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CAVA Group, Inc. (CAVA) Q2 2026 Earnings Call Transcript

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Q2: 2026-08-11 Earnings Summary

Insights

EPS of $0.19 beats by $0.01 | Revenue of $368.44M (31.30% Y/Y) beats by $8.35M

CAVA Group, Inc. (CAVA) Q2 2026 Earnings Call August 11, 2026 5:00 PM EDT

Company Participants

Matt Milanovich - Senior Vice President of Finance
Brett Schulman - Co-Founder, CEO, President & Director
Tricia Tolivar - Chief Financial Officer

Conference Call Participants

Dennis Geiger - UBS Investment Bank, Research Division
Christopher Carril - KeyBanc Capital Markets Inc., Research Division
Andrew Charles - TD Cowen, Research Division
John Ivankoe - JPMorgan Chase & Co, Research Division
Brian Mullan - Piper Sandler & Co., Research Division
Gregory Francfort - Guggenheim Securities, LLC, Research Division
David Tarantino - Robert W. Baird & Co. Incorporated, Research Division
Brian Harbour - Morgan Stanley, Research Division
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Logan Reich - RBC Capital Markets, Research Division
Stephen McManus - BNP Paribas, Research Division
Margaret-May Binshtok - Wolfe Research, LLC
Brian Vaccaro - Raymond James & Associates, Inc., Research Division
Todd Brooks - The Benchmark Company, LLC, Research Division
Jon Tower - Citigroup Inc., Research Division
James Sanderson - Northcoast Research Partners, LLC

Presentation

Operator

Hello, everyone. Thank you for joining us, and welcome to CAVA's Second Quarter 2026 Financial Results Conference Call. [Operator Instructions]

I will now hand the conference over to Matt Milanovich, Head of Investor Relations. Matt, please go ahead.

Matt Milanovich
Senior Vice President of Finance

Good afternoon, and welcome to CAVA's second quarter 2026 financial results conference call.

Before we begin, if you do not already have a copy, the earnings release and related 8-K furnished to the SEC are available on our website at investor.cava.com. The purpose of this conference call is to give investors further details regarding the company's financial results as well as a general update on the company's progress.

You will find reconciliations of any non-GAAP financial measure discussed on today's call to the most directly comparable financial measure calculated in accordance with GAAP to the extent available without unreasonable efforts in today's earnings release and supplemental deck, each of which is posted on the company's website.

Before we begin, let me remind everyone that this call will contain forward-looking statements. For this purpose, any statements made during this call that are not statements of historical fact may be deemed to be forward-looking statements. Investors should be aware that any forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from those discussed here today.

These risk factors are explained in detail in CAVA's most recent annual report on Form 10-K as may be updated by its reports on Form 10-Q and other filings with the SEC. Please refer to these filings for a more detailed discussion of forward-looking statements and the risks and uncertainties of such statements.

All forward-looking statements are made as of today, and except as required by law, CAVA undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future developments or otherwise.

And now I'll turn the call over to the company's Co-Founder and CEO, Brett Schulman.

Brett Schulman
Co-Founder, CEO, President & Director

Thanks, Matt, and welcome to the call, everyone. Our second quarter results underscore the continued strength of our category-defining brand and the resonance of our value proposition with today's consumer. From Mishawaka, Indiana to Downingtown, Pennsylvania, our newest restaurants continue to outperform our expectations, reinforcing the proven portability of our concept and the growing demand for our differentiated Mediterranean cuisine and welcoming hospitality. This strength, combined with the power of our unit economic model, gives us confidence not only in our momentum today, but in the long runway that lies ahead.

Our second quarter financial highlights include a 31.3% increase in CAVA revenue, same restaurant sales of 9%, driven by 5.3% traffic, 17 net new restaurants, ending the quarter with 476 restaurants, a 19.6% increase year-over-year, adjusted EBITDA of $54.7 million, a 30% increase over the second quarter of 2025, net income of $23 million and $44.8 million in year-to-date free cash flow.

