

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the Quarterly Period Ended September 27, 2022
OR

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

For the transition period from _____ to _____
Commission file number 0-21423

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

California
(State or other jurisdiction of
incorporation or organization)

7755 Center Avenue, Suite 300
Huntington Beach, California 92647
(714) 500-2400

Securities registered pursuant to Section 12(b) of the Act:
**Trading
Symbol**
BJRI

33-0485615
(I.R.S. Employer
Identification Number)

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, No Par Value	BJRI	NASDAQ Global Select 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 (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

As of October 28, 2022, there were 23,392,092 shares of Common Stock of the Registrant outstanding.

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

Item 1. CONSOLIDATED FINANCIAL STATEMENTS

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

	September 27, 2022 (unaudited)	December 28, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 19,179	\$ 38,527
Accounts and other receivables, net	19,874	29,055
Inventories, net	11,760	11,579
Prepaid expenses and other current assets	10,984	11,654
Total current assets	61,797	90,815
Property and equipment, net	505,247	506,111
Operating lease assets	368,001	365,244
Goodwill	4,673	4,673
Deferred income taxes	37,805	24,902
Other assets, net	40,023	43,421
Total assets	<u>\$ 1,017,546</u>	<u>\$ 1,035,166</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 51,088	\$ 48,840
Accrued expenses	93,657	112,354
Current operating lease obligations	40,100	39,240
Total current liabilities	184,845	200,434
Long-term operating lease obligations	433,095	436,016
Long-term debt	50,000	50,000
Other liabilities	10,592	14,945
Total liabilities	678,532	701,395
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, 5,000 shares authorized, none issued or outstanding	—	—
Common stock, no par value, 125,000 shares authorized and 23,363 and 23,304 shares issued and outstanding as of September 27, 2022 and December 28, 2021, respectively	—	—
Capital surplus	72,861	72,513
Retained earnings	266,153	261,258
Total shareholders' equity	339,014	333,771
Total liabilities and shareholders' equity	<u>\$ 1,017,546</u>	<u>\$ 1,035,166</u>

See accompanying notes to unaudited consolidated financial statements.

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

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
Revenues	\$ 311,348	\$ 282,180	\$ 939,774	\$ 795,770
Restaurant operating costs (excluding depreciation and amortization):				
Cost of sales	85,010	76,647	257,404	208,382
Labor and benefits	117,476	105,023	356,873	290,921
Occupancy and operating	76,931	68,876	225,192	196,271
General and administrative	18,885	17,293	54,043	49,586
Depreciation and amortization	17,356	18,224	52,897	54,660
Restaurant opening	482	375	2,110	1,224
Loss on disposal and impairment of assets	379	2,700	974	3,225
Total costs and expenses	316,519	289,138	949,493	804,269
Loss from operations	(5,171)	(6,958)	(9,719)	(8,499)
Other (expense) income:				
Interest expense, net	(645)	(1,047)	(1,715)	(4,043)
Other income (expense), net	57	446	(518)	748
Total other expense	(588)	(601)	(2,233)	(3,295)
Loss before income taxes	(5,759)	(7,559)	(11,952)	(11,794)
Income tax benefit	(4,117)	(5,383)	(12,067)	(12,846)
Net (loss) income	<u>\$ (1,642)</u>	<u>\$ (2,176)</u>	<u>\$ 115</u>	<u>\$ 1,052</u>
Net (loss) income per share:				
Basic	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>	<u>\$ 0.00</u>	<u>\$ 0.05</u>
Diluted	<u>\$ (0.07)</u>	<u>\$ (0.09)</u>	<u>\$ 0.00</u>	<u>\$ 0.04</u>
Weighted average number of shares outstanding:				
Basic	<u>23,427</u>	<u>23,290</u>	<u>23,413</u>	<u>23,154</u>
Diluted	<u>23,427</u>	<u>23,290</u>	<u>23,628</u>	<u>24,054</u>

See accompanying notes to unaudited consolidated financial statements.

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

	For the Thirteen Weeks Ended				
	Common Stock		Capital	Retained	Total
	Shares	Amount	Surplus	Earnings	
Balance, June 29, 2021	23,267	\$ —	\$ 68,713	\$ 266,421	\$ 335,134
Issuance of restricted stock units	29	1,233	(1,233)	—	—
Reclassification of common stock	—	(1,233)	—	1,233	—
Stock-based compensation	—	—	2,500	—	2,500
Adjustment to dividends previously accrued	—	—	—	4	4
Net loss	—	—	—	(2,176)	(2,176)
Balance, September 28, 2021	23,296	\$ —	\$ 69,980	\$ 265,482	\$ 335,462
Balance, June 28, 2022	23,439	\$ —	\$ 70,728	\$ 269,616	\$ 340,344
Issuance of restricted stock units	15	563	(567)	—	(4)
Repurchase, retirement and reclassification of common stock	(91)	(563)	—	(1,822)	(2,385)
Stock-based compensation	—	—	2,700	—	2,700
Adjustment to dividends previously accrued	—	—	—	1	1
Net loss	—	—	—	(1,642)	(1,642)
Balance, September 27, 2022	23,363	\$ —	\$ 72,861	\$ 266,153	\$ 339,014

	For the Thirty-Nine Weeks Ended				
	Common Stock		Capital	Retained	Total
	Shares	Amount	Surplus	Earnings	
Balance, December 29, 2020	22,318	\$ —	\$ 71,722	\$ 222,066	\$ 293,788
Exercise of stock options	122	6,394	(1,883)	—	4,511
Issuance of common stock	704	28,907	—	—	28,907
Issuance of restricted stock units	152	7,049	(7,514)	—	(465)
Reclassification of common stock	—	(42,350)	—	42,350	—
Stock-based compensation	—	—	7,655	—	7,655
Adjustment to dividends previously accrued	—	—	—	14	14
Net Income	—	—	—	1,052	1,052
Balance, September 28, 2021	23,296	\$ —	\$ 69,980	\$ 265,482	\$ 335,462
Balance, December 28, 2021	23,304	\$ —	\$ 72,513	\$ 261,258	\$ 333,771
Issuance of restricted stock units	150	7,156	(7,520)	—	(364)
Repurchase, retirement and reclassification of common stock	(91)	(7,156)	—	4,771	(2,385)
Stock-based compensation	—	—	7,868	—	7,868
Adjustment to dividends previously accrued	—	—	—	9	9
Net income	—	—	—	115	115
Balance, September 27, 2022	23,363	\$ —	\$ 72,861	\$ 266,153	\$ 339,014

See accompanying notes to unaudited consolidated financial statements.

