during the thirteen weeks ended April 4, 2023. The decrease is primarily due to the timing of payments for accrued expenses and accounts receivable receipts, offset by net income.

Investing Cash Flows

Net cash used in investing activities was $21.9 million during the thirteen weeks ended April 2, 2024, representing a $5.1 million decrease from the $27.0 million used during the thirteen weeks ended April 4, 2023. The decrease is primarily due to the timing of restaurants under construction, as well as the timing of restaurant remodel activity.

The following table provides, for the periods indicated, the components of capital expenditures (in thousands):

	For the Thirteen Weeks Ended	
	April 2, 2024	April 4, 2023
New restaurants	$ 9,197	$ 10,934
Restaurant maintenance and remodels, and key productivity initiatives	12,150	15,723
Restaurant and corporate systems	535	309
Total capital expenditures	$ 21,882	$ 26,966

As of May 6, 2024, we have opened one new restaurant this year. We currently plan to open a total of three new restaurants in fiscal 2024, and we have entered into signed leases, land purchase agreements or letters of intent for all of our 2024 new restaurant locations.

We currently anticipate our total capital expenditures for fiscal 2024 to be approximately $70 million to $75 million. This estimate includes costs to open new restaurants and remodel existing locations and excludes anticipated proceeds from tenant improvement allowances. We expect to fund our net capital expenditures with our current cash balance on hand, cash flows from operations and our line of credit. Our future cash requirements will depend on many factors, including the pace of our expansion, conditions in the retail property development market, construction costs, the nature of the specific sites selected for new restaurants, and the nature of the specific leases and associated tenant improvement allowances available, if any, as negotiated with landlords.

Financing Cash Flows

Net cash used in financing activities was $10.7 million during the thirteen weeks ended April 2, 2024, representing a $10.2 million increase from the $0.5 million used during the thirteen weeks ended April 4, 2023. This increase was primarily due to payments on our line of credit during the thirteen weeks ended April 2, 2024.

OFF-BALANCE SHEET ARRANGEMENTS

We do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities (“VIEs”), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow limited purposes. As of April 2, 2024, we are not involved in any off-balance sheet arrangements.

IMPACT OF INFLATION

Inflation has had an impact on our operations, new restaurant construction and corresponding return on invested capital. While we have been able to partially offset inflation and other changes in the costs of key operating inputs by gradually increasing menu prices, coupled with cost savings initiatives, 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 future. Increases in inflation could have a severe impact on the United States and global economies, which will have an adverse impact on our business, financial condition and results of operations. In addition, macroeconomic conditions that impact consumer discretionary spending for food away from home could make additional menu price increases imprudent. Whether we are able to continue to offset the effects of inflation through menu price increases or cost savings will determine to what extent, if any, inflation affects our restaurant profitability in future periods.

SEASONALITY AND ADVERSE WEATHER

Our business is impacted by weather and other seasonal factors that typically impact other restaurant operations. Holidays (and shifts in the holiday calendar) and severe weather including hurricanes, tornados, thunderstorms, snow and ice storms, prolonged extreme temperatures and similar conditions may impact restaurant sales volumes in some of the markets where we operate. Many of our restaurants are located in or near shopping centers and malls that typically experience seasonal fluctuations in sales. Quarterly results have been and will continue to be significantly impacted by the timing of new restaurant openings and their associated restaurant opening expenses. As a result of these and other factors, our financial results for any given quarter may not be indicative of the results that may be achieved for a full fiscal year.

CRITICAL ACCOUNTING POLICIES

The preparation of financial statements in accordance with U.S. GAAP requires us to make estimates and assumptions affecting the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of net revenues and expenses in the reporting period. We base our estimates and assumptions on current facts, historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. We continually review the estimates and underlying assumptions to ensure they are appropriate for the circumstances. Accounting assumptions and estimates are inherently uncertain and actual results may differ materially from our estimates.