While near-term macroeconomic conditions continue to evolve, our focus remains firmly on building for the long-term. We're seeing durable shifts in how consumers choose to eat with growing demand for bold, flavorful food, fresh ingredients and protein-rich meals that don't require compromising on health. Our Mediterranean cuisine sits at the intersection of these trends, making it increasingly relevant in today's environment and further reinforcing our confidence in the category we are pioneering.

As the clear scaled leader in Mediterranean, we believe CAVA is uniquely positioned to capture the significant opportunity ahead with the strength and durability of our model, providing us with the flexibility to continue to invest with intention in our team members, our operations, the quality of our food and the everyday value we deliver to our guests.

Whether it's strengthening our leadership pipeline through our Flavor Your Future Team Member development platform or building more consistent operational foundations through initiatives like CAVA Core and CAVA Current, we're making choices today that we believe will strengthen the business for years to come. You can see that long-term oriented approach come to life across our strategic pillars, beginning with our first, expand our Mediterranean way in communities across the country.

During the second quarter, we opened 17 net new restaurants, ending the quarter with 476 locations across 29 states and the District of Columbia. Our momentum from the first quarter continued into the second, with restaurant expansion in both new and existing markets, including our recent entries into Indiana and Ohio.

And as we look ahead into the second half of the year, I'm excited to share that we'll be making our entry into Las Vegas, Nevada and in 2027, our highly anticipated expansion to the Bay Area. Each new market continues to strengthen our confidence in the long-term opportunity ahead with second quarter new restaurant productivity once again above 100%, further demonstrating the broad appeal of our brand.

As we continue to expand our Mediterranean Way across the country, culinary innovation remains at the heart of our journey. Seafood is a staple of the Mediterranean diet, and the second quarter marked an exciting milestone for us with the nationwide launch of our first-ever seafood offering, Pomegranate Glazed Salmon. As a natural complement to the way our guests are increasingly choosing to eat, salmon expands the variety of choices available, while staying true to the bold flavors and ingredient quality that define our brand.

Guest reception has been strong and overall performance has been in line with our expectations. And while we're encouraged by Salmon's early performance, it represents just the beginning of a broader opportunity within seafood.

I'm pleased to share that we've recently concluded the market test of our roasted garlic shrimp, another protein that aligns naturally with our menu. As with all of our culinary innovation, we'll continue moving through our disciplined testing process before determining the appropriate path forward, and we look forward to sharing more in the coming quarters. While our larger culinary launches continue to broaden our menu appeal, we believe smaller seasonal moments are just as important, giving guests new reasons to come back to CAVA more frequently.

Recently, our Mediterranean summer campaign introduced a collection of limited-time offerings, including our Harissa BBQ Pita Chips, which bring together smoky, spicy, and subtly sweet flavors and a new take on one of our guest favorites and have quickly become one of my favorite additions to the menu. The campaign also includes our seasonal house-made strawberry ginger drink and our digital exclusive Pomegranate Glazed Salmon Bowl, extending the flavors of summer across even more guest occasions. These seasonal moments continue to reinforce the relevance of our brand while staying true to our concept essence.

Shifting to our second strategic pillar, deepen personal relationships with guests even as we scale, we're encouraged by the continued growth of our loyalty platform and the new opportunities it creates. As our first-party audience grows, we're expanding what loyalty means at CAVA, creating experiences rooted in discovery, generosity, and meaningful connection.

Building on the interactive digital experiences we introduced earlier this year, this past quarter, we launched Flavor Passport, an in-app experience that encourages guests to explore more of our menu while discovering new flavors and earning rewards along the way. It's another example of how we're continuing to evolve our loyalty platform while creating deeper, more meaningful connections with our guests.

Just as importantly, we want every guest to feel welcomed and included, whether they're visiting CAVA for the first time or have been with us for years. To kick off the summer, we celebrated the summer solstice by surprising our rewards members with complimentary Pita Chips, another expression of our spirit of generosity.