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

	For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021
Cash flows from operating activities:		
Net income	\$ 115	\$ 1,052
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	52,897	54,660
Non-cash lease expense	25,030	23,383
Amortization of financing costs	163	429
Deferred income taxes	(12,903)	(13,139)
Stock-based compensation expense	7,608	7,432
Loss on disposal and impairment of assets	974	3,225
Changes in assets and liabilities:		
Accounts and other receivables	10,931	1,297
Inventories, net	262	(172)
Prepaid expenses and other current assets	128	2,750
Other assets, net	479	(1,359)
Accounts payable	(132)	5,976
Accrued expenses	(17,246)	(7,595)
Operating lease obligations	(30,163)	(32,342)
Other liabilities	(4,353)	645
Net cash provided by operating activities	33,790	46,242
Cash flows from investing activities:		
Purchases of property and equipment	(50,959)	(25,166)
Proceeds from sale of assets	650	21
Net cash used in investing activities	(50,309)	(25,145)
Cash flows from financing activities:		
Borrowings on line of credit	470,000	913,000
Payments on line of credit	(470,000)	(958,000)
Payments of debt issuance costs	(3)	(315)
Proceeds from issuance of common stock, net	—	28,907
Taxes paid on vested stock units under employee plans	(364)	(938)
Proceeds from exercise of stock options	—	4,511
Cash dividends accrued under stock compensation plans	(77)	(111)
Repurchase of common stock	(2,385)	—
Net cash used in financing activities	(2,829)	(12,946)
Net (decrease) increase in cash and cash equivalents	(19,348)	8,151
Cash and cash equivalents, beginning of period	38,527	51,664
Cash and cash equivalents, end of period	\$ 19,179	\$ 59,815

See accompanying notes to unaudited consolidated financial statements.

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

	For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	\$ 493	\$ 386
Cash paid for interest, net of capitalized interest	\$ 909	\$ 3,207
Cash paid for operating lease obligations	\$ 49,939	\$ 53,743
Supplemental disclosure of non-cash operating, investing and financing activities:		
Operating lease assets obtained in exchange for operating lease obligations	\$ 29,207	\$ 19,965
Tenant improvement allowance receivable	\$ 2,000	\$ 2,100
Property and equipment acquired and included in accounts payable	\$ 10,601	\$ 1,844
Stock-based compensation capitalized	\$ 260	\$ 223

See accompanying notes to unaudited consolidated financial statements.

BJ'S RESTAURANTS, INC.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

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

The preparation of financial statements in conformity with U.S. GAAP requires us to make certain estimates and assumptions for the reporting periods covered by the financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual amounts could differ from these estimates. Our operating results for the thirty-nine weeks ended September 27, 2022 may not be indicative of operating results for the entire year.

A description of our accounting policies and other financial information is included in our audited consolidated financial statements filed with the SEC on Form 10-K for the fiscal year ended December 28, 2021. The disclosures included in our accompanying interim consolidated financial statements and footnotes should be read in conjunction with our consolidated financial statements and notes thereto included in the Annual Report on Form 10-K and our other reports filed from time to time with the Securities and Exchange Commission.

COVID-19 Pandemic and Other Impacts to our Operating Environment

Our operating results were impacted by the COVID-19 pandemic and operating challenges that followed, including lower availability of workers and supply chain disruptions, which increased costs to operate restaurants. The ongoing effects of the COVID-19 pandemic and the impacts to the operating environment could lead to further inflation, staffing challenges, disruptions in the supply chain and even a return of safety restrictions, including limits to in-restaurant dining. For more information regarding the risks to our business relating to the COVID-19 pandemic, see "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 28, 2021.

2. REVENUE RECOGNITION

Our revenues are comprised of food and beverage sales from our restaurants. Revenues from restaurant sales are recognized when payment is tendered. Amounts paid with a credit card are recorded in accounts and other receivables until payment is collected from the credit card processor. We sell gift cards which do not have an expiration date and we do not deduct non-usage fees from outstanding gift card balances. Gift card sales are recorded as a liability and recognized as revenues upon redemption in our restaurants. Based on historical redemption rates, a portion of our gift card sales are not expected to be redeemed and are recognized as gift card "breakage." Estimated gift card breakage is recorded as revenue and recognized in proportion to our historical redemption pattern, unless there is a legal obligation to remit the unredeemed gift cards to government authorities. The estimated gift card breakage is based on when the likelihood of redemption becomes remote, which has typically been approximately 24 months after the original gift card issuance date.

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

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

	September 27, 2022		December 28, 2021	
Gift card liability	\$	13,313	\$	19,499
Deferred loyalty revenue	\$	3,192	\$	3,949

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

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
Revenue recognized from gift card liability	\$ 1,278	\$ 1,305	\$ 9,846	\$ 8,049
Revenue recognized from customer loyalty program	\$ 1,271	\$ 1,014	\$ 6,584	\$ 7,940

3. LEASES

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

Lease costs included in "Occupancy & operating" on the Consolidated Statements of Operations consisted of the following (in thousands):

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
Lease cost	\$ 15,043	\$ 14,615	\$ 44,705	\$ 43,202
Variable lease cost	751	544	2,496	1,146
Total lease costs	\$ 15,794	\$ 15,159	\$ 47,201	\$ 44,348

4. LONG-TERM DEBT

Line of Credit

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

Our Credit Facility matures on November 3, 2026, and provides us with revolving loan commitments totaling \$215 million, which may be increased up to \$315 million, of which \$50 million may be used for the issuance of letters of credit. Availability under the Credit Facility is reduced by outstanding letters of credit, which are used to support our self-insurance programs. On September 27, 2022, there were borrowings of \$50.0 million and letters of credit of \$17.1 million outstanding, leaving \$147.9 million available to borrow.

Borrowings under the Line of Credit bear interest at an annual rate equal to either (a) the Bloomberg Short-Term Bank Yield Index rate ("BSBY") plus a percentage not to exceed 2.00% (with a floor on BSBY of 0.00%), or (b) a percentage not to exceed 1.00% above a Base Rate equal to the highest of (i) the Federal Funds Rate plus 1/2 of 1.00%, (ii) BoFA's Prime Rate, (iii) the BSBY rate plus 1.00%, and (iv) 1.00%, in either case depending on the level of lease and debt obligations of the Company as compared to EBITDA plus lease expenses. The weighted average interest rate during the thirty-nine weeks ended September 27, 2022 was approximately 2.7%.

The Credit Facility is secured by the Company's assets and contains provisions requiring us to maintain compliance with certain covenants, including a Fixed Charge Coverage Ratio and a Lease Adjusted Leverage Ratio. At September 27, 2022, we were in compliance with these covenants.

Pursuant to the Line of Credit, we are required to pay certain customary fees and expenses associated with maintenance and use of the Line of Credit, including letter of credit issuance fees, unused commitment fees and interest, which are payable monthly. Interest expense and commitment fees under the Credit Facility were approximately \$1.7 million and \$4.0 million, for the thirty-nine weeks ended September 27, 2022 and September 28, 2021, respectively. We also capitalized approximately \$174,000 and \$70,000 of interest expense related to new restaurant construction during each of the thirty-nine weeks ended September 27, 2022 and September 28, 2021, respectively.

