

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2025

OR

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

For the transition period from _____ to _____

Commission File Number: 001-41727

GEN Restaurant Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
11480 South Street Suite 205
Cerritos, CA
(Address of principal executive offices)

87-3424935
(I.R.S. Employer
Identification No.)

90703
(Zip Code)

Registrant's telephone number, including area code: (562) 356-9929

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, par value \$0.001 per share	GENK	The Nasdaq Stock Market LLC (The Nasdaq Global Market)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

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

As of November 6, 2025 the registrant had 5,259,566 shares of Class A common stock, \$0.001 par value per share, outstanding and 27,682,719 shares of Class B common stock, \$0.001 par value per share, outstanding.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

GEN RESTAURANT GROUP, INC.
Condensed Consolidated Balance Sheets

(in thousands, except share and per share information)	September 30, 2025 (unaudited)	December 31, 2024
Current assets:		
Cash and cash equivalents	\$ 4,793	\$ 23,675
Inventories	884	727
Accounts receivable	1,021	3,487
Income tax receivable	747	—
Prepaid expenses and other current assets	5,761	6,004
Total current assets	13,206	33,893
Property and equipment, net	68,174	52,639
Goodwill	9,498	9,498
Operating lease assets, net	139,765	131,542
Deferred tax asset	12,769	11,686
Other assets	2,127	1,157
Total assets	\$ 245,539	\$ 240,415
Liabilities and equity		
Current liabilities		
Accounts payable	13,803	12,408
Accrued salaries and benefits	1,777	3,243
Accrued interest	70	60
Notes payable, current	4,677	1,724
Line of credit	—	3,000
Obligations under finance leases, current	5	26
Operating lease liabilities, current	6,475	5,221
Deferred Restaurant Revitalization Fund grant	3,806	3,806
Gift card liabilities	2,398	5,983
Other current liabilities	7,480	5,598
Total current liabilities	40,491	41,069
Notes payable, net of current portion	6,112	5,140
Tax receivable agreement liability	1,077	691
Obligations under finance leases, net of current	9	—
Operating lease liabilities, net of current portion	158,263	147,898
Total liabilities	205,952	194,798
Commitments and contingencies (Note 11)		
Mezzanine equity		
EB-5 Members' equity; Redeemable units for 30% of Gen Restaurant Investment, LLC, redemption amount of \$1,500 as of September 30, 2025 and December 31, 2024.	1,500	1,500
Permanent equity		
Class A common stock, \$0.001 par value, 70,000,000 shares authorized, 5,259,566 shares issued and outstanding and 4,913,064 shares issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	5	5
Class B common stock, \$0.001 par value, 50,000,000 shares authorized; 27,682,719 shares issued and outstanding and 27,886,912 shares issued and outstanding as of September 30, 2025 and December 31, 2024, respectively	28	28
Additional paid-in capital	14,023	11,782
Accumulated other comprehensive income	74	—
Retained Earnings (accumulated deficit)	(212)	915
Non-controlling interest	24,169	31,387
Total permanent equity	38,087	44,117
Total liabilities, mezzanine equity, and permanent equity	\$ 245,539	\$ 240,415

See accompanying notes to condensed consolidated financial statements.

GEN RESTAURANT GROUP, INC.
Condensed Consolidated Statements of Comprehensive Income (Loss)

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
	(unaudited)			
Revenue	\$ 50,418	\$ 49,105	\$ 162,795	\$ 153,726
Restaurant operating expenses:				
Food cost	17,538	15,442	55,422	50,110
Payroll and benefits	14,390	14,977	49,140	47,491
Occupancy expenses	5,427	4,116	15,639	12,799
Operating expenses	6,174	5,728	18,005	16,185
Depreciation and amortization	2,277	1,695	6,491	4,938
Pre-opening costs	2,315	1,807	7,015	5,354
Total restaurant operating expenses	48,121	43,765	151,712	136,877
General and administrative	6,466	5,221	19,239	14,952
Depreciation and amortization - corporate	41	31	111	89
(Gain) loss on lease terminations	(471)	—	(471)	—
Total costs and expenses	54,157	49,017	170,591	151,918
(Loss) income from operations	(3,739)	88	(7,796)	1,808
Employee retention credits	—	—	313	200
Gain on remeasurement of previously held interest (see Note 3)	—	—	—	3,402
Other loss	(39)	—	(339)	—
Loss on foreign currency	—	—	(14)	—
Interest income (expense), net	(121)	196	7	734
Equity in loss of equity method investee	—	—	—	(17)
Net (loss) income before income taxes	(3,899)	284	(7,829)	6,127
(Benefit) provision for income taxes	(271)	115	(540)	198
Net (loss) income	(3,628)	169	(7,289)	5,929
Less: Net (loss) income attributable to non-controlling interest	(3,062)	144	(6,162)	5,133
Net (loss) income attributable to GEN Restaurant Group, Inc.	(566)	25	(1,127)	796
Net (loss) income attributable to Class A common stock per share - basic and diluted	\$ (566)	\$ 25	\$ (1,127)	\$ 796
Weighted-average shares of Class A common stock outstanding - basic and diluted	5,245	4,861	5,131	4,585
Net (loss) income per share of Class A common stock - basic and diluted	\$ (0.11)	\$ 0.01	\$ (0.22)	\$ 0.17
Other comprehensive income, net of tax:				
Foreign currency translation adjustment	\$ (76)	\$ —	\$ 74	\$ —
Comprehensive (loss) income	(3,704)	169	(7,215)	5,929
Less: Comprehensive (loss) income attributable to non-controlling interest	(3,126)	144	(6,089)	5,133
Comprehensive (loss) income attributable to GEN Restaurant Group, Inc.	\$ (578)	\$ 25	\$ (1,126)	\$ 796

See Note 15 for calculation of net (loss) income per share.

See accompanying notes to condensed consolidated financial statements.

GEN RESTAURANT GROUP, INC.
Condensed Consolidated Statements of Changes in Permanent Equity (Deficit)
(unaudited)

Nine months ended September 30, 2025 and September 30, 2024

(in thousands except for share amounts)	Class A Common Stock		Class B Common Stock		Additio nal paid-in capital	Retain ed Earnin gs	Non- Controll ing Interest	Stockhold ers' Equity/ Members' equity (deficit)
	Shares	Am ount	Shares	Amo unt				
Balance, December 31, 2023	4,140,00		28,141,56					
	0	\$ 4	6	\$ 28	\$ 7,112	\$ 322	\$ 28,552	\$ 36,018
Net income						496	3,202	3,698
Stock-based compensation					759			759
Adjustment to tax liabilities and assets under Tax Receivable Agreement ("TRA") ⁽¹⁾					(113)			(113)
Shares issued upon RSU vesting	117,304							—
Exchange of non-controlling interest for Class A common stock	254,654		(254,654)		258		(258)	—
Balance, March 31, 2024	4,511,95		27,886,91					
	8	\$ 4	2	\$ 28	\$ 8,016	\$ 818	\$ 31,496	\$ 40,362
Net income						277	1,787	2,064
Stock-based compensation					759			759
Issuance of Class A common stock	237,593				1,436			1,436
Contribution by stockholder in final IPO settlement					1,275			1,275
Balance, June 30, 2024	4,749,55		27,886,91					
	1	\$ 4	2	\$ 28	\$ 11,486	\$ 1,095	\$ 33,283	\$ 45,896
Net income						\$ 25	\$ 144	169
Stock-based compensation					\$ 734			734
Shares issued upon RSU vesting	163,513	\$ 1			\$ (1)			-
Adjustment to tax liabilities and assets under TRA					\$ (331)			(331)
Balance, September 30, 2024	4,913,06		27,886,91					
	4	\$ 5	2	\$ 28	\$ 11,888	\$ 1,120	\$ 33,427	\$ 46,468

⁽¹⁾ See Note 12 - Tax Receivable Agreement, for more information.

(in thousands except for share amounts)	Class A Common Stock		Class B Common Stock		Additional I paid-in capital	Accumulated Other Comprehensive Gain (Loss)	Retained Earnings	Non- Controlling Interest	Stockholders' Equity/ Members' equity
	Shares	Amount	Shares	Amount					
Balance, December 31, 2024	4,913,064	\$ 5	27,886,912	\$ 28	\$ 11,782	\$ —	\$ 915	\$ 31,387	\$ 44,117
Net loss							(300)	(1,663)	(1,963)
Stock-based compensation					734				734
Adjustment to tax liabilities and assets under TRA					105				105
Exchange of non-controlling interest for Class A common stock	125,397		(125,397)		142		—	(142)	-
Purchase of Class A common stock under stock repurchase plan					(200)				(200)
Balance, March 31, 2025	5,038,461	\$ 5	27,761,515	\$ 28	\$ 12,563	\$ -	\$ 615	\$ 29,582	\$ 42,793
Net loss							(261)	(1,437)	(1,698)
Foreign currency translation adjustment						150			150
Stock-based compensation	93,794	—			734				734
Adjustment to tax liabilities and assets under TRA					36				36
Exchange of non-controlling interest for Class A common stock	78,796	—	(78,796)	—	84		—	(84)	—
Dividends paid \$0.03 per share					(157)				(157)
Distributions paid to Non-controlling interest - \$0.03 per share					(1)			(830)	(831)
Balance, June 30, 2025	5,211,051	\$ 5	27,682,719	\$ 28	\$ 13,259	\$ 150	\$ 354	\$ 27,231	\$ 41,027
Net loss							(566)	(3,062)	(3,628)
Foreign currency translation adjustment						(76)			(76)
Stock-based compensation					734				734
Shares issued upon RSU vesting	48,515								
Adjustment to tax liabilities and assets under TRA					30				30
Balance, September 30, 2025	5,259,566	\$ 5	27,682,719	\$ 28	\$ 14,023	\$ 74	\$ (212)	\$ 24,169	\$ 38,087

See accompanying notes to condensed consolidated financial statements.

GEN RESTAURANT GROUP, INC.
Condensed Consolidated Statements of Cash Flows

(in thousands)	Nine Months Ended September 30,	
	2025	2024
	(unaudited)	
Cash flows from operating activities		
Net (loss) income	\$ (7,289)	\$ 5,929
Adjustments to reconcile net (loss) income to cash provided by operating activities		
Depreciation and amortization	6,602	5,027
Equity in income of equity method investee, net of distributions	—	17
Gain on remeasurement of previously held interest	—	(3,402)
Stock-based compensation	2,202	2,252
Amortization of operating lease assets	5,020	5,415
Gain on lease terminations	(471)	—
Interest income earned on Notes receivable from related party	—	(33)
Deferred tax expense	(527)	(95)
Changes in operating assets and liabilities:		
Accounts receivable	2,466	(1,145)
Inventories	(158)	(993)
Income tax receivable	(747)	—
Prepaid expenses and other current assets	244	(1,439)
Other assets	(970)	(334)
Accounts payable	1,656	1,034
Accrued salaries and benefits	(1,466)	(1,031)
Accrued interest	10	36
Gift card liabilities	(3,584)	1,304
Other current liabilities	1,882	(413)
Operating lease liabilities	(1,030)	(1,610)
Income tax payable	—	—
Net cash provided by operating activities	3,840	10,519
Cash flows from investing activities		
Purchase of property and equipment	(22,523)	(16,682)
Acquisition of GKBH, net of cash acquired	—	(5,976)
Net cash used in investing activities	(22,523)	(22,658)
Cash flows from financing activities		
Payments to members for advances	—	(881)
Payments for deferred offering costs	—	—
Payments on EIDL loans	(52)	(70)
Payments on finance leases	(11)	(91)
Payments on third party loans	(2,022)	(397)
Payment on line of credit	(3,000)	—
Proceeds from third party loans	6,000	3,000
Payments under stock repurchase plan	(200)	—
Distributions paid on NCI	(831)	—
Dividends paid on common stock	(157)	—
Net cash used in financing activities	(273)	1,561
Effects of exchange rate changes on cash	74	—
Net change in cash and cash equivalents	(18,882)	(10,578)
Cash and cash equivalents at beginning of period	23,675	32,631
Cash and cash equivalents at end of the period	\$ 4,793	\$ 22,053
Supplemental disclosures of other cash flow information:		
Cash paid for interest	\$ 3	\$ 169
Cash paid for taxes	462	114
Non-cash investing and financing activities:		
Reduction in accounts payable and accruals for purchases of property and equipment	261	2,747
Leased assets obtained in exchange for new operating lease liabilities	14,250	30,698
Reduction due to early lease termination of operating lease asset	(1,007)	—
Conversion of related party loans to equity	—	1,436
Issuance of promissory note for business acquisition	—	3,000
Adjustments to tax liabilities and assets under TRA	171	(444)
Exchange of NCI for Class A common stock	226	258
Contribution by stockholder in final IPO settlement	—	1,275

See accompanying notes to condensed consolidated financial statements.

GEN RESTAURANT GROUP, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)
September 30, 2025 and 2024

(1) Organization and Description of Business

The accompanying consolidated financial statements represent the consolidated balance sheets, statements of comprehensive income (loss), changes in permanent equity (deficit), and cash flows of GEN Restaurant Group, Inc. and its consolidated subsidiaries (the “Company”), including GEN Restaurant Companies, LLC (the “Operating Company”).