We brought that same spirit to life in our communities through our Mediterranean Summer Supper Series in partnership with Airbnb Experiences, where guests gathered around a shared table to experience the warmth, connection, and hospitality at the heart of CAVA. As part of the series, Oasis members received exclusive invitations, creating another meaningful way to deepen our relationships with our most engaged guests.

These gatherings reflected something that has always been at the heart of CAVA, bringing people together through meaningful moments, genuine hospitality, and experiences that leave people feeling good about themselves. Ultimately, creating these moments for our guests starts with the people who show up every day to bring our Mediterranean hospitality to life, reflected in our third strategic pillar, Run Great Restaurants, Every Location, Every Shift.

Great restaurants are built by great leaders, and we are committed to making CAVA the best general manager opportunity in the industry. That commitment comes to life through our Flavor Your Future initiative, our holistic team member development platform designed to attract, develop, and retain the next generation of leaders who will grow with us.

Officially launched this past quarter, the program is committed to hiring more than 2,500 new team members, reinforcing our belief that the best guest experiences begin by investing in our people. And one of the things I'm most proud of is seeing our leaders continue to grow long after they become general managers. Earlier this summer, we welcomed more than 100 of our top-performing general managers to our Annual Academy GM Summit, where we celebrated excellence, shared best practices, and strengthened the leadership culture that drives CAVA forward.

Spending time with these leaders is always one of the highlights of my year because you can see the true embodiment of our mission to bring heart, health, and humanity to life. Whether it is Kayla Jamie, who joined CAVA as a team member and within 2 years was leading one of our top-performing restaurants, or Brittany Huffman, whose journey from team member to Area Leader spans a decade, these stories remind us that the strongest leaders are built from within.

Finally, investing in our people also means investing in the tools and processes that help them succeed. A meaningful example of that is our rollout of pre-marinated chicken, which we'll be launching in restaurants throughout the balance of this year and next year. This is a significant step forward in simplifying restaurant execution, improving product and flavor consistency, and reducing back-of-house workload. By taking time and complexity out of the kitchen, our teams can spend less time on manual prep and more time focused on what matters most, delivering exceptional hospitality and elevating our guest experience.

We saw the impact of these intentional choices and the passion and excitement surrounding our brand throughout the Summer Supper Series. Our final Supper took place in San Francisco, where the energy from the community was a powerful reminder of how deeply CAVA continues to resonate in markets across the country. This excitement came to life online where our CAVA fan correctly guessed that we were entering the San Francisco market by sharing that they had been manifesting the news. That kind of anticipation is a powerful testament to the strength of our brand and the connection guests feel to CAVA even before we open our doors in a new community.

I want to take a moment to address the recent food safety issues impacting the industry. While we do not source leafy greens from Mexico and do not serve iceberg lettuce on our menu, exiting Q2, we saw near-term sales impacts related to broad concerns around lettuce and fresh produce consumption due to the Cyclospora outbreak. We have since seen same-restaurant sales begin to rebound, a testament to the underlying strength of our long-term brand proposition.

Additionally, we have not seen any immediate impacts related to the recent Salmonella outbreak, nor do we source from the associated farms. We continue to consult with our Food Safety Advisory Council of industry-leading experts to monitor the ongoing situation. We know consumer trust in the food system doesn't come easy right now, and it shouldn't be taken for granted by anyone in this industry. Every company that puts food on someone's table has a responsibility to earn that trust every single day, and that's our commitment at CAVA.

As we reflect, we're incredibly proud of the progress we've made, but even more excited about the opportunity ahead. By continuing to invest in our people, our restaurants, and our guests, we're building a business designed to create meaningful value and impact for years to come. And none of this would be possible without our people. From our restaurant teams and field leaders to our support center and our production facility teams, their passion, dedication, and commitment is what brings our mission to life each and every day. I want to thank them for their positivity, generosity, curiosity, agility, and collective ambition.

And with that, I'll turn it over to Tricia to walk you through the financials.