5. NET (LOSS) INCOME PER SHARE

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

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

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
Numerator:				
Net (loss) income	\$ (1,642)	\$ (2,176)	\$ 115	\$ 1,052
Denominator:				
Weighted-average shares outstanding – basic	23,427	23,290	23,413	23,154
Dilutive effect of equity awards	—	—	215	900
Weighted-average shares outstanding – diluted	23,427	23,290	23,628	24,054
Net (loss) income per share:				
Basic	\$ (0.07)	\$ (0.09)	\$ 0.00	\$ 0.05
Diluted	\$ (0.07)	\$ (0.09)	\$ 0.00	\$ 0.04

For the thirteen weeks ended September 27, 2022 and September 28, 2021, there were approximately 2.1 million and 0.5 million shares of equity awards and warrants, respectively, that were excluded from the calculation of diluted net income per share because they are anti-dilutive. For the thirty-nine weeks ended September 27, 2022 and September 28, 2021, there were approximately 2.0 million and 0.2 million shares of equity awards and warrants, respectively, that were excluded from the calculation of diluted net income per share because they are anti-dilutive.

6. STOCK-BASED COMPENSATION

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

Under the Plan, we issue time-based and performance-based RSUs and non-qualified stock options to vice presidents and above on an annual basis, as well as new hires who are given the option between receiving their full grant as a time-based RSU or split evenly between non-qualified stock options and time-based RSUs. We issue time-based RSUs to other select support team members, and we issue time-based RSUs to non-employee members of our Board of Directors. We also issue RSUs, and previously issued non-qualified stock options, in connection with the BJ's Gold Standard Stock Ownership Program (the "GSSOP"). The GSSOP is a long-term equity incentive program for our restaurant general managers, executive kitchen managers, directors of operations and directors of kitchen operations. GSSOP grants are dependent on the length of each participant's service with us and position. All GSSOP participants are required to remain in good standing during their vesting period.

The Plan permits our Board of Directors to set the vesting terms and exercise period for awards at their discretion; however, the grant of awards with no minimum vesting period or a vesting period less than one year may not exceed 5% of the total number of shares authorized under the Plan. Stock options and time-based RSUs vest ratably over one, three or five years for non-GSSOP participants and either cliff vest at three or five years or cliff vest at 33% on the third anniversary and 67% on the fifth anniversary for GSSOP participants. Performance-based RSUs generally cliff vest on the third anniversary of the grant date in an amount from 0% to 225% of the grant quantity, dependent on the level of performance target achievement.

On January 15, 2021, our Board of Directors approved special fully-vested restricted stock grants, in lieu of cash bonuses to Restaurant Support Center team members at the Vice President and Director levels. These grants were in amounts designed to approximate a portion of their potential incentive compensation, which was approximately \$0.5 million.

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

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
Labor and benefits	\$ 653	\$ 641	\$ 2,043	\$ 2,171
General and administrative	\$ 1,957	\$ 1,808	\$ 5,565	\$ 5,261
Capitalized (1)	\$ 90	\$ 66	\$ 260	\$ 223

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

Stock Options

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

	For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021
Expected volatility	63.2%	60.7%
Risk-free interest rate	1.6%	0.5%
Expected option life	5 years	5 years
Dividend yield	—%	—%
Fair value of options granted	\$ 17.35	\$ 23.54

U.S. GAAP requires us to make certain assumptions and estimates regarding the grant date fair value. These include expected volatility, risk-free interest rate, expected option life, and dividend yield. These assumptions and estimates are determined using inputs that, in many cases, are outside of our control. Changes in these assumptions and estimates, including stock price volatility, dividend yield and risk-free interest rate, may significantly impact the fair value of future grants resulting in a significant impact to our financial results.

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

	Options Outstanding		Options Exercisable	
	Shares (in thousands)	Weighted Average Exercise Price	Shares (in thousands)	Weighted Average Exercise Price
Outstanding at December 28, 2021	775	\$ 41.77	519	\$ 41.02
Granted	100	32.19		
Exercised	—	—		
Forfeited	(35)	40.84		
Outstanding at September 27, 2022	840	\$ 40.68	624	\$ 41.58

As of September 27, 2022, total unrecognized stock-based compensation expense related to non-vested stock options was approximately \$2.3 million, which is generally expected to be recognized over the next three years.

Restricted Stock Units*Time-Based Restricted Stock Units*

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

	Shares (in thousands)	Weighted Average Fair Value
Outstanding at December 28, 2021	619	\$ 39.35
Granted	282	28.98
Released	(135)	42.54
Forfeited	(71)	36.06
Outstanding at September 27, 2022	695	\$ 34.86

The fair value of time-based RSUs is equal to the fair value of our common stock at market close on the date of grant or the most recent trading day when grants take place on market holidays. The fair value of each time-based RSU is expensed over the vesting period (e.g., one, three or five years). As of September 27, 2022, total unrecognized stock-based compensation expense related to non-vested RSUs was approximately \$11.7 million, which is generally expected to be recognized over the next five years.

Performance-Based Restricted Stock Units

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

	Shares (in thousands)	Weighted Average Fair Value
Outstanding at December 28, 2021	112	\$ 45.60
Granted	52	32.27
Released	(27)	53.22
Forfeited	(14)	40.06
Outstanding at September 27, 2022	123	\$ 38.89

The fair value of performance-based RSUs is equal to the fair value of our common stock at market close on the date of grant or the most recent trading day when grants take place on market holidays. The fair value of each performance-based RSU is expensed, based on management's current estimate of the level that the performance goal will be achieved. As of September 27, 2022, based on the target level of performance, the total unrecognized stock-based compensation expense related to non-vested performance-based RSUs was approximately \$2.6 million, which is generally expected to be recognized over the next three years.

7. INCOME TAXES

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

Our effective income tax benefit rate for the thirty-nine weeks ended September 27, 2022 was 101.0% compared to a benefit rate of 108.9% for the comparable thirty-nine week period of 2021. The effective tax rate benefit for the thirty-nine weeks ended September 27, 2022 and September 28, 2021, was different from the statutory tax rate primarily as a result of significant FICA tax tip credits.

As of September 27, 2022, we had unrecognized tax benefits of approximately \$1.3 million, of which approximately \$1.1 million, if reversed, would impact our effective tax rate.

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

	For the Thirty-Nine Weeks Ended			
	September 27, 2022		September 28, 2021	
Beginning gross unrecognized tax benefits	\$	1,198	\$	1,333
Increases for tax positions taken in prior years		3		—
Decreases for tax positions taken in prior years		(1)		—
Increases for tax positions taken in the current year		74		35
Ending gross unrecognized tax benefits	\$	1,274	\$	1,368

Our uncertain tax positions are related to tax years that remain subject to examination by tax agencies. As of September 27, 2022, the earliest tax year still subject to examination by the Internal Revenue Service is 2015. The earliest year still subject to examination by a significant state or local taxing jurisdiction is 2017.