The following table lists the Company’s restaurants in operation as of September 30, 2025:

Name	Operating Name	State	Purpose
GEN Restaurant Group, LLC	GEN Tustin	CA	Restaurant
	GEN Huntington Beach	CA	Restaurant
	GEN Oxnard	CA	Restaurant
JC Group International Inc. (S Corp)	GEN West Covina	CA	Restaurant
	GEN Corona	CA	Restaurant
GEN Restaurant Investment, LLC	GEN Glendale	CA	Restaurant
GEN California, LLC	GEN Fullerton	CA	Restaurant
	GEN Mira Mesa	CA	Restaurant
GEN Arizona, LLC	GEN Tempe	AZ	Restaurant
GEN Chandler, LLC	GEN Chandler	AZ	Restaurant
GEN Nevada, LLC	GEN Sahara	NV	Restaurant
	GEN Miracle Mile	NV	Restaurant
GEN Alhambra, LLC	GEN Alhambra	CA	Restaurant
GEN Arlington, LP	GEN Arlington	TX	Restaurant
GEN Cerritos, LLC	GEN Cerritos	CA	Restaurant
GEN Cerritos II, LP	Gen Cerritos II	CA	Restaurant
GEN Torrance, LLC	GEN Torrance	CA	Restaurant
GEN Rancho Cucamonga, LP	GEN Rancho Cucamonga	CA	Restaurant
GEN San Jose, LP	GEN San Jose	CA	Restaurant
GEN Northridge, LP	GEN Northridge	CA	Restaurant
GEN Chino Hills, LP	GEN Chino Hills	CA	Restaurant
GEN Carrollton, LP	GEN Carrollton	TX	Restaurant
GEN Fort Lauderdale, LP	GEN Fort Lauderdale	FL	Restaurant
GEN Fremont, LP	GEN Fremont	CA	Restaurant
GEN Concord, LP	GEN Concord	CA	Restaurant
GEN Webster, LP	GEN Webster	TX	Restaurant
GEN Westgate, LP	GEN Westgate	CA	Restaurant
GEN Westheimer, LLC	GEN Westheimer	TX	Restaurant
GEN Manhattan NYU, LP	GEN Manhattan	NY	Restaurant
GEN Maui, LP	GEN Maui	HI	Restaurant
GEN Mountain View, LP	GEN Mountain View	CA	Restaurant
GKBH Restaurant, LLC	GEN Korean BBQ	HI	Restaurant
GEN Sacramento, LP	GEN Sacramento	CA	Restaurant
GEN PearlrIDGE, LLC	GEN PearlrIDGE	HI	Restaurant
GEN Kapolei, LP	GEN Kapolei	HI	Restaurant
GEN El Paso, LP	GEN El Paso	TX	Restaurant
GEN Frisco, LP	GEN Frisco	TX	Restaurant
GEN Houston, LLC	GEN Houston	TX	Restaurant
GEN Seattle, LP	GEN Seattle	WA	Restaurant
GEN Jacksonville, LP	GEN Jacksonville	FL	Restaurant
GEN Dallas, LP	GEN Dallas	TX	Restaurant
GEN Waco, LP	GEN Waco	TX	Restaurant
GEN Pflugerville, LP	GEN Pflugerville	TX	Restaurant
GEN Tigard, LP	GEN Tigard	OR	Restaurant
GEN Orlando, LP	GEN Orlando	FL	Restaurant
GEN Edison, LP	GEN Edison	NJ	Restaurant
GEN San Antonio, LP	GEN San Antonio	TX	Restaurant
GEN Austin, LP	GEN Austin	TX	Restaurant
Kan Sushi Austin, LP	Kan Sushi	TX	Restaurant
GEN Cary, LP	GEN Cary	NC	Restaurant
GEN San Diego, LP	GEN La Jolla	CA	Restaurant
GEN K Sadang, LLC	GEN Sadang	Korea	Restaurant
GEN K Ilsan, LLC	GEN Ilsan	Korea	Restaurant
GEN K Incheon Guwol, LLC	Kan Guwol	Korea	Restaurant
	GEN Guwol	Korea	Restaurant
	GEN Wirye	Korea	Restaurant
GEN K Wiyre, LLC	Kan Wiyre	Korea	Restaurant

GEN RESTAURANT GROUP, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)
September 30, 2025 and 2024

The Company also has the following entities:

Name	Operating Name	State	Purpose
GEN Hawaii, LLC	Investment Company	HI	Management of GKBH
GEN Texas, LLC	Investment Company	TX	Management of GEN Houston and GEN Webster
GEN Master, LLC	Holding Company	NV	Management
GEN K, LLC	GEN K	Korea	Management of South Korean Restaurant
GEN Restaurant Management, LLC	GRM	DE	Management
GEN Online, LLC	GEN Online	CA	Website sales

The Company operates restaurants which are located in California, Arizona, Florida, Hawaii, Nevada, Washington, New York, Texas, New Jersey, Oregon, North Carolina, and in the country of South Korea, specializing in a variety of special flavored meats for Korean barbeque.

As of September 30, 2025, the above entities are collectively owned 100% by the controlling group. The Company had an equity method investment through GEN Hawaii, with a 50% ownership share of GKBH Restaurant, LLC (“GKBH”). On February 18, 2024, the Company purchased the other 50% of GKBH for a total purchase price of \$6.0 million and the Company now controls 100% of GKBH. As of September 30, 2025 and December 31, 2024, there were 57 and 43 restaurants in operation, respectively.

Organization

GEN Restaurant Group, Inc. (“GEN Inc.”) was formed as a Delaware corporation on October 28, 2021 and is based in Cerritos, California. As the managing member of the Operating Company, GEN Inc. operates and controls all the business and affairs of the Operating Company, and through the Operating Company and its consolidated subsidiaries, conducts its business. Unless the context otherwise requires, references to the “Company” refer to GEN Inc., and its consolidated subsidiaries, including the Operating Company.

On June 30, 2023, the Company completed an initial public offering (the “IPO”) of 4,140,000 shares of Class A common stock at \$12.00 per share that generated aggregate net proceeds of \$46.2 million.

(2) Basis of Presentation and Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of the Company, collectively, have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and applicable rules and regulations of the Securities and Exchange Commission (“SEC”) regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2024 (the “Annual Report”). These unaudited condensed consolidated financial statements were prepared on the same basis as the audited consolidated financial statements, and, in the opinion of management, reflect all adjustments (all of which were considered of a normal recurring nature) considered necessary to present fairly the Company’s financial results. The results for the three and nine months ended September 30, 2025 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2025 and for any other interim period or future year.

(b) Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, “*Segment Reporting (Topic 820): Improvements to Reportable Segment Disclosures*” which provides guidance to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The guidance is effective for fiscal years beginning after December 15, 2023. The Company adopted this ASU in the fourth quarter of 2024, and there was no material impact on the consolidated financial statements.

GEN RESTAURANT GROUP, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)
September 30, 2025 and 2024

In November 2024, the FASB issued ASU 2024-03, “Disaggregation of Income Statement Expenses” and in January 2025, the FASB issued ASU 2025-01, “Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures”, which requires public companies to include additional disclosure of the nature of expenses included in the income statement as well as disclosures about specific type of expense included in the expense captions presented in the income statement. ASU 2024-03, as clarified by ASU 2025-01, is effective for fiscal years beginning after December 15, 2026. The Company is in the process of evaluating the impact that the adoption of these ASUs will have on the consolidated financial statements and related disclosures.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740),” “Improvements to Income Tax Disclosures,” which is effective for fiscal years beginning after December 15, 2024. The Company is currently evaluating the presentation effect that ASU 2023-09 will have on the consolidated financial statements and expects the update to result in additional disclosures in the Annual Report on the Form 10-K for the year ending December 31, 2025.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities in the accompanying unaudited condensed consolidated financial statements of the Company. The accompanying condensed consolidated financial statements have been prepared in conformity with GAAP and applicable rules, and regulations of the SEC regarding interim financial reporting. Certain information and note disclosures normally included in the financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. As such, these unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the Annual Report.

(d) Goodwill

Goodwill is calculated under Accounting Standards Codification (“ASC”) 805-30-30, which represents the excess of the fair value of purchase consideration of an acquired business over the fair value of the identifiable net assets acquired. Goodwill is not amortized but is tested for impairment at a reporting unit level on an annual basis, or more frequently if circumstances change or an event occurs that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

(e) Business Combinations

The Company accounts for business combinations under the acquisition method of accounting in accordance with ASC Topic 805, “Business Combinations” (“ASC 805”). Under the acquisition method, we recognize 100% of the assets we acquire and liabilities we assume, regardless of the percentage we own, at their estimated fair values as of the date of acquisitions. Any excess of the purchase price over the fair value of the net assets and other identifiable intangible assets we acquire is recorded as goodwill. The assets we acquire, and liabilities we assume from contingencies, are recognized at fair value if we can readily determine the fair value during the measurement period. The operating results of the business the Company acquired are included in the consolidated statements of operations from the date of acquisition.

(f) Equity-Based Compensation

The Company accounts for grants of equity awards to employees in accordance with ASC Topic 718, “Stock Based Compensation” The Company issued restricted stock units to its employees in 2023.

The Company estimates the fair value of the restricted stock units on the grant-date and recognizes the resulting fair value over the requisite service period. The fair value of each restricted stock unit or award is determined based upon the value of the common stock granted. The Company has elected to treat stock-based awards with graded vesting schedules and time-based service conditions as a single award and recognizes stock-based compensation on a straight-line basis over the requisite service period. Forfeitures are accounted for as they occur.

(g) Cash and Cash Equivalents

The Company and its related entities consider all highly liquid instruments with a maturity of three months or less when purchased to be cash equivalents. As of each of September 30, 2025 and December 31, 2024, cash and cash equivalents consist principally of cash, money market accounts and short-term investments. Short-term investments are classified as available for sale

GEN RESTAURANT GROUP, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)
September 30, 2025 and 2024

securities, which are carried at fair value, with changes in fair value reported in earnings. Cash equivalents also include credit card transactions in transit.

As of September 30, 2025 and December 31, 2024, there were deposits in excess of federally insured amounts of \$3.1 million and \$2.9 million, respectively.

	Fair Value Measurements at September 30, 2025			
(in thousands)	Carrying Value/Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total
Money Market Accounts (included in cash and cash equivalents)	\$ 2,528	\$ —	\$ —	\$ 2,528
U.S. Treasury Securities (included in cash and cash equivalents)	\$ —	\$ 55	\$ —	\$ 55
	<u>\$ 2,528</u>	<u>\$ 55</u>	<u>\$ —</u>	<u>\$ 2,583</u>

Represent money market accounts. Excludes \$2.2 million of cash and cash equivalents at September 30, 2025.

	Fair Value Measurements at December 31, 2024			
(in thousands)	Carrying Value/Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Total
Money Market Accounts (included in cash and cash equivalents)	\$ 6,459	\$ —	\$ —	\$ 6,459
U.S. Treasury Securities (included in cash and cash equivalents)	\$ 13,000	\$ 1,317	\$ —	\$ 14,317
	<u>\$ 19,459</u>	<u>\$ 1,317</u>	<u>\$ —</u>	<u>\$ 20,776</u>

Represent money market accounts. Excludes \$2.9 million of cash and cash equivalents at December 31, 2024.

(h) Concentration Risk

The Company utilizes third parties for specified food products and supplies. In instances where these parties fail to perform their obligation, the Company may be unable to find alternative suppliers.

The Company relies on Sysco Los Angeles, Inc. (“Sysco”), an unrelated third-party, for a significant portion of its food products. During the fourth quarter of 2023, the Company entered into an agreement with Sysco to purchase certain food supplies. For the three and nine months ended September 30, 2025 Sysco accounted for approximately 57.5% and 58.9% of total food costs, respectively. For the three and nine months ended September 30, 2024 Sysco accounted for approximately 68.4% and 68.9% of total food costs, respectively.

The Company also utilized Pacific Global Distribution, Inc. (“PGD”) during 2024 for restaurant supplies such as tableware, napkins, soda, and sauces. For the three and nine months ended September 30, 2024, PGC accounted for approximately 3.4% and 4.4% of total operating expenses, respectively. The Company has not made any purchases from PGD in 2025.

During the three months ended September 30, 2025, and 2024, two third party vendors accounted for 25.3% and 20.6% of total food costs and supplies, respectively. During the nine months ended September 30, 2025, and 2024, two third party vendors accounted for 31.8% and 15.1% of total food costs and supplies, respectively.

(i) Inventories

Inventories consist principally of food and beverages and are valued at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method (FIFO) for all inventories.

(j) Revenue Recognition

The Company recognizes revenue in accordance with ASC 606, “Revenue from Contracts with Customers.” Revenue from the operation of the restaurants is recognized as food and beverage products are delivered to customers and payment is tendered at the time of sale.

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Sales tax amounts collected from customers are remitted to governmental authorities and are excluded from revenue.