A summary of our other critical accounting policies is included in Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended January 2, 2024. During the thirteen weeks ended April 2, 2024, there were no significant changes in our critical accounting policies.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The following discussion of market risks contains “forward-looking” statements. Actual results may differ materially from the following discussion based on general conditions in the financial and commodity markets.

Interest Rate Risk

We have a $215 million Credit Facility, of which $58.0 million is currently outstanding and carries interest at a floating rate. We utilize the Credit Facility principally for letters of credit that are required to support our self-insurance programs, to fund a portion of our announced share repurchase program, and for working capital and construction requirements, as needed. We are exposed to interest rate risk through fluctuations in interest rates on our obligations under the Credit Facility. Based on our current outstanding balance, a hypothetical 1% change in the interest rates under our Credit Facility would have an approximate $0.4 million annual impact on our net income.

Food, Supplies and Commodity Price Risks

We purchase food, supplies and other commodities for use in our operations based upon market prices established with our suppliers. Our business is dependent on frequent and consistent deliveries of these items. We may experience shortages, delays or interruptions due to inclement weather, natural disasters, labor issues or other operational disruptions or other conditions beyond our control such as cyber breaches or ransomware attacks at our suppliers, distributors or transportation providers. Additionally, many of the commodities purchased by us can be subject to volatility due to market supply and demand factors outside of our control, whether contracted for or not. Costs can also fluctuate due to government regulation. To manage this risk in part, we attempt to enter into fixed-price purchase commitments, with terms typically up to one year, for some of our commodity requirements. However, it may not be possible for us to enter into fixed-price contracts for certain commodities or we may choose not to enter into fixed-price contracts for certain commodities. We believe that substantially all of our food and supplies are available from several sources, which helps to diversify our overall commodity cost risk. We also believe that we have some flexibility and ability to increase certain menu prices, or vary certain menu items offered or promoted, in response to food commodity price increases. Some of our commodity purchase arrangements may contain contractual features that limit the price paid by establishing certain price floors or caps. We do not use financial instruments to hedge commodity prices, since our purchase arrangements with suppliers, to the extent that we can enter into such arrangements, help control the ultimate cost that we pay.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 promulgated under the Securities Exchange Act of 1934 as amended, 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, as of April 2, 2024, our disclosure controls and procedures are designed and are effective to provide reasonable assurance that information we are required to disclose in reports that 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 our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There has not been any change in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our first fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 5. OTHER INFORMATION

None.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

See Note 8 of Notes to Unaudited Consolidated Financial Statements in Part I, Item 1 of this report for a summary of legal proceedings.

Item 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended January 2, 2024.

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

We did not repurchase shares during the thirteen weeks ended April 2, 2024. As of April 2, 2024, we have cumulatively repurchased shares valued at approximately $488.9 million in accordance with our approved share repurchase plan since its inception in 2014. Share repurchases were executed through open market purchases, and future share repurchases may be completed through a combination of individually negotiated transactions, accelerated share buyback, and/or open market purchases. In February 2024, our Board of Directors approved an increase in our share repurchase program by $50 million. As a result, as of April 2, 2024, we had approximately $61.1 million available under our authorized $550 million share repurchase program.

The following table sets forth information with respect to the repurchase of common shares during the thirteen weeks ended April 2, 2024:

Period (1)	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Publicly Announced Plans	Increase in Dollars for Share Repurchase Authorization	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
01/03/24 - 01/30/24	—	$ —	—	$ —	$ 11,055,206
01/31/24 - 02/27/24	—	$ —	—	$ 50,000,000	$ 61,055,206
02/28/24 - 04/02/24	—	$ —	—	$ —	$ 61,055,206
Total	—		—		

(1)Period information is presented in accordance with our fiscal months during fiscal 2024.