8. LEGAL PROCEEDINGS

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

9. SHAREHOLDERS' EQUITY

At-the-Market Offering

On January 21, 2021, we sold 703,399 shares of our common stock at \$42.65 per share for cash proceeds of \$30.0 million (before commission and other fees) through an "at-the market" ("ATM") offering program. As a result of the anti-dilution provisions contained in ACT III's warrant, the number of shares issuable upon exercise of such warrant was adjusted to 876,949 and the exercise price was adjusted to \$26.94.

Stock Repurchases

During the thirty-nine weeks ended September 27, 2022, we repurchased and retired approximately 91,000 shares of our common stock at an average price of \$26.12 per share for a total of \$2.4 million, which is recorded as a reduction in common stock, with any excess charged to retained earnings. These repurchases are the first since the program was suspended in the first quarter of 2020. As of September 27, 2022, we have approximately \$22.1 million remaining under the current \$500 million share repurchase plan approved by our Board of Directors. Repurchases may be made at any time.

Cash Dividends

Due to the COVID-19 pandemic, we suspended quarterly cash dividends until such time as the Board of Directors determines that resumption of dividend payments is in the best interest of the Company and its shareholders. The only cash dividends paid during the thirty-nine weeks ended September 27, 2022 were related to dividends (declared prior to fiscal 2020) which vested under our stock compensation plans.

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

STATEMENT REGARDING FORWARD-LOOKING DISCLOSURE

Certain information included in this Form 10-Q and other filings with the Securities and Exchange Commission, in our press releases, in other written communications, and in oral statements made by or with the approval of one of our authorized officers may contain "forward-looking" statements about our current and expected performance trends, growth plans, business goals and other matters.

Words or phrases such as “believe,” “plan,” “will likely result,” “expect,” “intend,” “will continue,” “is anticipated,” “estimate,” “project,” “may,” “could,” “would,” “should,” and similar expressions are intended to identify “forward-looking” statements. These statements, and any other statements that are not historical facts, are “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995, as codified in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended from time to time (the “Act”). The cautionary statements made in this Form 10-Q should be read as being applicable to all related “forward-looking” statements wherever they appear in this Form 10-Q. These forward-looking statements are based on information available to us as of the date any such statements are made, and we assume no obligation to update these forward-looking statements. These statements are subject to risks and uncertainties that could cause actual results to differ materially from those described in the statements. These risks and uncertainties include, but are not limited to, the risk factors described in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 28, 2021, as updated in our Form 10-Q for the thirty-nine weeks ended September 27, 2022 and in other reports filed subsequently with the SEC.

GENERAL

As of October 31, 2022, we own and operate 214 restaurants located in 29 states. Our proprietary craft beer is produced at several of our locations, our Temple, Texas brewpub locations and by independent third-party brewers using our proprietary recipes.

The first BJ’s restaurant, which opened in 1978 in Orange County, California, was a small sit-down pizzeria that featured Chicago style deep-dish pizza with a unique California twist. Our goal today is to be a leading, varied menu casual dining restaurant brand that focuses on delivering high quality menu options at a compelling value, a dining experience that exceeds our guests’ expectations for service, hospitality and enjoyment, and an atmosphere that is always welcoming and approachable.

In 1996, we introduced our own proprietary craft beers and expanded the BJ’s concept from its beginnings as a small pizzeria to a full-service, high-energy casual dining restaurant when we opened our first large format restaurant with our own internal brewing operations in Brea, California. Today our restaurants feature a broad menu with over 100 menu items designed to offer something for everyone including: slow roasted entrees such as prime rib, EnLIGHTened Entrees® such as our Cherry Chipotle Glazed Salmon, our original signature deep-dish pizza, the world-famous Pizookie® dessert, and our award-winning BJ’s proprietary craft beers.

Our revenues are comprised of food and beverage sales from our restaurants. Revenues from restaurant sales are recognized when payment is tendered. Amounts paid with a credit card are recorded in accounts and other receivables until payment is collected from the credit card processor. We sell gift cards which do not have an expiration date, and we do not deduct non-usage fees from outstanding gift card balances. Gift card sales are recorded as a liability and recognized as revenues upon redemption in our restaurants. Based on historical redemption rates, a portion of our gift card sales are not expected to be redeemed and will be recognized as gift card “breakage.” Estimated gift card breakage is recorded as revenue and recognized in proportion to our historical redemption pattern, unless there is a legal obligation to remit the unredeemed gift cards to government authorities. The estimated gift card breakage is based on when the likelihood of redemption becomes remote, which has typically been 24 months after the original gift card issuance date.

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

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

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

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

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

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

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

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

RESULTS OF OPERATIONS

The following table provides, for the periods indicated, our unaudited Consolidated Statements of Operations expressed as percentages of total revenues. The results of operations for the thirteen and thirty-nine weeks ended September 27, 2022 and September 28, 2021, are not necessarily indicative of the results to be expected for the full fiscal year. Percentages below may not reconcile due to rounding.

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021	September 27, 2022	September 28, 2021
Revenues	100.0%	100.0%	100.0%	100.0%
Restaurant operating costs (excluding depreciation and amortization):				
Cost of sales	27.3	27.2	27.4	26.2
Labor and benefits	37.7	37.2	38.0	36.6
Occupancy and operating	24.7	24.4	24.0	24.7
General and administrative	6.1	6.1	5.8	6.2
Depreciation and amortization	5.6	6.5	5.6	6.9
Restaurant opening	0.2	0.1	0.2	0.2
Loss on disposal and impairment of assets	0.1	1.0	0.1	0.4
Total costs and expenses	101.7	102.5	101.0	101.1
Loss from operations	(1.7)	(2.5)	(1.0)	(1.1)
Other (expense) income:				
Interest expense, net	(0.2)	(0.4)	(0.2)	(0.5)
Other income (expense), net	—	0.2	(0.1)	0.1
Total other expense	(0.2)	(0.2)	(0.2)	(0.4)
Loss before income taxes	(1.8)	(2.7)	(1.3)	(1.5)
Income tax benefit	(1.3)	(1.9)	(1.3)	(1.6)
Net (loss) income	(0.5)%	(0.8)%	0.0%	0.1%

Thirteen Weeks Ended September 27, 2022 Compared to Thirteen Weeks Ended September 28, 2021

Revenues. Total revenues increased by \$29.2 million, or 10.3%, to \$311.3 million during the thirteen weeks ended September 27, 2022, from \$282.2 million during the comparable thirteen week period of 2021. The increase in revenues primarily consisted of an 8.9%, or \$24.7 million, increase in comparable restaurant sales and a \$4.8 million increase in sales from new restaurants not yet in our comparable restaurant sales base. Revenue increases were primarily offset by a \$0.9 million decrease related to the closure of one restaurant. The increase in comparable restaurant sales was the result of an increase in guest traffic of approximately 4.2% and an increase in average check of approximately 4.7%, due to menu price increases, partially offset by changes in mix.