The Company started selling gift cards primarily during the fourth quarter of 2024. The Company sells gift cards which do not expire. Gift card balances are initially recorded as unearned income. Revenue from gift cards is recognized when gift cards are redeemed by the guest or, in the event a gift card is not expected to be redeemed, in proportion to actual redemptions of gift cards (“gift card breakage”). Gift card breakage income is included in revenue on the condensed consolidated statements of comprehensive income (loss).

(k) Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Property and equipment under finance leases are stated at the present value of minimum lease payments.

The estimated useful service lives are as follows:

Equipment	5 - 7 Years
Furniture and fixtures	5 - 7 Years
Leasehold improvements	Shorter of useful life or remaining lease term

The Company and its related entities capitalize certain costs in conjunction with improvements to specific sites for planned future restaurants. The Company and its related entities also capitalize certain costs, including interest, in conjunction with constructing new restaurants. These costs are included in property and equipment and are amortized over the shorter of the life of the related leasehold improvements or the remaining lease term. The Company and its related entities did not capitalize any internal costs related to site preparation and construction activities during the nine months ended September 30, 2025 and September 30, 2024 as any amounts were deemed immaterial.

(l) Other Assets and Other Current Liabilities

Other assets as of September 30, 2025 and December 31, 2024 consist of the following:

<i>(in thousands)</i>	September 30, 2025	December 31, 2024
Other Assets		
Security Deposits	\$ 1,741	\$ 933
Liquor Licenses	386	224
Total Other Assets	<u>\$ 2,127</u>	<u>\$ 1,157</u>

Other Current Liabilities as of September 30, 2025 and December 31, 2024 consist of the following:

<i>(in thousands)</i>	September 30, 2025	December 31, 2024
Other Current Liabilities		
Sales tax payable	\$ 1,306	\$ 1,645
Accrued percentage rent	1,255	1,221
Misc. accrued expenses	4,919	2,732
Total Other Current Liabilities	<u>\$ 7,480</u>	<u>\$ 5,598</u>

(m) Advances from members

Advances from members of the Operating Company (the “Members”) consist of funding received from the Members. During the first quarter of 2024, the Company re-paid Members \$864 thousand. As of September 30, 2025, and December 31, 2024, the Company did not owe any balance related to these advances from the Members.

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(n) Pre-Opening Costs

Pre-opening costs, incurred in connection with the opening of new restaurants, are recorded as expenses when the costs are incurred. Pre-opening costs for the three months ended September 30, 2025 and 2024 were \$2.3 million and \$1.8 million, respectively. Pre-opening costs for the nine months ended September 30, 2025 and 2024 were \$7.0 million and \$5.4 million, respectively.

(o) Income Taxes

Prior to the IPO, the Company and its related entities were organized as limited liability companies or limited partnerships and are treated as pass-through entities for federal and state income tax purposes. As the Operating Company and its related entities (other than GEN Inc.) have elected to be treated as partnerships for income tax purposes and are not subject to federal or state income taxes, income or loss is included in the tax returns of the members or the partners of the Operating Company and its related entities based on their respective shares.

Deferred tax assets are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes positions taken or expected to be taken in a tax return in accordance with existing accounting guidance on income taxes which prescribes a recognition threshold and measurement process. Under GAAP, a tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Interest and penalties on tax liabilities, if any, would be recorded in the interest expense and other non-interest expense line items, respectively.

In assessing the realizability of deferred tax assets, management considered whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

(p) Long-Lived Assets

Long-lived assets, such as property and equipment owned, are reviewed quarterly for impairment and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group to be tested for possible impairment, undiscounted cash flows expected to be generated by that asset or asset group are compared to its carrying amount. If the carrying amount of the long-lived asset or asset group is not expected to be recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. We assessed our long-lived assets for potential impairment with the result that no impairment charges were recorded in any of the periods presented.

(q) Interest Income (Expense), net

A reconciliation of total interest cost to interest income (expense), net as reported in the condensed consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2025 and 2024 is as follows:

(in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Interest expense	\$ (198)	\$ (135)	\$ (438)	\$ (312)
Interest income	77	331	445	1,046
Interest income (expense), net	\$ (121)	\$ 196	\$ 7	\$ 734

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(r) Liquor Licenses

Liquor licenses are deemed to have indefinite useful lives and are qualitatively tested on an annual basis for impairment. Liquor licenses are included in the other assets line item in the accompanying condensed consolidated balance sheets.

(s) Sales Taxes

Sales taxes are imposed by state, county, and city governmental authorities, collected from customers and remitted to the appropriate governmental agency. The Company's policy is to record the sales taxes collected as a liability and then remove the liability when the sales tax is remitted. There is no impact on the condensed consolidated statements of comprehensive income (loss) as restaurant sales are recorded net of sales tax.

(t) Advertising Costs

Advertising costs are expensed as incurred and are included in general and administrative expenses in the accompanying condensed consolidated statements of comprehensive income (loss). For the three months ended September 30, 2025 and 2024, the Company incurred approximately \$376 thousand and \$156 thousand in advertising expenses, respectively. For the nine months ended September 30, 2025 and 2024, the Company incurred approximately \$1.7 million and \$246 thousand in advertising costs, respectively.

(u) Risks and Uncertainties.

We have been subject to continued risks and uncertainties as a result of the outbreak of pandemics, and local, state and federal governmental responses to a pandemic. We cannot predict whether future pandemic outbreaks will reoccur or whether additional restrictions may be enacted, to what extent we can maintain sales volumes during or following any resumption of mandated social distancing protocols or vaccination or mask mandates and what long-lasting effects a pandemic may have on the restaurant industry as a whole.

The Company has experienced, and in the future may experience, inflation related to its purchase of certain food supplies that the Company needs to operate its business. This price volatility could potentially have a material impact on the Company's financial condition and/or its results of operations. In order to mitigate price volatility, the Company monitors cost fluctuations and may adjust its menu prices accordingly. The Company's ability to compensate for higher costs through increased menu pricing may be limited by the competitive environment in which the Company operates.

We have evaluated and will continue to evaluate the impact of import laws and tariffs on our operations. As of September 30, 2025, import laws and tariffs have not had a material impact on our business, financial condition, results of operations or cash flows. However, we expect tariffs will impact our operations in certain areas, such as food and beverage costs, construction and equipment costs and other restaurant operating costs, for the remainder of fiscal 2025.

(v) Restaurant Revitalization Fund

In 2021, several of the Company's restaurants received a total of approximately \$16.8 million from the Restaurant Revitalization Fund ("RRF"). The RRF funds must be used for specific purposes, and the Company was required to provide use of funds validation on an annual basis through March 2023. The Company accounted for the RRF funds as a government grant and has recognized the amounts as income as related expenses were incurred. During the year ended December 31, 2022, the Company recognized approximately \$13.0 million as RRF grant income and had deferred the remaining balance of \$3.8 million. No RRF grant income was recognized during the nine months ended September 30, 2025 and 2024.

(w) Employee Retention Credits

In March 2020, the Coronavirus Aid, Relief, and Economic Security Act was signed into law, providing numerous tax provisions and other stimulus measures, including the Employee Retention Credit ("ERC"), a refundable tax credit against certain employment taxes. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 and the American Rescue Plan Act of 2021 extended and expanded the availability of the ERC. We qualified for the ERC in the first and second quarters of 2019, second and fourth

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quarters of 2020 and first, second and third quarters of 2021. During the three months ended September 30, 2025 and 2024, we did not received any ERC. During the nine months ended September 30, 2025 and 2024, we recorded an aggregate benefit of \$313 thousand and \$200 thousand, respectively, in our condensed consolidated statement of comprehensive income (loss) to reflect the ERC.

(x) Net Income (Loss) Per Share

Basic net income per share is computed by dividing net income attributable to the Company by the weighted-average number of shares outstanding during the period. Diluted net income per share is computed by giving effect to all potential weighted-average dilutive shares including stock options, restricted stock units, dividend equivalent units, restricted stock awards, and Class B Common Units exchangeable for shares of Class A common stock. The dilutive effect of outstanding awards, if any, is reflected in diluted earnings per share by application of the treasury stock method or if-converted method, as applicable. See “Note 15—Net Income per Share.”

(y) Accounts Receivable

Accounts receivable consist primarily of receivable from Costco for gift card sales. The collectability of accounts receivable is evaluated based on a variety of factors, including historical experience, current economic conditions and other factors.

(3) Business Combinations

On February 18, 2024, we acquired the remaining 50% interest in GKBH, which was previously accounted for under the equity method. GKBH has been consolidated in our consolidated financial statement commencing February 18, 2024, the date of acquisition. The purchase price for the acquisition was allocated based on estimates of the fair value of the net assets acquired at the acquisition date, with the excess allocated to goodwill. The total consideration for the acquisition was \$6.0 million, payable in cash. During the nine months ended September 30, 2024, we recognized approximately \$370 thousand in acquisition-related costs, which were included within “Gain on remeasurement of previously held interest” in our condensed consolidated statements of comprehensive income (loss).

The following table summarizes the fair value of GKBH’s assets and liabilities at the acquisition date, and the resulting goodwill.

(in thousands)		
Purchase price of 50% interest in GKBH	\$	6,000
Acquisition-date fair value of previously held interest (Level 2)		4,286
Fair value of GKBH at acquisition date		<u>10,286</u>
(in thousands)		
Cash	\$	24
Accounts Receivable		96
Inventories		22
Prepaid and Other assets		118
Deposits		67
Property and equipment		745
Operating lease right-of use assets		3,850
Liabilities assumed		(4,135)
Total identifiable net assets	\$	<u>787</u>
Goodwill		<u>9,498</u>
	\$	<u>10,285</u>

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(5) Property and Equipment, Net

The costs and related accumulated depreciation and amortization of major classes of property:

(in thousands)	For the period ended	
	September 30, 2025	December 31, 2024
Equipment	20,790	16,597
Furniture and fixtures	8,427	6,678
Leasehold improvements	71,506	55,275
Other assets	414	414
Construction in progress	10,968	12,809
	<u>\$ 112,105</u>	<u>\$ 91,773</u>
Less accumulated depreciation and amortization	(43,931)	(39,134)
Property and Equipment, Net	<u>\$ 68,174</u>	<u>\$ 52,639</u>

The construction in progress balance on each of September 30, 2025 and December 31, 2024 is related to new restaurants being developed for openings expected in 2025 and 2026.

Total depreciation and amortization for the three months ended September 30, 2025 and 2024 was \$2.3 million and \$1.7 million, respectively, of which \$2 thousand and \$0 for those periods, respectively, was related to assets acquired under a finance lease.

Total depreciation and amortization for the nine months ended September 30, 2025 and 2024 was \$6.6 million and \$5.0 million, respectively, of which \$3 thousand and \$0 for those periods, respectively, was related to assets acquired under a finance lease.

(6) Gift Cards

Total deferred revenue related to gift cards include the full value of the unredeemed gift card balances less recognized breakage and the unamortized portion of third-party fees. The following table presents information related to gift cards:

(in thousands)	Nine months ended September 30, 2025	
Gift card liabilities:		
Beginning Balance	\$	5,983
Gift Card Activations		7,219
Gift Card Redemptions		(8,874)
Gift Card Breakage		(1,930)
Ending Balance	<u>\$</u>	<u>2,398</u>

(7) Line of Credit

On February 18, 2024, the Company finalized an agreement with WDI International, Inc. to acquire the remaining 50% ownership stake in GKBH, along with securing rights for participation in upcoming restaurant ventures in Hawaii, at a valuation of \$6.0 million. Subsequently, on the same date, the Company disbursed \$3.0 million in cash and committed to a promissory note amounting to \$3.0 million as per the terms of the agreement. The note was non-interest bearing and was due August 16, 2024, at which time the note was paid in full on August 16, 2024.

On September 29, 2023, the Company entered into a loan agreement for a \$20.0 million line of credit with PCB Bank. The line of credit matures on September 25, 2026, and bears interest at a variable rate per annum equal to 7.50% as of September 30, 2025. As of September 30, 2025, the balance was \$0.

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(8) Notes Payable

Notes Payable to Bank

During the third quarter of 2024, the Company entered into a loan agreement with a bank in the amount of \$3.0 million with a maturity date of June 26, 2026, at a variable interest rate which is defined as the Wall Street Journal Prime Rate plus 0.25%, resulting in an interest rate of 7.50% as of September 30, 2025. The balance as of September 30, 2025 was \$1.1 million.

On April 25, 2025, the Company entered into a loan agreement with PCB Bank in the amount of \$2.0 million with a maturity date of April 25, 2027 at a variable interest rate which is defined as the Wall Street Journal Prime Rate plus 0.25%, resulting in an interest rate of 7.50% as of September 30, 2025. The balance as of September 30, 2025 was \$1.5 million.

On July 29, 2025, the Company entered into a loan agreement for \$4.0 million with PCB Bank. The loan matures on July 29, 2027, and bears interest at a variable rate per annum equal to 0.25% over the Wall Street Journal Prime Rate, which equaled 7.50% as of September 30, 2025. The balance as of September 30, 2025 was \$3.7 million.