Item 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation of the Company, incorporated by reference to Exhibit 3.1 of the Annual Report on Form 10-K for fiscal 2017.
3.2	Amended and Restated Bylaws of the Company, incorporated by reference to Exhibit 3.1 of the Form 8-K filed on August 14, 2020.
3.3	Certificate of Amendment of Articles of Incorporation, incorporated by reference to Exhibit 3.3 of the Annual Report on Form 10-K for fiscal 2004.
3.4	Certificate of Amendment of Articles of Incorporation, incorporated by reference to Exhibit 3.4 of the Annual Report on Form 10-K for fiscal 2010.
4.1	Specimen Common Stock Certificate of the Company, incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form SB-2A filed with the Securities and Exchange Commission on August 22, 1996 (File No. 3335182-LA).
10.1	Employment Agreement dated November 15, 2022, between the Company and Putnam Shin.
10.2	Cooperation Agreement, dated March 26, 2024, between the Company and PW Partners, LLC, incorporated by reference to Exhibit 10.1 of the Form 8-K filed on March 27, 2024.
10.3	Cooperation Agreement, dated February 27, 2024, between the Company and Fund 1 Investments, LLC, incorporated by reference to Exhibit 10.1 of the Form 8-K filed on February 28, 2024.
31	Section 302 Certification of Chief Executive Officer and Chief Financial Officer.
32	Section 906 Certification of Chief Executive Officer and Chief Financial Officer.
101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

In accordance with 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.

BJ'S RESTAURANTS, INC.
(Registrant)

May 6, 2024

By: /s/ GREGORY S. LEVIN
Gregory S. Levin
Chief Executive Officer and President
(Principal Executive Officer)

By: /s/ THOMAS A. HOUDEK
Thomas A. Houdek
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

By: /s/ JACOB J. GUILD
Jacob J. Guild
Senior Vice President and Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 10.1

November 15, 2022

Mr. Putnam Shin

Dear Putnam:

Welcome to BJ's Restaurants, Inc. (the "Company" or "BJ's"). We are delighted to extend you the offer to join BJ's as Executive Vice President and Chief Growth & Innovation Officer. Your offer is contingent upon the results of a background investigation and your acceptance of these terms.

We would like you to begin on Monday, December 12, 2022 ("Effective Date") at 9:00 a.m. at the Company Restaurant Support Center located at 7755 Center Avenue, Suite 300, Huntington Beach, CA 92647. When you arrive at the Restaurant Support Center, please ask for Jim Farman, Sr. Director of Career Development. You will go through your Team Member Orientation with Jim. He will review key Company policies, resources available to you, and information about your benefit package and will answer any questions you may have. **Please bring documentation necessary to complete your Form I-9.**

I'd like to recap your offer and outline our plans for you:

1.Duties. The Company will employ you as Executive Vice President and Chief Growth & Innovation Officer. In this capacity, you will perform such duties as the Company, in the exercise of its sole discretion, deems appropriate for that position. You will report to the Chief Executive Officer. Additionally, in this capacity, you also understand that you may be a "named executive officer" of the Company as defined by the regulations of the Securities and Exchange Commission and all other applicable laws, regulations and company policies.

2.Employment Location. The principal location of your employment will be at the Company's Restaurant Support Center in Huntington Beach, California. You also understand that it may be necessary for you to travel to the Company's restaurant locations and to the offices of the Company's vendor partners in order to perform certain aspects of your position.

3.Salary. You will receive a bi-weekly gross salary of $15,961.54 which annualizes to a yearly salary of $415,000.00, payable in accordance with the Company's payroll policies, as such policies may change from time to time (the "Salary"). Your compensation is subject to modification during your employment in accordance with the Company's practices, policies and procedures.

4.Initial Sign-On Bonus. You will receive an initial sign-on bonus in the amount of $100,000 gross, which will be paid to you within two weeks after your start date. You will be required to repay the Company the sign-on bonus if you resign or voluntarily terminate your employment within the first 15 months of employment for any reason.

5.Relocation Expenses. You are expected to relocate to Southern California no later than six months after your Effective Date. Your relocation expenses will be covered by the Company in accordance with BJ's Relocation Policy and Guidelines, which includes a full pack, van line move, unpack, shipping of automobiles, house hunting trips, and temporary lodging for up to six months after your start date, which will be grossed up to cover taxes. The Company will reimburse you for reasonable travel between your current residence and Orange County until your relocation. You will be required to repay the company for relocation expenses set forth herein if you resign from your employment with the Company for any reason or voluntarily terminate your employment within 15 months.