Cost of Sales. Cost of sales increased by \$8.4 million, or 10.9%, to \$85.0 million during the thirteen weeks ended September 27, 2022, from \$76.6 million during the comparable thirteen week period of 2021. This increase was primarily due to the increase in revenue, commodity cost increases and costs related to our three new restaurants opened since the thirteen weeks ended September 28, 2021, offset by the closure of one restaurant at the beginning of the current fiscal year. As a percentage of revenues, cost of sales increased to 27.3% for the current thirteen week period from 27.2% for the prior year comparable period. This slight increase was primarily due to inflationary pressure on food costs, offset by menu price increases.

Labor and Benefits. Labor and benefit costs for our restaurants increased by \$12.5 million, or 11.9%, to \$117.5 million during the thirteen weeks ended September 27, 2022, from \$105.0 million during the comparable thirteen week period of 2021. This increase was primarily due to additional labor required to support increased revenue, coupled with higher wages, training and overtime costs.

expenses related to the three new restaurants opened since the thirteen weeks ended September 28, 2021, and our \$3.1 million Employee Retention Tax Credit in conjunction with the CARES Act recognized during the thirteen weeks ended September 28, 2021. Increases in labor and benefit costs were offset in part by the closure of one restaurant at the beginning of the current fiscal year. As a percentage of revenues, labor and benefit costs increased to 37.7% for the current thirteen week period from 37.2% for the prior year comparable period. This increase was primarily due to our Employee Retention Tax Credit in conjunction with the CARES Act recognized during the thirteen weeks ended September 28, 2021, higher wages, training and overtime hours, offset by our ability to leverage our fixed costs over a higher revenue base, menu price increases and more efficient labor scheduling tools derived from our margin improvement initiative. Excluding the Employee Retention Tax Credit recognized during the thirteen weeks ended September 28, 2021, the change in labor and benefits would have been favorable as a percentage of revenues. Included in labor and benefits for the thirteen weeks ended September 27, 2022 and September 28, 2021, was approximately \$0.7 million and \$0.6 million, respectively, or 0.2% revenues, of stock-based compensation expense related to equity awards granted in accordance with our Gold Standard Stock Ownership Program for certain restaurant management team members.

Occupancy and Operating. Occupancy and operating expenses increased by \$8.1 million, or 11.7%, to \$76.9 million during the thirteen weeks ended September 27, 2022, from \$68.9 million during the comparable thirteen week period of 2021. This increase was primarily due to higher merchant credit card fees as a result of increased revenues and increased supply costs, janitorial and contract services, marketing expenses and costs related to the three new restaurants opened since the thirteen weeks ended September 28, 2021. As a percentage of revenues, occupancy and operating expenses increased to 24.7% for the current thirteen week period from 24.4% for the prior year comparable period. This increase was primarily related to marketing in certain markets to drive incremental sales, partially offset by our ability to leverage certain fixed operating and occupancy costs over a higher revenue base. Excluding the additional marketing investment, occupancy and operating would have been favorable as a percentage of revenues.

General and Administrative. General and administrative expenses increased by \$1.6 million, or 9.2%, to \$18.9 million during the thirteen weeks ended September 27, 2022, from \$17.3 million during the comparable thirteen week period of 2021. This change was primarily due to increased personnel related costs. Included in general and administrative costs for the thirteen weeks ended September 27, 2022 and September 28, 2021, was approximately \$2.0 million and \$1.8 million, or 0.6% of revenues, respectively, of stock-based compensation expense. As a percentage of revenues, general and administrative expenses remained at 6.1% for the current thirteen week period and the prior year comparable period.

Depreciation and Amortization. Depreciation and amortization decreased by \$0.9 million, or 4.8%, to \$17.4 million during the thirteen weeks ended September 27, 2022, compared to \$18.2 million during the comparable thirteen week period of 2021. This decrease was primarily related to impairment and disposal charges taken in fiscal 2021, including the impairment and reduction of carrying value related to the closure of one restaurant at the beginning of the current fiscal year. The decrease in depreciation and amortization was partially offset by depreciation expense related to our restaurants opened since the thirteen weeks ended September 28, 2021. As a percentage of revenues, depreciation and amortization decreased to 5.6% for the current thirteen week period from 6.5% for the prior year comparable period. This decrease was primarily due to a higher revenue base.

Restaurant Opening. Restaurant opening expense increased by \$0.1 million, or 28.5%, to \$0.5 million during the thirteen weeks ended September 27, 2022, compared to \$0.4 million during the comparable thirteen week period of 2021. This increase was primarily due to the timing of openings.

Loss on Disposal and Impairment of Assets. Loss on disposal and impairment of assets was \$0.4 million during the thirteen weeks ended September 27, 2022, and \$2.7 million during the comparable thirteen week period of 2021. For the thirteen weeks ended September 27, 2022, these costs primarily relate to disposals of assets in conjunction with initiatives to keep our restaurants up to date. For the thirteen weeks ended September 28, 2021, these costs were primarily related to the impairment and reduction in the carrying value of the long-lived and operating lease assets related to one of our restaurants.

Interest Expense, Net. Interest expense, net, decreased by \$0.4 million to \$0.6 million during the thirteen weeks ended September 27, 2022, compared to \$1.0 million during the comparable thirteen week period of 2021. This decrease was primarily due to a lower average debt balance during the thirteen weeks ended September 27, 2022, compared to the comparable thirteen week period of 2021.

Other Income (Expense), Net. Other income (expense), net, decreased by \$0.4 million to \$57,000 of income during the thirteen weeks ended September 27, 2022, compared to \$0.4 million of income during the comparable thirteen week period of 2021. This decrease was primarily related to an insurance reimbursement for business interruptions related to the Texas winter storms during the thirteen weeks ended September 28, 2021.

Income Tax Expense (Benefit). Our effective income tax rate for the thirteen weeks ended September 27, 2022, reflected a 71.5% tax benefit compared to a 71.2% tax benefit for the comparable thirteen week period of 2021. The effective tax rate for the thirteen weeks ended September 27, 2022 and September 28, 2021, was different than the statutory tax rate primarily due to the benefit from FICA tax tip credits.

Thirty-Nine Weeks Ended September 27, 2022 Compared to Thirty-Nine Weeks Ended September 28, 2021

Revenues. Total revenues increased by \$144.0 million, or 18.1%, to \$939.8 million during the thirty-nine weeks ended September 27, 2022, from \$795.8 million during the comparable thirty-nine week period of 2021. The increase in revenues primarily consisted of a 16.9%, or \$132.2 million, increase in comparable restaurant sales, and an \$13.2 million increase in sales from new restaurants not yet in our comparable restaurant sales base. Revenue increases were partially offset by a \$2.3 million decrease related to the closure of one restaurant. The increase in comparable restaurant sales was the result of an increase in guest traffic of approximately 11.9% and an increase in average check of approximately 5.0%, due to menu price increases partially offset by changes in mix. The increase in guest traffic was primarily due to the re-opening of our dining rooms, which were closed or restricted in operation during portions of the same period in 2021.