Economic Injury Disaster Loan (“EIDL”)

On July 1, 2020, the Company executed the standard loan documents for six restaurants required for securing an EIDL loan from the United States Small Business Administration (the “SBA”) under its Economic Injury Disaster Loan assistance program. This assistance was sought in light of the impact of the COVID-19 pandemic on the Company’s business.

As of both September 30, 2025 and December 31, 2024, the total principal amounts of the EIDLs were \$4.3 million and \$4.4 million, respectively, and the proceeds were used for working capital purposes. Interest accrues on the EIDL loans at 3.75% per annum. Installment payments, including principal and interest, are due monthly beginning twelve months from the origination date of each loan. The balance of principal and interest is payable over thirty years from the date of the promissory note.

Note Payable to Landlord

In August 2017, GEN Fremont entered into a note agreement with a landlord. The Company is making equal monthly payments on this note which has a July 2027 maturity date, with an interest rate of 8.00% per annum. As of September 30, 2025 and December 31, 2024, the loan balance outstanding was \$151 thousand and \$203 thousand, respectively.

Total Obligations of Notes Payable

The aggregate maturities of all third party notes payable as of September 30, 2025:

(in thousands)	
2025 - remaining	\$ 4,677
2026	2,100
2027	153
2028	157
2029	161
Thereafter	3,541
	<u>\$ 10,789</u>
Less current portion of notes payable	(4,677)
Long term portion	<u>\$ 6,112</u>

(9) Related Party Notes Payable

During 2022, the Members loaned \$1.9 million to the Company, at an interest rate of 3.00% per year and a maturity date of November 25, 2024. The balance was \$0 at each of September 30, 2025 and December 31, 2024.

Interest expense incurred for the related party debt line item for the three months ended September 30, 2025 and 2024, was \$0 for both periods.

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Interest expense incurred for the related party debt line item for the nine months ended September 30, 2025 and 2024, was \$0 and \$52 thousand, respectively.

(10) Leases

At inception of a contract, the Company assesses whether a contract is a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease classification, measurement, and recognition are determined at lease commencement, which is the date the underlying asset is available for use by the Company. The accounting classification of a lease is based on whether the arrangement is effectively a financed purchase of the underlying asset (finance lease) or not (operating lease). The Company has operating and finance leases for its corporate office, restaurant locations, office equipment and kitchen equipment. Our leases have remaining lease terms of less than one year up to 25 years, including options to extend many of the leases. For leases with renewal periods at the Company's option, the Company determines the expected lease period based on whether the renewal of any options are reasonably assured at the inception of the lease.

Operating leases are accounted for on the condensed consolidated balance sheets with the lease assets and liabilities recognized in "Operating lease assets," - "Operating lease liabilities, current," and "Operating lease liabilities, net of current portion".

Lease assets and liabilities are recognized at the lease commencement date. All lease liabilities are measured at the present value of the lease payments not yet paid. To determine the present value of lease payments not yet paid, we estimate incremental borrowing rates corresponding to the maturities of the leases. We estimate this rate based on prevailing financial market conditions, comparable company and credit analysis, and management judgment. Operating lease assets are initially measured based on the lease liability, adjusted for initial direct costs, prepaid or deferred rent, and lease incentives. The operating lease liabilities are subsequently measured at the carrying amount of the lease liability adjusted for initial direct costs, prepaid or accrued lease payments, and lease incentives.

The following table summarizes the operating and finance lease activities to the condensed consolidated statements of comprehensive income (loss) and balance sheets for the periods ended September 30, 2025 and 2024:

(in thousands) Operating lease cost	Classification	Three Months Ended September 30,		Nine Months Ended September 30,	
		2025	2024	2025	2024
Operating lease cost	Occupancy and related expenses, and General and administrative expenses	\$ 3,779	\$ 2,996	\$ 10,751	\$ 8,774
Variable lease cost	Occupancy and related expenses, and General and administrative expenses	1,768	1,120	5,227	4,025
Total operating lease cost		\$ 5,547	\$ 4,116	\$ 15,978	\$ 12,799

Supplemental balance sheet information related to leases:

Operating leases (in thousands)	September 30, 2025	December 31, 2024
Operating lease assets	\$ 139,765	\$ 131,542
Operating lease liabilities, current	6,475	5,221
Operating lease liabilities, net of current portion	158,263	147,898
Total operating lease liabilities	\$ 164,738	\$ 153,119
Finance lease assets, net (in thousands)		
	September 30, 2025	December 31, 2024
Property and equipment, finance leases	\$ 17	\$ 447
Accumulated depreciation, finance leases	(3)	(446)
Property and equipment, net finance leases	\$ 14	\$ 1
Finance lease liabilities (in thousands)		
	September 30, 2025	December 31, 2024
Obligations under finance leases, current	\$ 5	\$ 26
Obligations under finance leases, net of current portion	9	—
Total finance lease liabilities	\$ 14	\$ 26

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	September 30, 2025
Weighted-Average Remaining Lease Term (Years)	-
Operating leases	15.2
Finance leases	2.7
Weighted-Average Discount Rate	
Operating leases	7.0%
Finance leases	7.3%

Maturities of lease liabilities as of September 30, 2025:

(in thousands)	Operating Leases	Finance Leases
2025 - remaining	\$ 4,073	\$ 1
2026	17,079	6
2027	17,530	6
2028	17,782	2
2029	18,076	—
Thereafter	208,549	—
Total undiscounted lease payments	\$ 283,089	\$ 15
Present value discount/interest	(118,351)	(1)
Present value	164,738	14
Lease liabilities, current	6,475	5
Lease liabilities, net of current	158,263	9
Total operating lease liability	\$ 164,738	\$ 14

As of September 30, 2025, the Company had additional operating leases related to new restaurants the Company has not yet taken possession of that will total \$54.0 million in future lease payment commitments. These operating leases are expected to commence later in fiscal year 2025 and have lease terms, including option periods, of 20 to 25 years.

The Company was obligated under finance leases covering certain property and equipment that expire at various dates. On September 30, 2025 and 2024 the gross amounts of property and equipment and related accumulated depreciation and amortization recorded under finance leases were as follows:

(in thousands)	September 30, 2025	September 30, 2024
Property and equipment, finance leases	\$ 17	447
Less accumulated depreciation and amortization, finance leases	(3)	(446)
Property and equipment, net finance leases	\$ 14	\$ 1

Amortization of assets held under finance leases is included with depreciation expense in the condensed consolidated statements of comprehensive income (loss).

(11) Commitments and Contingencies

(a) Commitments

On November 23, 2016, pursuant to the U.S. government's Immigrant Investor Program, commonly known as the EB-5 program (the "EB-5 Program"), Gen Restaurant Investment, LLC entered into an operating agreement with an investor (the "EB-5 Investor"). Under the terms and conditions of the EB-5 Program, the Company is subject to certain job creation requirements.

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As part of the EB-5 Program operating agreement, Gen Restaurant Investment, LLC issued three units of Series II Preferred Member Interest in exchange for a 30% interest and received \$1.5 million, recorded as equity. Five years from the date of issue, or after approval of the I-829 petition to USCIS, if later, the EB-5 Investor has the option to convert the Series II Units into Series I Units. If the EB-5 Investor does not exercise the conversion option, the Company may exercise its call option to purchase the EB-5 Investor's interests at fair market value. If approval of the preferred member's I-526 immigration application is denied, the Company is required to repurchase the preferred member's units for \$1.5 million.

Accordingly, this has been presented as mezzanine equity, not permanent equity, in the accompanying condensed consolidated balance sheets.

(b) Contingencies

The Company and its related entities are involved in various claims and legal actions arising in the ordinary course of business. The outcomes of these actions are not predictable but the Company does not believe that the ultimate resolution of these other actions will have a material adverse effect on its financial position, results of operations, liquidity, or capital resources. However, a significant increase in the number of these claims or an increase in amounts owing under successful claims, could materially and adversely affect its business, financial condition, results of operations or cash flows.

The Company is a party to several lawsuits brought in Los Angeles County, California by ex-employees alleging labor law violations. The Company plans to continue to defend against these claims and does not expect the outcome of the lawsuit to have a material impact on the financial statements of the Company.

(12) Income Taxes

As a result of the IPO and related transactions the Company owns a portion of the common units of the Operating Company, which is treated as a partnership for U.S. federal, and most applicable state and local income tax purposes. As a partnership, the Operating Company is generally not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by the Operating Company is passed through to and included in the taxable income or loss of its Members in accordance with the terms of the Operating Agreement. The Company is subject to U.S. federal, state and local income taxes based on its share of the Operating Company's pass-through taxable income.

The effective tax rate differs from the statutory tax rate primarily due to the Operating Company's pass-through structure for U.S. income tax purposes.

For the nine months ended September 30, 2025, the Company did not have any unrecognized tax benefits as a result of tax positions taken during a prior period or during the current period. No interest or penalties have been recorded as a result of tax uncertainties.

For the three months ended September 30, 2025 and 2024, the Company recorded an income tax (benefit) expense of (\$271) thousand and \$115 thousand, respectively. The Company's effective income tax rate before discrete items for the three months ended September 30, 2025 and 2024 was 6.50% and 1.99%, respectively.

For the nine months ended September 30, 2025 and 2024, the Company recorded an income tax (benefit) expense of (\$540) thousand and \$198 thousand, respectively. The Company's effective income tax rate before discrete items for the nine months ended September 30, 2025 and 2024 was 6.9% and 3.23%, respectively.

Tax Receivable Agreement ("TRA")

GEN Inc. entered into the TRA, with the Operating Company and each of the Members that provides for the payment by GEN Inc. to the Members of 85% of the amount of tax benefits, if any, that the Company may actually realize (or in some circumstances is deemed to realize) as a result of (i) increases in tax basis resulting from any future redemptions that are funded by GEN Inc. or exchanges of Class A Common Units described above in "Note 1—Organization and Description of Business" and (ii) certain other tax benefits attributable to payments made under the TRA.

The annual tax benefits are computed by calculating the income taxes due, including such tax benefits, and the income taxes due

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without such benefits. The Operating Company expects to benefit from the remaining 15% of any tax benefits that it may actually realize. The TRA payments are not conditioned upon any continued ownership interest in the Operating Company. The rights of each noncontrolling interest holder under the TRA are assignable to transferees of its interest in the Operating Company. The timing and amount of aggregate payments due under the TRA may vary based on a number of factors, including the amount and timing of the taxable income the Operating Company generates each year and the applicable tax rate.

As of September 30, 2025 and December 31, 2024, the Company had a liability related to its projected obligations under the TRA of \$1.1 million and \$691 thousand, respectively, which is reflected on the Company's condensed consolidated balance sheets in "Tax receivable agreement liability". During the nine months ended September 30, 2025, GEN Inc. did not make any payments to members of the Operating Company pursuant to the TRA.

On July 4, 2025, the U.S. enacted H.R. 1 "A bill to provide for reconciliation pursuant to Title II of H. Con. Res. 14," commonly referred to as the One Big Beautiful Bill Act. Changes in tax laws may affect recorded deferred tax assets and deferred tax liabilities and our effective tax rate in the future and we continue to evaluate the impacts the new legislation will have on the Condensed Consolidated Financial Statements. As a result of the enactment of H.R. 1, we anticipate an impact to the deferred tax liability and income tax payable related to the provisions for the 100% bonus depreciation for assets placed in service after January 19, 2025. There was no impact as of the date of enactment. We do not expect any material change to our ongoing statutory tax rate as a result of this legislation.

(13) Non-Controlling Interest

As discussed in "Note 1 – Organization and Description of Business," the Company consolidates the financial results of the Operating Company and reports a non-controlling interest related to the Class B Common Units held by non-controlling interest holders on its consolidated statements.

As of September 30, 2025, the Company owned 16.0% of the economic interests in the Operating Company, with the remaining 84.0% of the economic interest owned by non-controlling interest holders. The non-controlling interests on the accompanying condensed consolidated statements of comprehensive income (loss) represents the portion of the income attributable to the economic interests in the Operating Company held by the non-controlling holders of Class B Common Units calculated based on the weighted-average non-controlling interests' ownership during the periods presented.

(14) Other Related-Party Transactions

For the three and nine months ended September 30, 2024 the Company purchased approximately \$228 thousand and \$577 thousand, respectively, of supplies from PGD, which is 100% owned by Mr. Jae Chang, a member of our Board of Directors; no purchases were made during the three and nine months ended September 30, 2025 and there were no outstanding obligations from PGD during this period.

Prior to September 30, 2025, GEN Mountain View, LP had a related party account payable to a company owned by Mr. David Kim, our Chief Executive Officer, for the purchase of fixed assets during 2018. The balance of \$44 thousand was paid in full in the third quarter of 2025, and was \$0 as of September 30, 2025.

(15) Net (Loss) Income per Share

Basic net income per share of Class A common stock is computed by dividing net income attributable to GEN Inc. by the weighted-average number of shares of Class A common stock outstanding during the period. Diluted net income per share of Class A common stock is computed by dividing net income attributable to GEN Inc. by the weighted-average number of shares of Class A common stock outstanding adjusted to give effect to potentially dilutive securities. Diluted net income per share for any periods for which loss per share is presented is the same as basic net income per share as the inclusion of potentially issuable shares would be antidilutive.