Tricia Tolivar
Chief Financial Officer

Thanks, Brett, and hello, everyone. CAVA revenue in the second quarter of 2026 grew 31.3% year-over-year to $365.4 million. Same restaurant sales increased by 9%, driven by traffic growth of 5.3%. During the quarter, we opened 17 net new restaurants, bringing our total CAVA restaurant count to 476. And as Brett noted, we remain pleased with our new restaurant openings, and they continue to exceed expectations in both top line and margin performance with productivity above 100%. Our overall system-wide average unit volumes are now $3.1 million.

CAVA restaurant-level profit in the second quarter was $93.8 million or 25.7% of revenue compared to $73.3 million or 26.3% of revenue in the prior year period, representing a 28.1% increase. CAVA's food, beverage, and packaging costs were 30% of revenue, higher than the second quarter of 2025 by 50 basis points, largely driven by input costs associated with the launch of Salmon, partially offset by favorable mix. We anticipate CAVA's food, beverage, and packaging costs to increase as a percent of revenue for the rest of the year as a result of fuel surcharges and the rollout of pre-marinated chicken.

CAVA labor and related costs were 25.3% of revenue, up from the second quarter of 2025 by 30 basis points. This was largely driven by an incremental 3% wage investment in our team members, partially offset by sales leverage. CAVA occupancy and related expenses were 6.3% of revenue, an improvement of 50 basis points from the second quarter of 2025 due to sales leverage. CAVA other operating expenses were 12.8% of revenue, reflecting an increase of 40 basis points from the second quarter of 2025. This increase was primarily driven by a higher mix of third-party delivery.

Shifting to overall performance. Our general and administrative expenses for the quarter, excluding equity-based compensation, were 9.3% of revenue compared with 9.8% of revenue in Q2 of 2025. The improvement is primarily due to leverage from higher sales and the timing of performance-based incentive compensation, partially offset by investments to support future growth. Preopening expenses were $6.7 million in the current quarter compared with $5.1 million in the prior year quarter. The $1.6 million increase includes a higher number of units under construction and additional investments in our new restaurant openings to support increased volumes.

Adjusted EBITDA for the second quarter was $54.7 million, a 30% increase versus Q2 of 2025. The increase was primarily driven by same restaurant sales and the number and continued strength in the performance of our new restaurant openings, partially offset by investments to support future growth. For the second quarter of 2026, equity-based compensation was $5.7 million. We continue to expect equity-based compensation, which includes our new programs to provide equity grants to general managers and performance-based LTI, to be between $22 million and $24 million in aggregate for the full year.

In the second quarter, our effective tax rate was 24.7%. For the full fiscal year 2026, we continue to expect our effective tax rate to be between 23% and 28%, with the rate in the second half of the year being higher than the first half of the year due to the timing of equity-based vesting. As a reminder, the increase in our tax rate in 2026 versus the prior year is due to the lower permanent benefit from equity-based compensation. Our cash taxes will continue to be immaterial until we fully utilize our net operating losses.

During the second quarter, we reported $23 million in net income compared to $18.4 million of net income in Q2 2025. Diluted EPS was $0.19 in the second quarter compared with $0.16 in the second quarter of 2025. The increase in net income and EPS was due to improved operating performance, partially offset by a higher effective tax rate, driven by a lower tax benefit associated with equity-based compensation, as well as higher depreciation and amortization.

Turning to liquidity. At the end of the quarter, we had 0 debt outstanding, $435.6 million in cash and investments, and access to a $150 million undrawn revolver with an option to increase our liquidity if needed. Through the second quarter, cash flow from operations increased to $134.5 million in 2026 compared to $98.9 million in the prior year period. Year-to-date free cash flow was $44.8 million. This is the 10th quarter in a row of positive cash flow year-to-date.

Now to go to our outlook for full year 2026. We are reiterating our guidance to expect the following: 75 to 77 net new CAVA restaurant openings, same restaurant sales of 4.5% to 6.5%, CAVA restaurant level profit margin between 23.7% to 24.3%, preopening costs between $22 million and $22.5 million and adjusted EBITDA, including the burden of preopening costs between $181 million and $191 million.