Cost of Sales. Cost of sales increased by \$49.0 million, or 23.5%, to \$257.4 million during the thirty-nine weeks ended September 27, 2022, from \$208.4 million during the comparable thirty-nine week period of 2021. This increase was primarily due to the increase in revenue, commodity cost increases and costs related to our three new restaurants opened since the thirty-nine weeks ended September 28, 2021, and one that re-opened in August 2021, partially offset by the closure of one restaurant at the beginning of the current fiscal year. As a percentage of revenues, cost of sales increased to 27.4% for the current thirty-nine week period from 26.2% for the prior year comparable period. This increase was primarily due to inflationary pressure on food costs, partially mitigated by menu price increases.

Labor and Benefits. Labor and benefit costs for our restaurants increased by \$66.0 million, or 22.7%, to \$356.9 million during the thirty-nine weeks ended September 27, 2022, from \$290.9 million during the comparable thirty-nine week period of 2021. This increase was primarily due to increased team members and higher wages, training and overtime costs due to the re-opening of our dining rooms, which were closed or had restricted operations during a portion of the same period in 2021, expenses related to the three new restaurants opened since the thirty-nine weeks ended September 28, 2021, and our \$3.1 million Employee Retention Tax Credit in conjunction with the CARES Act recognized during the thirty-nine weeks ended September 28, 2021. Increases in labor and benefit costs were offset in part by the closure of one restaurant at the beginning of the current fiscal year. As a percentage of revenues, labor and benefit costs increased to 38.0% for the current thirty-nine week period from 36.6% for the prior year comparable period. This increase was primarily due to our Employee Retention Tax Credit in conjunction with the CARES Act recognized during the thirty-nine weeks ended September 28, 2021, higher wages, training and overtime hours due to increased hiring activities, and the deleveraging impact from the COVID-19 Omicron variant wave in January 2022 when sales were severely impacted, offset by our ability to leverage our fixed costs over a higher revenue base, menu price increases and more efficient labor scheduling tools derived from our margin improvement initiative. Included in labor and benefits for the thirty-nine weeks ended September 27, 2022 and September 28, 2021, was approximately \$2.0 million and \$2.2 million, or 0.2% and 0.3% of revenues, respectively, of stock-based compensation expense related to equity awards granted in accordance with our Gold Standard Stock Ownership Program for certain restaurant management team members.

Occupancy and Operating. Occupancy and operating expenses increased by \$28.9 million, or 14.7%, to \$225.2 million during the thirty-nine weeks ended September 27, 2022, from \$196.3 million during the comparable thirty-nine week period of 2021. This increase was primarily due to higher merchant credit card fees, supply costs, janitorial services related to the re-opening of our dining rooms, coupled with increased marketing expenses and costs related to the three new restaurants opened since the thirty-nine weeks ended September 28, 2021, and one restaurant that was re-opened in August 2021. As a percentage of revenues, occupancy and operating expenses decreased to 24.0% for the current thirty-nine week period from 24.7% for the prior year comparable period. This decrease was primarily due to our ability to leverage certain fixed operating and occupancy costs over a higher revenue base.

General and Administrative. General and administrative expenses increased by \$4.5 million, or 9.0%, to \$54.0 million during the thirty-nine weeks ended September 27, 2022, from \$49.6 million during the comparable thirty-nine week period of 2021. This increase was primarily due to increases in personnel, travel, recruiting and outside services as we returned closer to pre-pandemic operations and have invested in growth initiatives, offset by a decrease in our deferred compensation plan liability. Included in general and administrative costs for the thirty-nine weeks ended September 27, 2022 and September 28, 2021, was approximately \$5.6 million and \$5.3 million, or 0.6% and 0.7% of revenues, respectively, of stock-based compensation expense. As a percentage of revenues, general and administrative expenses decreased to 5.8% for the current thirty-nine week period from 6.2% for the prior year comparable period. This decrease was primarily due to our ability to leverage our fixed costs over a higher revenue base.

Depreciation and Amortization. Depreciation and amortization decreased by \$1.8 million, or 3.2%, to \$52.9 million during the thirty-nine weeks ended September 27, 2022, compared to \$54.7 million during the comparable thirty-nine week period of 2021. This decrease was primarily related to impairment and disposal charges taken in fiscal 2021, including the impairment and reduction of carrying value related to the closure of one restaurant at the beginning of the current fiscal year. The decrease in depreciation and amortization was partially offset by depreciation expense related to our three new restaurants opened since the thirty-nine weeks ended September 28, 2021. As a percentage of revenues, depreciation and amortization decreased to 5.6% for the current thirty-nine week period from 6.9% for the prior year comparable period. This decrease was primarily due to a higher revenue base.

Restaurant Opening. Restaurant opening expense increased by \$0.9 million, or 72.2%, to \$2.1 million during the thirty-nine weeks ended September 27, 2022, compared to \$1.2 million during the comparable thirty-nine week period of 2021. This increase was primarily due to the timing of our openings and increased costs. We opened three new restaurants during the thirty-nine weeks ended September 27, 2022 and one shortly after the quarter ended, compared to two new restaurants and one re-opening during the thirty-nine weeks ended September 28, 2021.

Loss on Disposal and Impairment of Assets. Loss on disposal and impairment of assets was \$1.0 million during the thirty-nine weeks ended September 27, 2022, and \$3.2 million during the comparable thirty-nine week period of 2021. For the thirty-nine weeks ended September 27, 2022, these costs primarily relate to disposals of assets in conjunction with initiatives to keep our restaurants up to date. For the thirty-nine weeks ended September 28, 2021 these costs were primarily related to the impairment and reduction in the carrying value of the long-lived and operating lease assets related to one of our restaurants, coupled with the disposals of assets in conjunction with initiatives to keep our restaurants up to date and the disposal of certain unproductive restaurant assets.

Interest Expense, Net. Interest expense, net, decreased by \$2.3 million to \$1.7 million during the thirty-nine weeks ended September 27, 2022, compared to \$4.0 million during the comparable thirty-nine week period of 2021. This decrease was primarily due to a lower average debt balance and weighted average interest rate during the thirty-nine weeks ended September 27, 2022, compared to the comparable thirty-nine week period of 2021.

Other (Expense) Income, Net. Other (expense) income, net, was \$0.5 million of expense during the thirty-nine weeks ended September 27, 2022, compared to \$0.8 million of income during the comparable thirty-nine week period of 2021. This was primarily due to the change associated with the cash surrender value of certain life insurance policies under our deferred compensation plan. This change offsets the related deferred compensation income or expense impact included in "General and administrative" expenses on our Unaudited Consolidated Statements of Operations. During the thirty-nine weeks ended September 27, 2022, the impact related to the cash surrender value of certain life insurance policies was partially offset by an insurance reimbursement related to business interruptions due to civil unrest and compensation from the city related to a partial parking lot closure at one of our restaurants.