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A calculation of the numerator and denominator used in the calculation of basic and diluted net income per share of Class A common stock is as follows:

(in thousands, except per share data)	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Numerator:				
Net (loss) income	\$ (3,628)	\$ 169	\$ (7,289)	\$ 5,929
Less: Net (loss) income attributable to non-controlling interest	(3,062)	144	(6,162)	5,133
Net (loss) income attributable to Class A common stockholders	\$ (566)	\$ 25	\$ (1,127)	\$ 796
Denominator:				
Weighted-average shares of Class A common stock outstanding - basic and diluted	5,245	4,861	5,131	4,585
Net (loss) income per share of Class A common stock - basic and diluted	\$ (0.11)	\$ 0.01	\$ (0.22)	\$ 0.17

For the three and nine months ended September 30, 2025 and 2024, 27,682,719 and 27,886,912, respectively, shares of Class B common stock was excluded from the weighted-average in the computation of diluted net income per share of Class A common stock because the effect would have been anti-dilutive. In addition, for the three and nine months ended September 30, 2025 and 2024, 372,600 warrants in each period, and 879,000 and 1,092,000 restricted stock units, respectively, were excluded from the calculation of weighted average shares outstanding in the calculation of diluted net (loss) income per share of Class A common stock because their effect would have been anti-dilutive.

Shares of Class B common stock do not share in the earnings or losses of GEN Inc. and are therefore not participating securities. Separate calculations of basic and diluted net income per share for Class B common stock have not been presented.

(16) Stock-Based Compensation

In connection with the IPO, the Company granted restricted stock units (“RSUs”) to certain team members that generally vest on the five-year anniversary of the grant date, or over a five-year period with vesting of 20% each year. The non-employee directors of the Company received RSUs that vested on the first anniversary of the grant date, subject to the grantee's continued service through the vesting period, or upon termination from the Board of Directors for any reason other than for cause, a prorated portion of the shares vest on the termination date. The total stock-based compensation for the three and nine months ended September 30, 2025 was \$734 thousand and \$2.2 million, respectively, and is included in general and administrative expenses.

RSUs	Number of RSUs (in thousands)
Non-vested as December 31, 2024	928
Granted	—
Vested	(49)
Canceled	—
Non-vested as of September 30, 2025	<u>879</u>

The aggregate fair value of the RSU's granted during the year ended December 31, 2023 was \$14.6 million. The unrecognized stock-based compensation of \$7.8 million as of September 30, 2025, will be recognized through July 2028. The Company issued 372,600 (or 9% of the shares of common stock sold in the offering) warrants in connection with the IPO transaction to the underwriters. The warrants expire five years after the effective date of the registration and can be exercised on a cashless basis. As a result, the conversion of some or all of the warrants may dilute the ownership interests of existing shareholders.

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(17) Cash Paid for Common Stock Purchased

The Company has a stock buyback program to repurchase up to \$5.0 million worth of shares of the Company's outstanding Class A common stock. During the three and nine months ended September 30, 2025, the Company purchased 0 and 33,388 shares of Class A common stock for a total of \$0 and \$200 thousand, respectively.

The stock repurchase program does not obligate the Company to acquire any particular amount of Class A common stock, and it may be suspended or discontinued at any time.

A summary of common stock repurchases for the three and nine months ended September 30, 2025 is as follows:

<i>(in thousands, except share and per share data)</i>	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs ⁽¹⁾	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs
January 1, 2025 thru March 31, 2025	33,388	\$ 5.94	33,388	\$ 4,800
April 1, 2025 thru June 30, 2025	—	—	—	—
July 1, 2025 thru September 30, 2025	—	—	—	—
Total	<u>33,388</u>		<u>33,388</u>	\$ 4,800

(18) Segment Information

The Company operates 57 Gen Korean BBQ restaurants in the United States and South Korea. The CODM is the Chief Executive Officer. The Company determined it has one reportable segment, as the CODM regularly reviews restaurant operations and financial performance at a consolidated level. The CODM uses net income to allocate resources (including labor, technology and capital resources) for the single segment to make decisions regarding annual budget, new restaurant openings, entering new geographic markets, landlord and vendor negotiation, marketing decisions, pursuing new business ventures and driving the Company's mission.

<i>(in thousands)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Segment revenue	\$ 50,418	\$ 49,105	\$ 162,795	\$ 153,726
Less:				
Food cost	17,538	15,442	55,422	50,110
Payroll and benefits	14,390	14,977	49,140	47,491
Occupancy expenses	5,427	4,116	15,639	12,799
Operating expenses	6,174	5,728	18,005	16,185
Depreciation and amortization	2,318	1,726	6,602	5,027
Pre-opening costs	2,315	1,807	7,015	5,354
Segment Income from Operations	<u>2,256</u>	<u>5,309</u>	<u>10,972</u>	<u>16,760</u>
Reconciliation:				
General and administrative	6,466	5,221	19,239	14,952
Gain on lease terminations	(471)	—	(471)	—
Gain on remeasurement of previously held interest	—	—	—	(3,402)
Interest expense (income), net	121	(196)	(7)	(734)
Other loss	39	—	339	—
Loss on foreign currency	—	—	14	—
Employee retention credits	—	—	(313)	(200)
Equity in loss of equity method investee	—	—	—	17
Net (loss) income before taxes	<u>\$ (3,899)</u>	<u>\$ 284</u>	<u>\$ (7,829)</u>	<u>\$ 6,127</u>

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(19) Subsequent Events

Not applicable.

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

The following management’s discussion and analysis of our financial condition and results of operations should be read in conjunction with the unaudited condensed consolidated financial statements and related notes of GEN Restaurant Group, Inc., included in Part I, Item 1 of this Quarterly Report on Form 10-Q, and with the audited consolidated financial statements and related notes, which are included in our Annual Report on Form 10-K for the year ended December 31, 2024 (the “Annual Report”), filed with the Securities and Exchange Commission (the “SEC”). The terms “we”, “our”, and “us” as used herein refer to the Operating Company and its consolidated subsidiaries prior to the IPO and related transactions described in this Form 10-Q and to GEN Restaurant Group, Inc. and its consolidated subsidiaries, including the Operating Company, following the IPO and related transactions.

This Quarterly Report on Form 10-Q contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those discussed below. All statements other than statements of historical fact contained in this Quarterly Report, including, without limitation, 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 by terminology such as “anticipate,” “believe,” “consider,” “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. 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 Annual Report, and in our subsequent filings with the SEC, which are available on the SEC’s website at www.sec.gov. 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 to reflect future events or circumstances, new information, or the occurrence of unanticipated events, except as required by law.

Overview

GEN Restaurant Group is an Asian casual dining restaurant concept that offers an extensive menu of traditional Korean and Korean-American food, including high-quality meats, poultry, and seafood, all at a superior value. Founded in 2011 by two Korean immigrants, since the opening of our first restaurant in September 2011 we have grown to 57 company-owned restaurants located in California, Arizona, Hawaii, Nevada, Texas, New York, New Jersey, Oregon, Washington, Florida, North Carolina, and South Korea. Our restaurants have modern décor, lively Korean pop music playing in the background and embedded grills in the center of each table. We believe we offer our customers a unique dining experience in which guests cook the majority of the food themselves, reducing the need for chefs and servers and providing a similar customer experience across our restaurants.

We expect to continue growing our number of restaurants in the future. In 2022, our new restaurants generated average Payback Periods of approximately 1.9 years, which equates to an average ROI of over 50%. For the restaurants opened in 2024, the average Payback Periods was 2.3 years, which equates to an average ROI of approximately 45%. Going forward we are targeting for our new restaurant units a Payback Period of less than 3 year, which equates to an ROI of 33% to 40%. Restaurants range in size from 4.7 thousand to 12 thousand square feet and are typically located in high-activity commercial areas.

Business Trends

During the first nine months of 2025, we opened 15 restaurants in the following locations: Orlando, FL, Edison, NJ, Cary, NC, La Jolla, CA and five in Texas (Waco, El Paso, San Antonio, and two in Austin) and six in South Korea; and we closed one restaurant. In addition we have sixteen restaurants under development, for which we expect to complete construction between 2025 and 2026. We will also be offering ready-to-cook meats at over 600 grocery stores in California and Hawaii.

Recent Events Concerning Our Financial Position

On September 29, 2023, the Company entered into a loan agreement for a \$20.0 million line of credit with PCB Bank. The line of credit matures on September 25, 2026, and bears interest at a variable rate per annum equal to 7.50% as of September 30, 2025. No amounts are outstanding under the line of credit as of September 30, 2025.

On April 25, 2025, the Company entered into a loan agreement for a \$2.0 million loan with PCB Bank. The loan matures on April 25, 2027, and bears interest at a variable interest rate per annum equal to 7.50% as of September 30, 2025. The Company makes quarterly payments in the amount of \$250,000, in addition to monthly interest payments. The balance as of September 30, 2025 was \$1.5 million.

On July 29, 2025, the Company entered into a loan agreement for \$4.0 million with PCB Bank. The loan matures on July 29, 2027, and bears interest at a variable rate per annum equal to 0.25% over the Wall Street Journal Index rate (prime rate), which equals 7.50% as of September 30, 2025. The balance as of September 30, 2025 was \$3.7 million.

We assessed our long-lived assets for potential impairment each quarter with the result that no impairment charges were recorded in any of the periods presented.

Key Performance Indicators

In assessing the performance of our business, we consider a variety of financial and performance measures. The key measures for determining how our business is performing include Net Income Margin, Adjusted EBITDA, Adjusted EBITDA Margin, Restaurant-Level Adjusted EBITDA, Restaurant-Level Adjusted EBITDA Margin, Adjusted net (loss) income, Adjusted net (loss) income attributable to Class A common stock per share (“EPS”), Average Unit Volumes, comparable restaurant sales growth, the number of restaurant openings and revenue per square foot.

Net Income Margin

Net Income Margin is net income measured under accounting principles generally accepted in the United States of America (“GAAP”) divided by revenue.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA represents net income excluding interest expense, net, income taxes, depreciation and amortization, stock-based compensation, employee retention credits, litigation accruals, non-cash lease expense, non-cash lease expense related to pre-opening costs and gain on remeasurement of previously held interest. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue. Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures intended as supplemental measures of our performance and are neither required by, nor presented in accordance with, GAAP. For a discussion of why we consider these measures to be useful and their material risks and limitations, see “*Non-GAAP Financial Measures.*”

Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin

Restaurant-Level Adjusted EBITDA is Income from operations plus adjustments to add-back the following expenses: depreciation and amortization, pre-opening costs, general and administrative expenses, and non-cash lease expense. Restaurant-Level Adjusted EBITDA Margin is the calculation of Restaurant-Level Adjusted EBITDA divided by revenue. For a discussion of why we consider these measures to be useful and their material risks and limitations, see “*Non-GAAP Financial Measures.*”

Adjusted Net Income and Adjusted EPS

Adjusted Net Income represents net (loss) income, adjusted for pre-opening costs, gain on remeasurement of previously held interest and stock-based compensation, and the related tax impact of the adjustments. Adjusted net income per share is defined as adjusted net income divided by the weighted-average number of shares of Class A common stock outstanding for the applicable period.

Average Unit Volume

“Average Unit Volume” (“AUV”) means the average annual restaurant sales for all restaurants open for a full 18 months before the end of the period measured. AUV is calculated by dividing annual revenue for the year presented for all such restaurants by the total number of restaurants in that base. This measurement allows management to assess changes in consumer spending patterns at our restaurants and the overall performance of our restaurant base.

The following table shows the AUV for the twelve months ended September 30, 2025 and 2024:

	Twelve Months Ended September 30,	
	2025	2024
(in thousands)		
Average Unit Volume	\$ 5,228	\$ 5,514

Comparable Restaurant Sales Change

Comparable restaurant sales change refers to the change in year-over-year sales for the comparable restaurant base. We include restaurants in the comparable restaurant base that have been in operation for at least 18 full months prior to the accounting period presented. Once a restaurant has been open 18 full months, it must have had continuous operations during both the current period and the prior year period being measured to remain a comparable restaurant. If operations were to be substantially impacted by unusual events that closed the location or significantly changed its capacity, that location is excluded from the comparable sales calculation until it has been operating continuously under normal conditions for both the current period and the prior year comparison period. Since opening new restaurants is expected to be a significant component of our sales change, comparable restaurant sales change is only one measure of how we evaluate our performance.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Comparable restaurant sales change (%)	(9.9)%	(9.1)%	(5.9)%	(5.6)%
Comparable restaurant base	38	31	38	31

Number of Restaurant Openings

The number of restaurant openings reflects the number of restaurants opened during a particular reporting period. Before we open new restaurants, we incur pre-opening costs. New restaurants may not be profitable, and their sales performance may not follow historical patterns. The number and timing of restaurant openings has had, and is expected to continue to have, an impact on our results of operations. The following table shows the change in our restaurant base for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Restaurant activity				
Beginning of period	50	40	43	36
Openings	8	1	15	5
Closings	(1)	—	(1)	—
End of period	57	41	57	41

Revenue Per Square Foot

Revenue per square foot means the restaurant sales for all restaurants opened a full 18 months before the end of the 18 month period measured divided by the average square footage of such restaurants. This measurement allows management to assess the effectiveness of our approach to real estate selection and the overall performance of our restaurant base. The following table shows the revenue per square foot for the twelve months ended September 30, 2025 and 2024:

	Twelve Months Ended September 30,	
	2025	2024
Revenue per square foot	\$ 754	\$ 783

Components of Results of Operations

Revenues. Revenues represent sales of food and beverages in restaurants and, to a minor extent, through our online portal. Restaurant revenues in a given period are directly impacted by the number of restaurants we operate, menu pricing, the number of customers visiting and comparable restaurant sales change. Revenue also includes gift card revenue earned.