I would like to share additional context on guidance. As Brett mentioned, there are broad consumer concerns around recent industry food safety issues. Earlier last month, concerns surrounding the Cyclospora outbreak impacted same restaurant sales. Those trends moderated meaningfully, though remained flat to positive. Performance improved sequentially each week and most recently, as concerns around the broader impact of the Cyclospora outbreak has begun to ease, our same restaurant sales performance has recovered to mid-single digits.

Our maintained full year outlook incorporates the impact experienced to date as well as a prudent assumption regarding the duration of any remaining pressure along with the macroeconomic and geopolitical fluidity. Our conviction in the underlying health of the business remains unchanged, supported by the resilience of our sales trends, the strength of our brand and our compelling unit economic model.

Shifting to restaurant level margin, our outlook reflects the impact of previously disclosed fuel surcharges and the partial rollout of pre-marinated chicken in the back half of the year. On the labor front, our guidance embeds continued investments in team member wages and opportunities to deliver on exceptional hospitality for our guests. Preopening expenses reflect the continued investments in new unit volumes, including onboarding general managers earlier to allow for more comprehensive training ahead of opening.

Shifting to general and administrative expenses. Our outlook assumes increased spend in each of the third and fourth quarters as compared to the second quarter of 2026, with targeted investments to support our rapid growth. As a reminder, we remain focused on sustainable margin expansion over time, and we will continue to make investments where we believe they strengthen the guest experience, support our team and generate attractive returns.

We evaluate the models for adjusted EBITDA, net income, EPS, free cash flow and cash-on-cash returns. Together with the continued strength of our new restaurant openings and attractive cash-on-cash returns, these results reinforce our confidence that the model is converting growth into increased earnings and cash flow while supporting thoughtful investments for the long-term.

Throughout our journey, we have remained focused on our mission to bring heart, health and humanity to food, expressed through the warm hospitality and human connection that defines our brand. We will remain focused on staying true to that mission in every community we serve.

With that, I'll turn it over to the operator for Q&A.

Question-and-Answer Session

Operator

[Operator Instructions] Your first question comes from Dennis Geiger with UBS.

Dennis Geiger
UBS Investment Bank, Research Division

Wondering if you could talk a little bit more about the implied 2H outlook. Tricia, you gave some great commentary there. Just anything more about the back half implication as it relates to what gets you to the lower end, what gets you to the upper end? And specifically, that mid-single digit that you mentioned, just how you're thinking about that with respect to whether the food safety headlines are largely behind you? Just any more color there would be terrific.

Tricia Tolivar
Chief Financial Officer

Thanks, Dennis. So as we talked about on the call, our guidance incorporates what we're seeing to date as well as macroeconomic and geopolitical uncertainty, but it's a very prudent assumption regarding the duration of the Cyclospora impact itself and what that will mean for the business.

So if you look at guidance to deliver on the low end of the range, it would be slightly negative same restaurant sales. The upper end of the range would be in the mid-single-digit range. There's nothing in what we're seeing in our trends today that would suggest we would land at the lower end of the range, but we feel it's the most important thing to do is be prudent and thoughtful in that guidance and to reiterate where we were from a guidance perspective when we started.

Operator

Your next question comes from the line of Chris Carril with KeyBanc Capital Markets.

Christopher Carril

KeyBanc Capital Markets Inc., Research Division

I did want to ask about what's implied here in your guidance with respect to the restaurant level margin for the back half of the year. I appreciate all the color that you gave around margins and labor, specifically labor costs and food costs. But anything else as we think about kind of the cadence here, including the seasonality in the 4Q?