Income Tax Benefit. Our effective income tax rate for the thirty-nine weeks ended September 27, 2022, reflected a 101.0% tax benefit compared to a 108.9% tax benefit for the comparable thirty-nine week period of 2021. The effective tax rate benefit for the thirty-nine weeks ended September 27, 2022 and September 28, 2021, was different than the statutory tax rate primarily due to the benefit from FICA tax tip credits.

LIQUIDITY AND MATERIAL CASH REQUIREMENTS

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

	September 27, 2022		December 28, 2021	
Cash and cash equivalents	\$	19,179	\$	38,527
Net working capital	\$	(123,048)	\$	(109,619)
Current ratio		0.3:1.0		0.5:1.0

As a result of uncertainties in the near-term macro environment caused by the COVID-19 pandemic, including supply chain challenges, and commodity and labor inflation, we continue to focus on cash flow generation and maintaining a solid and flexible financial position to execute our long-term strategy of investing in our business and opening new restaurants. We continue to monitor the macro environment and will adjust our overall approach to capital allocation, including share repurchases and dividends, as the post-pandemic recovery unfolds.

We are taking what we believe to be reasonably necessary and appropriate measures to control costs and maximize liquidity. Based on the current level of operations, we believe that our current cash and cash equivalents will be adequate to meet our capital expenditure and working capital needs for at least the next twelve months. Our future operating performance will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

Similar to many restaurant chains, we typically utilize operating lease arrangements (principally ground leases) for the majority of our restaurant locations. We believe our operating lease arrangements provide appropriate leverage for our capital structure in a financially efficient manner. However, we are not limited to the use of lease arrangements as our only method of opening new restaurants and from time to time have purchased the underlying land for new restaurants. We typically lease our restaurant locations for periods of 10 to 20 years under operating lease arrangements. Our rent structures vary from lease to lease, but generally provide for the payment of both minimum and contingent (percentage) rent based on sales, as well as other expenses related to the leases (for example, our pro-rata share of common area maintenance, property tax and insurance expenses). Many of our lease arrangements include the opportunity to secure tenant improvement allowances to partially offset the cost of developing and opening the related restaurants. Generally, landlords recover the cost of such allowances from increased minimum rents. There can be no assurance that such allowances will be available to us on each project. From time to time, we may also decide to purchase the underlying land for a new restaurant if that is the only way to secure a highly desirable site. Currently, we own the underlying land for one of our restaurants that

will be opened in fiscal 2022 and our Texas brewpub locations. We also own two parcels of land adjacent to two of our restaurants. It is not our current strategy to own a large number of land parcels that underlie our restaurants. Therefore, in many cases we have subsequently entered into sale-leaseback arrangements for land parcels that we previously purchased. We disburse cash for certain site-related work, buildings, leasehold improvements, furnishings, fixtures and equipment to build our leased and owned premises. We own substantially all of the equipment, furniture and trade fixtures in our restaurants and currently plan to do so in the future.

CASH FLOWS

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

	For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021
Net cash provided by operating activities	\$ 33,790	\$ 46,242
Net cash used in investing activities	(50,309)	(25,145)
Net cash used in financing activities	(2,829)	(12,946)
Net (decrease) increase in cash and cash equivalents	\$ (19,348)	\$ 8,151

Operating Cash Flows

Net cash provided by operating activities was \$33.8 million during the thirty-nine weeks ended September 27, 2022, representing a \$12.5 million decrease from the \$46.2 million provided by during the thirty-nine weeks ended September 28, 2021. The decrease over the prior year is primarily due to the timing of payments for accounts payable and accrued expenses, offset by the collection of accounts and other receivable.

Investing Cash Flows

Net cash used in investing activities was \$50.3 million during the thirty-nine weeks ended September 27, 2022, representing a \$25.2 million increase from the \$25.1 million used during the thirty-nine weeks ended September 28, 2021. The increase over prior year is primarily due to an increase in the number of new restaurant openings, new restaurants under construction and key productivity initiatives.

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

	For the Thirty-Nine Weeks Ended	
	September 27, 2022	September 28, 2021
New restaurants	\$ 27,102	\$ 11,706
Restaurant maintenance and key productivity initiatives	21,396	11,871
Restaurant and corporate systems	2,461	1,589
Total capital expenditures	\$ 50,959	\$ 25,166

As of October 31, 2022, we have opened four new restaurants and closed two. We currently plan to open as many as six restaurants in fiscal 2022, and we have entered into signed leases, land purchase agreements or letters of intent for all of our 2022 new restaurant locations. Our new restaurant unit economics continue to warrant an appropriate allocation of capital.

We currently anticipate our total capital expenditures for fiscal 2022 to be approximately \$90 million to \$95 million. This estimate includes costs to open six new restaurants and remodel several existing locations. Total capital expenditures exclude anticipated proceeds from tenant improvement allowances and sale-leasebacks. We expect to fund our net capital expenditures with our current cash balance on hand, cash flows from operations and our line of credit. Our future cash requirements will depend on many factors, including the pace of our expansion, conditions in the retail property development market, construction costs, the nature of the specific sites selected for new restaurants, and the nature of the specific leases and associated tenant improvement allowances available, if any, as negotiated with landlords.

Financing Cash Flows

Net cash used in financing activities was \$2.8 million during the thirty-nine weeks ended September 27, 2022, representing a \$10.1 million decrease from the \$12.9 million used during the thirty-nine weeks ended September 28, 2021. This decrease was primarily due

to repurchases of common stock, coupled with no common stock issuances or stock option exercises, offset by higher payments on our line of credit during the thirty-nine weeks ended September 28, 2021.

OFF-BALANCE SHEET ARRANGEMENTS

We do not participate in transactions that generate relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or variable interest entities ("VIEs"), which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow limited purposes. As of September 27, 2022, we are not involved in any off-balance sheet arrangements.

IMPACT OF INFLATION

Our country is currently experiencing multi-decade high inflation. Inflation on food, labor, energy and occupancy and operating costs is currently impacting the profitability of our restaurant operations compared to historical trends. Our profitability is dependent, among other things, on our ability to anticipate and react to changes in the cost of key operating resources, including food and other raw materials, labor, energy and other supplies and services. While we have taken steps to enter into agreements for some of the commodities used in our restaurant operations, there can be no assurance that future supplies and costs for such commodities will not fluctuate due to weather or other market conditions outside of our control. We are currently unable to contract for certain commodities, such as fluid dairy, fresh meat or seafood, and most fresh produce items, for long periods of time. Consequently, such commodities can be subject to unforeseen supply and cost fluctuations. While we have not had material disruptions in our supply chain, we have experienced some product shortages and higher costs for many of our commodities.