Food costs. Food costs are variable in nature, change with sales volume and are influenced by menu mix and subject to increases or decreases based upon fluctuations in commodity costs. Another important factor causing fluctuations in food costs includes restaurant management of food waste. Food costs are a substantial expense and are expected to grow proportionally as our sales grow.

Payroll and benefits. Payroll and benefits include all restaurant-level management and hourly labor costs, including wages, employee benefits and payroll taxes. Similar to the food costs that we incur, labor and related expenses at our restaurants are expected to grow proportionally as our sales grow. Factors that influence fluctuations in our labor and related expenses include the volume of sales at our restaurants, minimum wage and payroll tax legislation, payroll rate increases due to labor shortages or inflationary pressures, the frequency and severity of workers' compensation claims, and healthcare costs.

Occupancy expenses. Occupancy expenses include rent, common area maintenance, property insurance and property taxes for all restaurant locations, but exclude any related pre-opening costs.

Operating expenses. Operating expenses include supplies, utilities, repairs and maintenance, and other costs incurred directly at the restaurant level.

Depreciation and amortization expenses. Depreciation and amortization expenses are periodic non-cash charges at our restaurants that consist of depreciation of fixed assets, including equipment, software and capitalized leasehold improvements. Depreciation is determined using the straight-line method over the assets' estimated useful lives, ranging from five to seven years.

Pre-opening costs. Pre-opening costs include pre-opening period rent, maintenance, taxes, payroll and benefits costs, advertising and other expenses directly incurred by the new restaurant until the date of the restaurant opening. Pre-opening costs can fluctuate significantly from period to period, based on the number and timing of restaurant openings.

General and administrative expenses. General and administrative expenses include expenses associated with corporate management supervisory functions that support the operations of existing restaurants and development of new restaurants, including compensation and benefits, stock-based compensation, travel expenses, legal and professional fees, marketing costs, information systems, corporate office rent and other related corporate costs. General and administrative expenses are expected to grow as our sales grow, including incremental legal, accounting, insurance and other expenses incurred as a public company including becoming compliant with the requirements of Sarbanes-Oxley and addressing our internal control weaknesses through implementing new accounting systems and hiring additional staff.

Gain on lease termination. During the third quarter of 2025, we recorded lease termination income of \$0.5 million related to the closure of one restaurant.

Depreciation and amortization - corporate. These are periodic non-cash charges at the corporate level that consist of depreciation of fixed assets, including equipment, information systems software and capitalized leasehold improvements, if any. Depreciation is determined using the straight-line method over the assets' estimated useful lives, ranging from five to seven years.

Employee retention credits. Employee retention credits include refundable credits recognized under the provisions of the CARES Act and extension thereof. During the three and nine months ended September 30, 2025 and 2024, \$313 thousand and \$200 thousand of these credits were received and recorded in total for each period, respectively.

Gain on remeasurement of previously held interest. Consists of a one-time gain from the business acquisition of GKBH (a restaurant in Hawaii) during the first quarter of 2024.

Other loss. Consists of legal settlement accrual.

Gain (loss) on foreign currency. Represents the foreign currency transaction gains and losses in South Korea.

Interest income (expense), net. Interest income, net reflects income earned on deposits, net of cash and non-cash charges related to our outstanding debt and finance lease obligations.

Equity in loss of equity method investee. Equity in loss of equity method investee reflects our 50% ownership in GKBH that was accounted for using the equity method until the date of acquisition on February 18, 2024.

(Benefit) provision for income taxes. Represents federal, state, and local current and deferred income tax (benefit) expense.

Results of Operations for the Three Months Ended September 30, 2025 and, 2024

The following table presents selected comparative results of operations for the three months ended September 30, 2025 and 2024. Our financial results for these periods are not necessarily indicative of the financial results that we will achieve in future periods.

(\$ amounts in thousands)	Three Months Ended September 30,		Increase/(Decrease)	
	2025	2024	Amount	%
Revenue	\$ 50,418	\$ 49,105	\$ 1,313	2.7%
Restaurant operating expenses:				
Food cost	17,538	15,442	2,096	13.6%
Payroll and benefits	14,390	14,977	(587)	(3.9)%
Occupancy expenses	5,427	4,116	1,311	31.9%
Operating expenses	6,174	5,728	446	7.8%
Depreciation and amortization	2,277	1,695	582	34.3%
Pre-opening costs	2,315	1,807	508	28.1%
Total restaurant operating expenses	48,121	43,765	4,356	10.0%
General and administrative	6,466	5,221	1,245	23.8%
Depreciation and amortization - corporate	41	31	10	32.3%
Gain on lease terminations	(471)	—	(471)	100.0%
Total costs and expenses	54,157	49,017	5,140	10.5%
(Loss) income from operations	(3,739)	88	(3,827)	(4348.9)%
Other loss	(39)	—	(39)	100.0%
Loss on foreign currency	—	—	—	100.0%
Interest income (expense), net	(121)	196	(317)	(161.7)%
Net (loss) income before income taxes	(3,899)	284	(4,183)	(1472.9)%
(Benefit) provision for income taxes	(271)	115	(386)	(335.7)%
Net (loss) income	(3,628)	169	(3,797)	(2246.7)%
Net (loss) income attributable to non-controlling interest	(3,062)	144	(3,206)	(2227.4)%
Net (loss) income attributable to GEN Restaurant Group, Inc.	\$ (566)	\$ 25	\$ (591)	(2363.9)%

	% of Revenue	
	Three Months Ended September 30,	
	2025	2024
Revenue	100%	100%
Restaurant operating expenses:		
Food costs	34.8%	31.4%
Payroll and benefits	28.5%	30.5%
Occupancy expenses	10.8%	8.4%
Operating expenses	12.2%	11.7%
Depreciation and amortization	4.5%	3.5%
Pre-opening costs	4.6%	3.7%
Total restaurant operating expenses	95.4%	89.1%
General and administrative	12.8%	10.6%
Depreciation and amortization - corporate	0.1%	0.1%
Gain on lease terminations	(0.9)%	0.0%
Total costs and expenses	107.4%	99.8%
Income from operations	(7.4)%	0.2%
Other loss	(0.1)%	0.0%
Loss on foreign currency	0.0%	0.0%
Interest income (expense),net	(0.2)%	0.4%
Net (loss) income before income taxes	(7.7)%	0.6%
(Benefit) provision for income taxes	(0.5)%	0.2%
Net (loss) income	(7.2)%	0.3%
Net (loss) income attributable to non-controlling interest	(6.1)%	0.3%
Net (loss) income attributable to GEN Restaurant Group, Inc.	(1.1)%	0.1%

Revenues. Revenues were \$50.4 million for the three months ended September 30, 2025, compared to \$49.1 million for the three months ended September 30, 2024, an increase of \$1.3 million, or 2.7%. This reflects revenue increases due to having 57 restaurants open in the three months ended September 30, 2025 compared to 41 restaurants open in the three months ended September 30, 2024.

Food costs. Food costs were \$17.5 million for the three months ended September 30, 2025, compared to \$15.4 million for the three months ended September 30, 2024, an increase of \$2.0 million, or 13.6%. The increase in food costs reflects inflationary cost increases and more restaurants in operation. As a percentage of revenue, food costs increased to 34.8% from 31.4%.

Payroll and benefits. Payroll and benefits costs were \$14.4 million for the three months ended September 30, 2025, compared to \$15.0 million for the three months ended September 30, 2024, a decrease of \$0.6 million, or 3.9%, as the Company implemented labor efficiencies. As a percentage of revenue, payroll and benefits costs decreased from 30.5% to 28.5%.

Occupancy expenses. Occupancy expenses were \$5.4 million for the three months ended September 30, 2025 compared to \$4.1 million for the three months ended September 30, 2024, an increase of \$1.3 million, or 31.9%. The increase in occupancy expenses reflects the addition of 16 new locations. As a percentage of revenue, occupancy expenses were 10.8% in the three months ended September 30, 2025 compared to 8.4% in the three months ended September 30, 2024.

Operating expenses. Operating expenses were \$6.2 million for the three months ended September 30, 2025 compared to \$5.7 million for the three months ended September 30, 2024, an increase of \$0.4 million, or 7.8%, as expenses increased to support revenue growth and reflected inflationary cost increases. As a percentage of revenue, operating expenses were 12.2% in the three months ended September 30, 2025 and 11.7% in the three months ended September 30, 2024.

Depreciation and amortization expenses. Depreciation and amortization expenses were \$2.3 million for the three months ended September 30, 2025 and \$1.7 million for the three months ended September 30, 2024. As a percentage of revenue, depreciation and amortization expenses at the restaurant-level were 4.5% during the three months ended September 30, 2025 and 3.5% during the three months ended September 30, 2024, with the increase related to more restaurants in operation.

Pre-opening costs. Pre-opening costs were \$2.3 million for the three months ended September 30, 2025 compared to \$1.8 million for the three months ended September 30, 2024. This represents eight additional restaurants in development during the three months ended September 30, 2025 as compared to the three months ended September 30, 2024.

General and administrative expenses. General and administrative expenses were \$6.5 million for the three months ended September 30, 2025 compared to \$5.2 million for the three months ended September 30, 2024, an increase of \$1.3 million, or 23.8%. The increase is primarily due to additional marketing and personnel costs for the expansion of restaurants in development. As a percentage of revenue, general and administrative expenses increased from 10.6% for the three months ended September 30, 2024 to 12.8% for the three months ended September 30, 2025.

Gain on lease termination. During the third quarter of 2025, we recorded lease termination income of \$0.5 million related to the closure of one restaurant.

Other loss. Consists of a legal settlement accrual in each period.

Interest income (expense), net. During the three months ended September 30, 2025, interest expense, net was \$121 thousand compared to \$196 thousand of interest income, net during the three months ended September 30, 2024. The net interest income was primarily due to the interest income earned on the proceeds from the IPO transaction and the reduction of proceeds used for development of new restaurants.

Results of Operations for the Nine Months Ended September 30, 2025 and September 30, 2024

(\$ amounts in thousands)	Nine Months Ended September 30,		Increase/(Decrease)	
	2025	2024	Amount	%
Revenue	\$ 162,795	\$ 153,726	\$ 9,069	5.9%
Restaurant operating expenses:				
Food cost	55,422	50,110	5,312	10.6%
Payroll and benefits	49,140	47,491	1,649	3.5%
Occupancy expenses	15,639	12,799	2,840	22.2%
Operating expenses	18,005	16,185	1,820	11.2%
Depreciation and amortization	6,491	4,938	1,553	31.4%
Pre-opening costs	7,015	5,354	1,661	31.0%
Total restaurant operating expenses	151,712	136,877	14,835	10.8%
General and administrative	19,239	14,952	4,287	28.7%
Depreciation and amortization - corporate	111	89	22	24.7%
(Gain) loss on lease terminations	(471)	—	(471)	100%
Total costs and expenses	170,591	151,918	18,673	12.3%
(Loss) income from operations	(7,796)	1,808	(9,604)	(531.2)%
Employee retention credits	313	200	113	56.5%
Gain on remeasurement of previously held interest	—	3,402	(3,402)	(100.0)%
Other loss	(339)	—	(339)	100%
Loss on foreign currency	(14)	—	(14)	100%
Interest income (expense), net	7	734	(727)	(99.0)%
Equity in loss of equity method investee	—	(17)	17	(100.0)%
(Loss) income before income taxes	(7,829)	6,127	(13,956)	(227.8)%
(Benefit) provision for income taxes	(540)	198	(738)	(372.7)%
Net (loss) income	(7,289)	5,929	(13,218)	(222.9)%
Net (loss) income attributable to non-controlling interest	(6,162)	5,133	(11,295)	(220.0)%
Net (loss) income attributable to GEN Restaurant Group, Inc.	\$ (1,127)	\$ 796	\$ (1,923)	(241.6)%

	% of Revenue	
	Nine Months Ended September 30,	
	2025	2024
Revenue	100.0%	100.0%
Restaurant operating expenses:		
Food cost	34.0%	32.6%
Payroll and benefits	30.2%	30.9%
Occupancy expenses	9.6%	8.3%
Operating expenses	11.1%	10.5%
Depreciation and amortization	4.0%	3.2%
Pre-opening costs	4.3%	3.5%
Total restaurant operating expenses	93.2%	89.0%
General and administrative	11.8%	9.7%
Depreciation and amortization - corporate	0.1%	0.1%
(Gain) loss on lease terminations	(0.3)%	0%
Total costs and expenses	104.8%	98.8%
(Loss) income from operations	(4.8)%	1.2%
Employee retention credits	0.2%	0.1%
Gain on remeasurement of previously held interest	0.0%	2.2%
Other loss	(0.2)%	0.0%
Loss on foreign currency	(0.0)%	0.0%
Interest income (expense), net	0.0%	0.5%
Equity in loss of equity method investee	0.0%	(0.0)%
(Loss) income before income taxes	(4.8)%	4.0%
(Benefit) provision for income taxes	(0.3)%	0.1%
Net (loss) income	(4.5)%	3.9%
Net (loss) income attributable to non-controlling interest	(3.8)%	3.3%
Net (loss) income attributable to GEN Restaurant Group, Inc.	(0.7)%	0.5%

Revenues. Revenues were \$162.8 million for the nine months ended September 30, 2025, compared to \$153.7 million for the nine months ended September 30, 2024, an increase of \$9.0 million, or 5.9%. This reflects increased revenue from having 16 additional restaurants open in the nine months ended September 30, 2025 compared to the nine months ended September 30, 2024.