6.Annual Bonus. As an Executive Vice President in our Restaurant Support Center, you will be eligible to participate in the Company’s Performance Incentive Plan (“PIP”) with an annual cash incentive opportunity of 60% of your base salary for fiscal year 2022. Your 2022 cash incentive opportunity will be prorated to reflect your time worked during 2022. Any earned cash incentive opportunity would be paid by mid-March 2023 in accordance with the provisions of the 2022 PIP. You must be employed and in good standing as of the payment date in 2023 to receive any 2022 cash incentive. In the event of termination or resignation prior to receipt of any cash incentive, you will not be entitled to, or be considered eligible to, receive any prorated cash bonus under the Company’s Performance Incentive Plan. While the Company currently intends to offer annual cash incentive plans in future years, the continued offering of any such plan and the opportunity percentage will be at the sole discretion of the Company’s Board of Directors.

7.Initial Equity Award. Subject to applicable securities laws, a recommendation will be made to the Compensation Committee of the Company’s Board of Directors to grant you an equity award pursuant to the Company’s Equity Incentive Plan that will be valued at $400,000. Your new hire grant will be made on December 15, 2022. You will receive this award in the form of either (1) 50% non-qualified options (NQ options) to purchase the Company’s common stock and 50% in restricted stock units (RSUs), or (2) 100% in RSUs, which election must be submitted in writing at least two weeks prior to the grant date. The number of NQ option shares under the award, if any, will be determined with the estimated “fair value” of a NQ option calculated using the Black-Scholes option pricing model on the grant date of the award. For example, if the “fair value” of a NQ option for the Company’s common stock is $10.00 on the grant date, then you would be awarded options to purchase 10,000 shares of the Company’s common stock ($100,000 / $10.00). The actual “fair value” calculation on the grant date of your award may be higher or lower than this example. The number of RSU shares will be determined using the closing price of the Company’s common stock on the Nasdaq Global Market on the grant date of the award or the most recent trading day when grants take place on market holidays. Vesting for this award, regardless of whether it is NQ options or RSUs, will be 33.33% annually, beginning with the first anniversary of their grant date, over a total of three (3) years.

8.Annual Equity Award. You will also be eligible for additional grants of equity awards from time to time at the discretion of the Compensation Committee of the Board. Annual equity grants are typically made on or around January 15 of each year and in the past have been valued at $225,000 to $350,000 at the Chief level and have been granted in the form of (1) 1/3 in RSUs; (2) 1/3 in NQ options to purchase the Company’s common stock, and (3) 1/3 in performance share units (PSUs) based on achievement of metrics specified at the beginning of the performance period. Vesting of the NQ options or RSUs will be 33.33% annually, beginning with the first anniversary of their grant date, over a total of three (3) years, and vesting of any of the PSUs will be at the conclusion of the three-year performance period, based on the achievement of the metrics set forth in the PSU grant materials. While the Company currently intends to offer annual equity grants in future years, the continued offering of such grants and the amount and form of the equity will be at the sole discretion of the Company’s Board of Directors.

9.Other Benefits. Following 30 days from your Effective Date, you will be entitled to enroll in any benefit plan that the Company may offer to its team members from time to time, according to the terms of such plan, including, but not limited to, the Company ’s health insurance program, which will become effective the first of the month after enrollment. The Company will reimburse you for the cost of COBRA for up to 60 days during the waiting period before you are entitled to enroll in the

Company’s medical insurance plan. Nothing contained in this offer letter shall affect the right of the Company to terminate or modify any such plan, or other benefit, in whole or in part, at any time and from time to time.

10.Monthly Auto Allowance. You will also receive a monthly non-accountable automobile allowance of $1,000.00, less applicable withholdings. The allowance is intended to cover all costs of using your personal automobile for Company business purposes, including gasoline, mileage, insurance and other automobile expenses.