A general shortage in the availability of qualified restaurant managers and hourly workers in certain geographic areas in which we operate, which has been exacerbated by continuing effects of the COVID-19 pandemic on the labor market, has caused increases in the costs of recruiting and compensating such team members. Many of our restaurant team members are paid hourly rates subject to federal, state or local minimum wage requirements. Numerous state and local governments have their own minimum wage and other regulatory requirements for team members that are generally greater than the federal minimum wage and are subject to annual increases based on changes in their local consumer price indices. Additionally, certain operating and other costs, including health benefits in compliance with the Patient Protection and Affordable Care Act, taxes, insurance, COVID-19 pandemic related benefits, and other outside services continue to increase with the general level of inflation and may also be subject to other cost and supply fluctuations outside of our control.

While we have been able to partially offset inflation and other changes in the costs of key operating resources by gradually increasing prices of our menu items, 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 will limit our menu pricing flexibility. In addition, macroeconomic conditions that impact consumer discretionary spending for food away from home could make additional menu price increases imprudent. There can be no assurance that all of our future cost increases can be offset by higher menu prices or that higher menu prices will be accepted by our restaurant guests without any resulting changes in their visit frequencies or purchasing patterns. Many of the leases for our restaurants provide for contingent rent obligations based on a percentage of sales. As a result, rent expense will absorb a proportionate share of any menu price increases in our restaurants. There can be no assurance that we will continue to generate increases in comparable restaurant sales in amounts sufficient to offset inflationary or other cost pressures.

SEASONALITY AND ADVERSE WEATHER

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

CRITICAL ACCOUNTING POLICIES

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

A summary of our other critical accounting policies is included in Management's Discussion and Analysis of Financial Condition and Results of Operations contained in our Annual Report on Form 10-K for the fiscal year ended December 28, 2021. During the thirty-nine weeks ended September 27, 2022, there were no significant changes in our critical accounting policies.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

We have a \$215 million Credit Facility, of which \$50.0 million is currently outstanding and carries interest at a floating rate. We utilize the Credit Facility principally for letters of credit that are required to support our self-insurance programs, to fund a portion of our announced share repurchase program, and for working capital and construction requirements, as needed. We are exposed to interest rate risk through fluctuations in interest rates on our obligations under the Credit Facility. Based on our current outstanding balance, a hypothetical 1% change in the interest rates under our Credit Facility would have an approximate \$0.4 million annual impact on our net income.

Food, Supplies and Commodity Price Risks

We purchase food, supplies and other commodities for use in our operations based upon market prices established with our suppliers. Our business is dependent on frequent and consistent deliveries of these items. We may experience shortages, delays or interruptions due to inclement weather, natural disasters, labor issues or other operational disruptions or other conditions beyond our control such as cyber breaches or ransomware attacks at our suppliers, distributors or transportation providers. Additionally, many of the commodities purchased by us can be subject to volatility due to market supply and demand factors outside of our control, whether contracted for or not. Costs can also fluctuate due to government regulation. As a result of the COVID-19 pandemic, we have experienced and expect to continue to experience distribution disruptions, commodity cost inflation and certain food and supply shortages. To manage this risk in part, we attempt to enter into fixed-price purchase commitments, with terms typically up to one year, for some of our commodity requirements. However, it may not be possible for us to enter into fixed-price contracts for certain commodities or we may choose not to enter into fixed-price contracts for certain commodities. We believe that substantially all of our food and supplies are available from several sources, which helps to diversify our overall commodity cost risk. We also believe that we have some flexibility and ability to increase certain menu prices, or vary certain menu items offered or promoted, in response to food commodity price increases. Some of our commodity purchase arrangements may contain contractual features that limit the price paid by establishing certain price floors or caps. We do not use financial instruments to hedge commodity prices, since our purchase arrangements with suppliers, to the extent that we can enter into such arrangements, help control the ultimate cost that we pay.

Item 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, we have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 promulgated under the Securities Exchange Act of 1934 as amended, as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 27, 2022, our disclosure controls and procedures are designed and are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

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

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

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

Item 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 28, 2021.

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

As of September 27, 2022, we have cumulatively repurchased shares valued at approximately \$477.9 million in accordance with our approved share repurchase plan. We repurchased shares valued at approximately \$2.4 million during the thirty-nine weeks ended September 27, 2022. The share repurchases were executed through open market purchases, and future share repurchases may be completed through a combination of individually negotiated transactions, accelerated share buyback, and/or open market purchases. As of September 27, 2022, we have approximately \$22.1 million available under our share repurchase plan.

The following table sets forth information with respect to the repurchase of common shares during the thirty-nine weeks ended September 27, 2022:

Period (1)	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Publicly Announced Plans	Increase in Dollars for Share Repurchase Authorization	Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
12/29/22 - 01/25/22	—	\$ —	—	\$ —	\$ 24,438,776
01/26/22 - 02/22/22	—	\$ —	—	\$ —	\$ 24,438,776
02/23/22 - 03/29/22	—	\$ —	—	\$ —	\$ 24,438,776
03/30/22 - 04/26/22	—	\$ —	—	\$ —	\$ 24,438,776
04/27/22 - 05/24/22	—	\$ —	—	\$ —	\$ 24,438,776
05/25/22 - 06/28/22	—	\$ —	—	\$ —	\$ 24,438,776
06/29/22 - 07/26/22	—	\$ —	—	\$ —	\$ 24,438,776
07/27/22 - 08/23/22	13,211	\$ 27.51	13,211	\$ —	\$ 24,075,364
08/24/22 - 09/27/22	78,091	\$ 25.89	78,091	\$ —	\$ 22,053,808
Total	91,302	\$ 26.12	91,302		

(1) Period information is presented in accordance with our fiscal months during the thirty-nine weeks ended September 27, 2022.

Item 6. EXHIBITS

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

SIGNATURES

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

BJ'S RESTAURANTS, INC.
(Registrant)

October 31, 2022

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

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

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

BJ'S RESTAURANTS, INC.

Certification of Chief Executive Officer

I, Gregory A. Levin, certify that:

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

Date: October 31, 2022

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

BJ'S RESTAURANTS, INC.

Certification of Chief Financial Officer

I, Thomas A. Houdek, certify that:

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

Date: October 31, 2022

By:

/s/ THOMAS A. HOUDEK

Thomas A. Houdek

Senior Vice President and Chief Financial Officer

(Principal Financial Officer)

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

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

- (1) The Quarterly Report on Form 10-Q of the Company for the quarter ended September 27, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

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

In Witness Whereof, each of the undersigned has signed this Certification as of this October 31, 2022.

/s/ GREGORY S. LEVIN

Gregory S. Levin
Chief Executive Officer and President
(Principal Executive Officer)

/s/ THOMAS A. HOUDEK

Thomas A. Houdek
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)