Food costs. Food costs were \$55.4 million for the nine months ended September 30, 2025, compared to \$50.1 million for the nine months ended September 30, 2024, an increase of \$5.3 million, or 10.6%. The increase in food costs reflects inflationary cost increases and more restaurants in operation. As a percentage of revenue, food costs increased from 32.6% to 34.0%.

Payroll and benefits. Payroll and benefits costs were \$49.1 million for the nine months ended September 30, 2025, compared to \$47.5 million for the nine months ended September 30, 2024, an increase of \$1.6 million, or 3.5%. The increase in payroll and benefits costs reflects the staffing needs to support the higher customer volumes from new and existing restaurants as well as inflationary payroll increases. As a percentage of revenue, payroll and benefits costs decreased from 30.9% to 30.2%.

Occupancy expenses. Occupancy expenses were \$15.6 million for the nine months ended September 30, 2025 compared to \$12.8 million for the nine months ended September 30, 2024, an increase of \$2.8 million, or 22.2%. The increase in occupancy expenses reflects the addition of 15 new locations. As a percentage of revenue, occupancy expenses were 9.6% in the nine months ended September 30, 2025 compared to 8.3% in the nine months ended September 30, 2024.

Operating expenses. Operating expenses were \$18.0 million for the nine months ended September 30, 2025 compared to \$16.2 million for the nine months ended September 30, 2024, an increase of \$1.8 million, or 11.2%, as expenses increased to support revenue growth and reflected inflationary costs increases. As a percentage of revenue, operating expenses were 11.1% for the nine months ended September 30, 2025 compared to 10.5% for the nine months ended September 30, 2024.

Depreciation and amortization expenses. Depreciation and amortization expenses were \$6.5 million for the nine months ended September 30, 2025 and \$4.9 million for the nine months ended September 30, 2024. As a percentage of revenue, depreciation and amortization expenses at the restaurant-level were 4.0% during the nine months ended September 30, 2025 and 3.2% during the nine months ended September 30, 2024, with the increase related to more restaurants in operation.

Pre-opening costs. Pre-opening costs were \$7.0 million for the nine months ended September 30, 2025 compared to \$5.3 million for the nine months ended September 30, 2024. This increase was due to more restaurants under development in 2025 than in 2024.

General and administrative expenses. General and administrative expenses were \$19.2 million for the nine months ended September 30, 2025 compared to \$15.0 million for the nine months ended September 30, 2024, an increase of \$4.3 million, or 28.7%. The increase is primarily due to additional marketing and personnel costs in expansion of restaurants in development.

Gain on lease termination. During the third quarter of 2025, we recorded lease termination income of \$0.5 million related to the closure of one restaurant.

Employee retention credits. During the nine months ended September 30, 2025 and 2024, we received approximately \$0.3 million and \$0.2 million, respectively, in employee retention credits from the IRS.

Gain on remeasurement of previously held interest. This reflects the business acquisition of GKBH (a restaurant in Hawaii) during the first quarter of 2024.

Other loss. Consists of a legal settlement accrual in each period.

Interest income (expense), net. During the nine months ended September 30, 2025 and 2024, interest income was \$7 thousand and \$0.7 million, respectively.

Equity in loss of equity method investee. We did not have any equity investments during 2025. We had \$17 thousand in equity in loss of equity method investee during the nine months ended September 30, 2024. During February 2024, the remaining ownership interest in GKBH was acquired and operations were consolidated as of the date of acquisition, February 18, 2024.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA represents net income excluding interest (income) expense, income taxes, depreciation and amortization, and also excludes non-recurring and certain other non-cash items, such as stock-based compensation expense, employee retention credits, litigation accruals, non-cash lease expense, non-cash lease expense related to pre-opening costs and gain on remeasurement of previously held interest. Adjusted EBITDA Margin is defined as Adjusted EBITDA divided by revenue. We believe that Adjusted EBITDA and Adjusted EBITDA Margin provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and operating results, as these measures reflect normal recurring cash operating expenses essential to supporting the operations of our company. We expect Adjusted EBITDA to increase with the number of new restaurants we open and with comparable restaurant sales growth.

The following table reconciles net income to Adjusted EBITDA for the three and nine months ended September 30, 2025 and 2024.

(amounts in thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
EBITDA:				
Net (loss) income	\$ (3,628)	\$ 169	\$ (7,289)	\$ 5,929
Net Income Margin	(7.2)%	0.3%	(4.5)%	3.9%
Interest income (expense), net	121	(196)	(7)	(734)
(Benefit) provision for income taxes	(271)	115	(540)	198
Depreciation and amortization	2,318	1,726	6,602	5,027
EBITDA	\$ (1,460)	\$ 1,814	\$ (1,234)	\$ 10,420
EBITDA Margin	(2.9)%	3.7%	(0.8)%	6.8%
Adjustments to EBITDA:				
EBITDA	\$ (1,460)	\$ 1,814	\$ (1,234)	\$ 10,420
Stock-based compensation expense(1)	734	734	2,202	2,252
Employee retention credits (2)	-	—	(313)	(200)
Litigation accrual (3)	39	—	339	—
Non-cash lease expense (4)	195	119	413	495
Non-cash lease expense related to pre-opening costs (5)	718	769	1,922	1,711
Gain on remeasurement of previously held interest (6)	—	—	—	(3,402)
Adjusted EBITDA	\$ 226	\$ 3,436	\$ 3,329	\$ 11,276
Adjusted EBITDA Margin	0.4%	7.0%	2.0%	7.3%

- (1) Stock-based compensation expense: During all periods presented, we incurred expenses related to the granting of restricted stock units to employees.
- (2) Employee retention credits: These are refundable tax credits against certain employment taxes recognized under the CARES Act.
- (3) Litigation accrual: This is an expense related to a specific, one-time, litigation claim. See “Note 11 - Commitments and Contingencies” in the condensed consolidated financial statements.
- (4) Non-cash lease expense: This reflects the extent to which lease expense is greater than or less than contractual rent paid.
- (5) Non-cash lease expense related to pre-opening costs: Cost for restaurants in development in which the lease expense is greater than the contractual rent paid.
- (6) Gain on remeasurement of previously held interest: One-time, non-recurring gain on the acquisition of GKBH restaurants.

Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin

We define Restaurant-Level Adjusted EBITDA as Income (loss) from operations plus adjustments to add-back the following expenses: depreciation and amortization, pre-opening costs, general and administrative expense, and non-cash lease expense. We define Restaurant-Level Adjusted EBITDA Margin as Restaurant-Level Adjusted EBITDA divided by revenue.

As with Adjusted EBITDA and Adjusted EBITDA Margin, we believe that Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin provide useful information to management and investors regarding certain financial and business trends relating to our financial condition and operating results, as these measures depict normal, recurring cash operating expenses essential to supporting the operations of our restaurants. We expect Restaurant-Level Adjusted EBITDA to increase in proportion to the number of new restaurants we open and with increases in comparable restaurant sales change.

However, you should be aware that Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin are financial measures that are not indicative of overall results for our company, and Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin do not accrue directly to the benefit of stockholders because of corporate-level and non-cash expenses excluded from such measures.

The following table reconciles Income from Operations to Restaurant-Level Adjusted EBITDA for the three and nine months ended September 30, 2025 and 2024:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
(Loss) income from Operations	\$ (3,739)	\$ 88	\$ (7,796)	\$ 1,808
(Loss) Income Margin from Operations	(7.4)%	0.2%	(4.8)%	1.2%
Depreciation and amortization	2,318	1,726	6,602	5,027
Pre-opening costs	2,315	1,807	7,015	5,354
General and administrative	6,466	5,221	19,239	14,952
Non-cash lease expense	195	119	413	495
Restaurant-Level Adjusted EBITDA	\$ 7,555	\$ 8,961	\$ 25,473	\$ 27,636
Restaurant-Level Adjusted EBITDA Margin	15.0%	18.2%	15.6%	18.0%

Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted net (loss) income, Adjusted net (loss) income attributable to Class A common stock per share, Restaurant-Level Adjusted EBITDA, and Restaurant-Level Adjusted EBITDA Margin are non-GAAP measures intended as supplemental measures of our performance and are neither required by, nor presented in accordance with GAAP. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our computation of Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted net income, Adjusted net (loss) income attributable to Class A common stock per share, Restaurant-Level Adjusted EBITDA and Restaurant-Level Adjusted EBITDA Margin may not be comparable to other similarly titled measures presented by other companies, because all companies may not calculate Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted net (loss) income, Adjusted net (loss) income attributable to Class A common stock per share, Restaurant-Level Adjusted EBITDA, and Restaurant-Level Adjusted EBITDA Margin in the same fashion. These non-GAAP financial measures have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP.

The following table reconcile net (loss) income to Adjusted net income and Adjusted net income per share for the three and nine months ended September 30, 2025 and 2024:

(in thousands, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2025	2024	2025	2024
Net (loss) income	\$ (3,628)	\$ 169	\$ (7,289)	\$ 5,929
Pre-opening costs	2,315	1,807	7,015	5,354
Gain on remeasurement of previously held interest	—	—	—	(3,402)
Stock-based compensation	734	734	2,202	2,252
Legal settlement	39	—	339	—
Tax impact of adjustments	(145)	(102)	(408)	(169)
Adjusted Net (loss) income	(685)	2,608	1,859	9,964
Less: Adjusted net (loss) income attributable to non-controlling interest	(578)	2,258	1,569	8,629
Adjusted net (loss) income attributable to GEN Restaurant Group, Inc.	(107)	349	290	1,335
Adjusted Net (loss) income attributable to Class A common stock per share - basic and diluted	\$ (107)	\$ 349	\$ 290	\$ 1,335
Weighted-average shares of Class A common stock outstanding - basic and diluted	5,245	4,861	5,131	4,585
Adjusted Net (loss) income per share of Class A common stock - basic and diluted	\$ (0.02)	\$ 0.07	\$ 0.06	\$ 0.29

Liquidity and Capital Resources

As of September 30, 2025 we had \$4.8 million of cash and (\$27.3) million of working capital deficit, which is calculated by subtracting current liabilities from current assets, compared with \$23.7 million in cash and (\$7.2) million of working capital deficit as of December 31, 2024. On June 30, 2023, we completed the IPO of 4,140,000 shares of Class A common stock. The public offering price per share sold in the IPO was \$12.00 per share, resulting in aggregate net proceeds of approximately \$46.2 million after deducting the underwriting discounts and commission and offering expenses payable.

Our primary uses of cash are for operational expenditures and capital investments, including new restaurants, costs incurred for restaurant remodels and restaurant equipment and fixtures. During the first nine months of 2025, we opened 15 new restaurants which were all self-funded. There is no guarantee that if we need to raise any additional capital that we will be able to do so.

We believe that cash provided by operating activities and cash on hand will be sufficient to fund our lease obligations, capital expenditures and working capital needs for the next 12 months.

Upon the IPO transaction, GEN Inc. became a holding company with no operations of its own. Accordingly, GEN Inc. remains dependent on distributions from GEN LLC to pay its taxes, its obligations under the Tax Receivable Agreement and other expenses.

In connection with the IPO and related transactions, certain members of GEN LLC received the right to receive future payments pursuant to the Tax Receivable Agreement. The amount payable under the Tax Receivable Agreement will be based on an annual calculation of the reduction in our U.S. federal, state and local taxes resulting from the utilization of certain tax benefits resulting from sales and exchanges by certain members of GEN LLC. We expect that payments that we may be required to make under the Tax Receivable Agreement may be substantial. Assuming no material changes in the relevant tax laws and that we earn sufficient taxable income to realize all tax benefits that are subject to the Tax Receivable Agreement, we expect that the reduction in tax payments for us associated with the federal, state and local tax benefits described above would aggregate to approximately \$117.2 million through 2037. Under such scenario we would be required to pay certain members of GEN LLC 85% of such amount, or \$99.6 million through 2037.