11.Business Expenses. You will be reimbursed for expenses you incur that are directly related to the Company’s operations and business, pursuant to the provisions of the Company’s business expense reimbursement policy. A Company-provided business credit card, a cell phone and laptop will be issued to you for Company business purposes. You will receive a dining (“red”) card which will cover unlimited BJ’s food purchases (excluding alcohol and tip), and will be subject to the terms of our Dining Policy.

12.Performance and Salary Review. You will receive a performance and salary review annually at the end of each fiscal year in accordance with the Company’s policies. A review is not a guarantee of a salary increase.

13.Paid Absences. The Company does not have a formal paid vacation policy for its officers. Accordingly, officers are expected to use their reasonable judgment and professional discretion when requesting paid time off for any reason, in light of their current work schedules and the Company’s business and operational requirements. Paid absences should be reasonably requested in advance and approved by the CEO.

14.Termination With or Without Cause. Your employment is at will and may be terminated by you or the Company, at any time, with or without notice, and with or without cause. If the Company terminates your employment without cause, on or after the Effective Date, you will be eligible to receive a severance payment of twelve (12) months of your annual Salary then in effect and, if you are not covered by any other comprehensive group medical insurance plan, the Company will also pay you an amount equivalent to the employer portion of your COBRA payments for a period of twelve (12) months. Any severance amounts paid will be based upon your then current annual base Salary at the time employment ends and will be paid in a lump sum, less applicable withholdings. The aforementioned severance payment is conditioned upon your agreement to release all claims, if any, you may have against the Company and/or any of its employees, officers, agents and representatives, insofar as permissible under the law. For the purpose of the severance payment provision in this Agreement only, “Cause” shall include, but is not limited to:

(i)failure by you to perform your duties expected by the Company, other than such failure resulting from your incapacity due to physical or mental illness, after there has been delivered to you a written demand for performance from the Company which demand identifies the basis for the Company’s belief that you have not performed your duties;

(ii)dishonesty, incompetence or gross negligence in the discharge of your duties.

(iii)theft, embezzlement, fraud, act or acts of dishonesty undertaken by you with the intent of resulting or actually resulting in personal gain or enrichment of you or others at the expense of the Company and/or your conviction of a felony;

(iv)breach of confidentiality or unauthorized disclosure or use of inside information, recipes, processes, customer, vendor or employee lists, trade secrets or other proprietary information;

(v)the violation of any law, rule, or regulation of any governmental authority or breach of the Company's policies and procedures including, without limitation, the Company's Code of Integrity, Ethics and Conduct and/or any of its anti-harassment and anti- discrimination policies;

(vi)a material breach of the terms and conditions of this Agreement;

(vii)conduct that is injurious to the reputation, business or assets of the Company.

You will not be eligible for the severance payments or benefits set forth herein if you resign from your employment with the Company for any reason or voluntarily terminate your employment.

15.Trade Secrets/Confidentiality. You hereby acknowledge that, as a result of your position with the Company, the Company will give you access to the Company's proprietary and confidential information and trade secrets. Therefore, as a condition of your employment and the Company's disclosing such proprietary and confidential information to you, you agree to sign and be bound by a Trade Secrets/Confidentiality Agreement. If you have any proprietary materials, documents, electronic data or other proprietary information of your former employer(s) in your possession, you must return all originals and copies of such proprietary information, including any copies of electronically stored information from your former employers' computer systems, email, or other electronic storage devices, and must not retain any such copies before your start date with the Company. The Company also prohibits you from disclosing or using any proprietary or confidential information of any former employer in the course of your employment with the Company or from sharing any such proprietary materials or information with anyone at the Company.

16.Arbitration Agreement. As a condition of your employment, you agree to sign and be bound by a Mutual Arbitration Agreement, pursuant to which you and the Company will resolve any disputes that arise between you and the Company about your employment, to the extent permitted by law.

17.Company Policies. You will be required to comply with the Company's policies and procedures, as they may be constituted from time to time, including but not limited to those set forth in BJ's Restaurants Restaurant Support Center Handbook and Code of Integrity, Ethics and Conduct. Notwithstanding, the terms set forth in this Agreement or any other written fully executed agreement between you and the Chief Executive Officer of the Company shall prevail over conflicting Company policies and procedures.

18.Entire Understanding of Agreement. By signing this letter, you acknowledge that the terms described in this letter set forth the entire understanding between the parties concerning the terms of your employment and supersede all prior representations, understandings and agreements, either oral or in writing, between the parties hereto with respect to the terms of your employment by the Company. All such prior representations, understandings and agreements, both oral and written, are hereby terminated. However, nothing in this paragraph is intended to, nor does it, affect additional written agreements entered into by the parties contemporaneous with or subsequent to this agreement, including, without limitation, the Trade Secrets/Confidentiality and Arbitration Agreement referenced in Paragraphs 15 and 16 above. No term or provision of this letter may be amended, waived, released, discharged or modified except in writing, signed by you and an authorized officer of the Company.

19.At Will Employment. This letter is not intended to constitute a contract of employment but is merely intended to outline certain details of our offer of employment to you. Your employment with the Company is not for any specific period of time and is "at will." This means that both you and the Company reserve the right to terminate the employment relationship at any time, with or without notice, for any or no particular reason or cause. While the terms of your employment and compensation may change from time to time, the "at-will" nature of your employment with the Company will not and cannot change.

20.Severability. If any provision contained in this letter is determined to be void, illegal or unenforceable, in whole or in part, then the other provisions contained herein shall remain in full force and effect as if the provision which was determined to be void, illegal, or unenforceable had not been contained herein.

The terms of this offer of employment expire in ten (10) days from the date hereof. Please acknowledge your acceptance of this offer of employment on the terms indicated by signing the enclosed copy of this letter and returning it to me as soon as possible.

We are excited to bring you onto the BJ's team! Please do not hesitate to call me if you have any questions.

Sincerely,

Greg Levin
Chief Executive Officer
BJ's Restaurants, Inc.

I accept the above offer of employment with BJ's Restaurants, Inc. on the terms described in this letter:

Putnam Shin Date

Exhibit 31

BJ’S RESTAURANTS, INC.

Certification of Chief Executive Officer

I, Gregory S. Levin, certify that:

1.I have reviewed this quarterly report on Form 10-Q for BJ’s Restaurants, Inc. (the “registrant”);

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the consolidated 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 officers 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 consolidated 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;

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s first fiscal quarter 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 officers 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:

(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: May 6, 2024	By:	/s/ GREGORY S. LEVIN Gregory S. Levin Chief Executive Officer and President (Principal Executive Officer)

BJ'S RESTAURANTS, INC.

Certification of Chief Financial Officer

I, Thomas A. Houdek, certify that:

1.I have reviewed this quarterly report on Form 10-Q for BJ's Restaurants, Inc. (the "registrant");

2.Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3.Based on my knowledge, the consolidated 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 officers 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 consolidated 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;

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's first fiscal quarter 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 officers 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:

(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: May 6, 2024	By:	/s/ THOMAS A. HOUDEK
		Thomas A. Houdek
		Senior Vice President and Chief Financial Officer
		(Principal Financial Officer)

Exhibit 32

BJ'S RESTAURANTS, INC.
CERTIFICATION PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned Gregory S. Levin, Chief Executive Officer of the Company, and Thomas A. Houdek, Chief Financial Officer of the Company, certify to their knowledge:

(1) The Quarterly Report on Form 10-Q of the Company for the quarter ended April 2, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

In Witness Whereof, each of the undersigned has signed this Certification as of this May 6, 2024.

/s/ GREGORY S. LEVIN	/s/ THOMAS A. HOUDEK
Gregory S. Levin	Thomas A. Houdek
Chief Executive Officer and President	Senior Vice President and Chief Financial Officer
(Principal Executive Officer)	(Principal Financial Officer)