The actual amounts may materially differ from these hypothetical amounts as potential future reductions in tax payments for us and Tax Receivable Agreement payments by us will be calculated using prevailing tax rates applicable to us over the life of the Tax Receivable Agreement and will be dependent on us generating sufficient future taxable income to realize the benefit.

We cannot reasonably estimate future annual payments under the Tax Receivable Agreement given the difficulty in determining those estimates as they are dependent on a number of factors, including the extent of exchanges by continuing GEN LLC unitholders, the associated fair value of the underlying GEN LLC units at the time of those exchanges, the tax rates applicable, our future income, and the associated tax benefits that might be realized that would trigger a Tax Receivable Agreement payment requirement.

However, a significant portion of any potential future payments under the Tax Receivable Agreement is anticipated to be payable over 15 years, consistent with the period over which the associated tax deductions would be realized by GEN Inc., assuming GEN LLC generates sufficient income to utilize the deductions. If sufficient income is not generated by GEN LLC, the associated taxable income of GEN Inc. will be impacted and the associated tax benefits to be realized will be limited, thereby similarly reducing the associated Tax Receivable Agreement payments to be made. Given the length of time over which payments would be payable, the impact to liquidity in any single year may be greatly reduced.

Dividends

During May 2025, our Board of Directors declared a \$0.03 per share dividend distribution on our outstanding common stock for shareholders of record as of June 9, 2025, which was paid on June 23, 2025, resulting in an aggregate total payment for all dividends of \$988 thousand.

Summary of Cash Flows

Our primary sources of liquidity are operating cash flows, cash on hand and debt borrowings. We use these sources to fund expenditures for new restaurant openings, reinvest in our existing restaurants, and increase our working capital. Our working capital position benefits from the fact that we generally collect cash from sales to guests the same day, or in the case of credit or debit card transactions, within several days of the related sale, and we typically have at least 30 days to pay our vendors.

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

(amounts in thousands)	Nine Months Ended September 30,	
	2025	2024
Summary of Cash Flows		
Net cash provided by operating activities	\$ 3,840	\$ 10,519
Net cash used in investing activities	(22,523)	(22,658)
Net cash used in financing activities	(273)	1,561

Cash Provided by Operating Activities

Net cash provided by operating activities during the nine months ended September 30, 2025 was \$3.8 million, the result of net loss of \$7.3 million, adjusted by non-cash charges of depreciation and amortization of \$6.6 million, amortization of operating lease assets of \$5.0 million, and stock-based compensation expense of \$2.2 million. The net cash outflows from changes in operating assets and liabilities were collectively a decrease of \$1.7 million.

Net cash provided by operating activities during the nine months ended September 30, 2024 was \$10.5 million, the result of net income of \$5.9 million, adjusted by non-cash charges of depreciation and amortization of \$5.0 million, and amortization of operating lease assets of \$5.4 million, stock-based compensation of \$2.2 million and a reduction related to the gain on the acquisition of the remaining ownership interest in GKBH. The net cash outflows from changes in operating assets and liabilities were collectively a decrease of \$4.6 million.

Cash Used in Investing Activities

Net cash used in investing activities during the nine months ended September 30, 2025 was \$22.5 million, reflecting the purchase of property and equipment.

Net cash used in investing activities during the nine months ended September 30, 2024 was \$22.7 million, reflecting \$16.7 million for the purchase of property and equipment and a \$6.0 million payment for the acquisition of the remaining ownership interest in GKBH.

Cash Used in Financing Activities

Net cash used in financing activities during the nine months ended September 30, 2025 was \$0.3 million, primarily due to payments of \$5.0 million on the line of credit and third party notes payable, \$800 thousand in distributions paid on non-controlling interests, \$200 thousand on the repurchase of common stock, and \$200 thousand in dividends paid on common stock, partially offset by proceeds from third party loans of \$6.0 million.

Net cash used in financing activities during the nine months ended September 30, 2024 was \$1.6 million, primarily due to proceeds from third party loans of \$3.0 million, partially offset by payments to members and repayments of third party loans.

Effect of Exchange Rate Changes on Cash

For the nine months ended September 30, 2025, the effect of exchange rate changes on cash and cash equivalents primarily reflects the translation impact from fluctuations in the value of the South Korean won relative to the U.S. dollar. During the period, the won experienced modest depreciation against the U.S. dollar, resulting in a loss on foreign currency translation of \$74 thousand compared to \$0 in the comparative period.

Material Cash Requirements

As of September 30, 2025, we had \$13.3 million in contractual obligations relating to debt, including EIDL loans payable. All contractual obligations are expected to be paid during the next 12 months utilizing cash and cash equivalents on hand and provided by

operating activities. For operation lease obligations, See “Note 10 - Leases” in the Notes to Condensed Consolidated Financial Statements included in this Quarterly Report on Form 10-Q.

Critical Accounting Estimates

Our discussion and analysis of operating results and financial condition are based upon our financial statements. The preparation of our financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, sales, expenses and related disclosures of contingent assets and liabilities. We base our estimates on past experience and other assumptions that we believe are reasonable under the circumstances, and we evaluate these estimates on an ongoing basis.

Our critical accounting estimates are those that materially affect our financial statements and involve subjective or complex judgments by management. Although these estimates are based on management’s best knowledge of current events and actions that may impact us in the future, actual results may be materially different from the estimates. We believe the following critical accounting estimates are affected by significant judgments and estimates used in the preparation of our financial statements and that the judgments and estimates are reasonable.

Operating and Finance Leases

Our office leases provide for fixed minimum rent payments. Our restaurant leases provide for fixed minimum rent payments and some require additional contingent rent payments based upon sales in excess of specified thresholds. When achievement of such sales thresholds is deemed probable, contingent rent is accrued in proportion to the sales recognized in the period. For operating leases that include free-rent periods and rent escalation clauses, we recognize rent expense based on the straight-line method. For the purpose of calculating rent expenses under the straight-line method, the lease term commences on the date we obtain control of the property. Lease incentives used to fund leasehold improvements are recognized when earned and reduce the operating right-of-use asset related to the lease. These are amortized through the operating right-of-use asset as reductions of expense over the lease term. Restaurant lease expenses are included in the occupancy expenses line item, while office lease expenses are included in the general and administrative expenses line item in the accompanying condensed consolidated statements of Comprehensive Income (Loss).

We currently lease all of our restaurant locations, corporate office, and some of the equipment used in our restaurants. On January 1, 2022, we adopted ASU 2016-02, Leases (Topic 842), or “Topic 842,” using a modified retrospective approach. See “Note 10—Leases” to the financial statements. At commencement of the lease, we determine the appropriate classification as an operating lease or a finance lease. All of our restaurant and office leases are classified as operating leases and some of our equipment leases are classified as finance leases.

Assets we acquired under finance lease arrangements are recorded at the lower of the present value of future minimum lease payments or fair value of the assets at the inception of the lease. Finance lease assets are amortized over the shorter of the useful life of the assets or the lease term, and the amortization expense is included in depreciation and amortization on the accompanying financial statements.

Impairment of Long-Lived Assets

We assess potential impairments of our long-lived assets, which includes property and equipment and operating lease right-of-use assets, in accordance with the provisions of Financial Accounting Standards Board (“FASB”), Accounting Standards Codification, (“ASC”) 360—Property, Plant and Equipment. An impairment test is performed on a quarterly basis or whenever events or changes in circumstances indicate that the carrying value of the assets may not be recoverable. In determining the recoverability of the asset value, an analysis is performed at the individual restaurant level. Assets are grouped at the individual restaurant-level for purposes of the impairment assessment because a restaurant represents the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Recoverability of an asset group is measured by a comparison of the carrying amount of an asset group to its estimated forecasted restaurant cash flows expected to be generated by the asset group. Factors considered by us in estimating future cash flows include, but are not limited to: significant underperformance relative to expected historical or projected future operating results; significant changes in the manner of use of the acquired assets; and significant negative industry or economic trends. If the carrying amount of the asset group exceeds its estimated undiscounted future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds the fair value of the asset.

No impairment loss was recognized during any of the periods presented.

Emerging Growth Company Status

We are an “emerging growth company,” as defined in the JOBS Act, and we have taken advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not “emerging growth companies.” We may take advantage of these exemptions until we are no longer an “emerging growth company.” Section 107 of the JOBS Act provides that an “emerging growth company” can take advantage of the extended transition period afforded by the JOBS Act for the implementation of new or revised accounting standards. We have elected to use the extended transition period for complying with new or revised accounting standards and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. We may take advantage of these exemptions up until the last day of the fiscal year following the fifth anniversary of our IPO or such earlier time that we are no longer an emerging growth company. We would cease to be an emerging growth company if 1) we have more than \$1.235 billion in annual revenue, 2) we have more than \$700.0 million in market value of our stock held by non-affiliates (and we have been a public company for at least 12 months) or 3) we issue more than \$1.0 billion of non-convertible debt securities over a three-year period.

Recent Accounting Pronouncements

See Note 2 - Basis of Presentation and Summary of Significant Accounting Policies, for a discussion of recent accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Commodity and Food Price Risks

Our profitability is dependent on, among other things, our ability to anticipate and react to changes in the costs of key operating resources, including food and beverage and other commodities. The prices of many of the ingredients we use to prepare our food, as well as construction costs, are affected by exchange rates, trade tariffs, and increases in the prices of other commodities. We have been able to partially offset cost increases that resulted from a number of factors, including market conditions, shortages or interruptions in supply due to weather or other conditions beyond our control and governmental regulations and inflation, by increasing our menu prices as well as making other operational adjustments that increase productivity. However, substantial increases in costs and expenses could impact our operating results to the extent that such increases cannot be offset by menu price increases or operational adjustments.

Foreign Currency Exchange Risk

We have exposure to foreign currency exchange rate fluctuations from operations in South Korea. To date, the impact has not been material to our results.

Inflation Risk

The primary areas where inflation impacts our operations are food, beverage, labor and energy costs. Our restaurant operations are subject to federal and state minimum wage laws and other laws governing such matters as working conditions, overtime and tip credits. Significant numbers of our restaurant personnel are paid at rates dependent on the federal and/or state minimum wage and, accordingly, increases in the minimum wage increase our labor costs. To the extent permitted by competition and the economy, we have mitigated increased costs by increasing menu prices and may continue to do so if deemed necessary in future years. Substantial increases in costs and expenses could impact our operating results to the extent such increases cannot be passed through to our guests. Historically, including the first nine months of 2025, inflation has not had a material effect on our results of operations. Severe increases in inflation, however, could affect the global and U.S. economies and could have an adverse impact on our business, financial condition or results of operations.

While we have been able to partially offset inflation and other changes in the costs of core operating resources by gradually increasing menu prices, 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 future. From time to time, competitive conditions could limit our menu pricing flexibility. In addition, macroeconomic conditions could make additional menu price increases imprudent. There can be no assurance that future cost increases can be offset by increased menu prices or that increased menu prices will be fully absorbed by our guests without any resulting change to their visit frequencies or purchasing patterns. In addition, there can be no assurance that we will generate sales growth in an amount sufficient to offset inflationary or other cost pressures.

Interest Rate Risk

We are exposed to market interest rates by accessing our line of credit and our \$6.3 million of outstanding loans from PCB Bank, which bear interest at the Wall Street Journal Prime Rate plus 0.25%.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our management carried out an evaluation, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined by Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of period covered by this Quarterly Report on Form 10-Q.

Based on this evaluation, our management concluded that our disclosure controls and procedure were effective at the reasonable assurance level as of September 30, 2025.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

Item 1. Legal Proceedings.

We are subject to various legal proceedings and claims that arise in the ordinary course of our business. Although the outcome of these and other claims cannot be predicted with certainty, we do not believe the ultimate resolution of the current matters will have a material adverse effect on our business, financial condition, results of operations or cash flows. For further details, see “Contingencies” in “Note 11 - Commitments and Contingencies” to the condensed consolidated financial statements in this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Item 1A. Risk Factors.

There have been no material changes from the risk factors associated with our business previously disclosed in the “Risk Factors” section of our Annual Report on Form 10-K for the year ending December 31, 2024, except that the following risk factor is deleted:

We do not intend to pay dividends for the foreseeable future and, as a result, your ability to achieve a return on your investment will solely depend on appreciation in the price of our Class A common stock.

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

Not Applicable.

Item 3. Defaults Upon Senior Securities.

Not Applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information

Trading Arrangements

None of our directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified, or terminated any contract, instruction, or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the fiscal quarter ended September 30, 2025.

Item 6. Exhibits.

Exhibit Number	Description
31.1*	<u>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.</u>
31.2*	<u>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.</u>
32.1*	<u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
32.2*	<u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u>
101.INS	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Filed herewith.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of GEN Restaurant Group, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2025 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) 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 result of operations of the Company.

Date: November 7, 2025

By: _____ /s/ Thomas V. Croal
Thomas V. Croal
Chief Financial Officer