Tricia Tolivar

Chief Financial Officer

Yes. So certainly, seasonality in the fourth quarter does tend to produce lower restaurant level margins anywhere close to 300 basis points overall when you look at Q3 to Q4 in historical time period. I don't anticipate that's going to change meaningfully. We do anticipate some incremental fuel surcharges. However, not to the extent that we expected last quarter, but we'll use some of that to invest in the rollout of pre-marinated chicken, which is something that our team members have been looking for.

So to the extent we're continuing to make investments to reduce friction, drive hospitality and make sure that we can make things as simple as possible in our restaurants, we want to make -- continue to do that. Some of those margin investments will include labor investments, the continued focus around post-opening success in our restaurants, which we're pleased with what we're doing there from a labor investment perspective and then continuing to maintain reasonable pricing with no intention of changing pricing in the near future, so that we can make sure that we're continuing to drive the overall guest reception and that positive traffic.

Operator

Your next question comes from the line of Andrew Charles with TD Cowen.

Andrew Charles

TD Cowen, Research Division

Brett, it's clear with 2Q's 9% same-store sales growth that you guys are offering a compelling guest experience at a great value and consumers are rewarding you for it. But within this fluid industry backdrop that's griping with negative food safety publicity, can you talk about the levers at your disposal that if you needed, you could help pull? You talked, for instance, in July about leaning the loyalty program with things like Flavor Passport and offering free Pita Chips.

So I'm curious if you think there's more opportunity there if you kind of exhausted that perhaps as well on the marketing side, you guys typically run the lowest in the industry around 1% of your sales. Maybe it's an opportunity to step it up to help reattract traffic. Just want to get your thoughts just on other opportunities you have at your disposal to help reaccelerate and get back to the trends you were on before this all happened.

Brett Schulman
Co-Founder, CEO, President & Director

Yes, Andrew, there's certainly opportunities on the marketing front, given our low levels of investment to ratchet up those investments. But I would say that the biggest opportunity still is delivering great experiences every day in every restaurant. That's clean restaurants, that's welcoming hospitality and it's consistently fresh food and excited with the progress that the team is making on that front. I think we are very good at delivering that. I think we have an opportunity to be exceptional at delivering that.

And in an environment where consumers are dealing with a lot of challenges in the world today and in their daily life, to be able to walk into a CAVA and have an exceptional experience is really meaningful to them, and that's what we've seen the underlying strength throughout the course of this year.

Andrew Charles
TD Cowen, Research Division

That's great. And maybe just one follow-up. You called out that Salmon performed in line with your expectations. And curious, how does that drive your longer-term thinking on the protein relative to your pledge to keep it through the end of 2026?

Brett Schulman
Co-Founder, CEO, President & Director

Yes. What we saw with Salmon is what we've seen with a lot of our protein launches that our guests really love these consistent pulses of newness, and we try and balance that with operational complexity. And what we saw with Salmon was it certainly increased the rate of new customers. But within our loyalty program, we saw Salmon drive increased frequency of those who purchased Salmon.

So we know our audience, our guests love to experience the culinary expertise of our team and our chefs, and they really enjoy when we bring new items forward. And that drives our loyalty program and the app, the traffic that we're able to drive through the loyalty program.

And I think it also speaks to the opportunity for seafood in general. Seafood is a core aspect of the Mediterranean diet. This was our first foray into that. And we've tested our roasted garlic shrimp. We're very pleased with what we've seen in the test. We're going to continue to work that through our stage gate process, and we'll have more to come on the roasted garlic shrimp.

Operator

Your next question comes from the line of John Ivankoe with JPMorgan.

John Ivankoe
JPMorgan Chase & Co, Research Division

I wanted to follow-up on the marketing comment. Brett, you admit it's an opportunity, and I guess it's an opportunity for you to take maybe when you need it or when you feel the time is really right just from an overall scale perspective. So can you use your crystal ball and maybe tell us -- describe to us what marketing might look like 1 or 2 or even 3 years from now as the CAVA business gets bigger and you can spread the marketing out across a much bigger revenue base?

Brett Schulman
Co-Founder, CEO, President & Director

Yes, John, like any investment we make in our business, Tricia talked about investments in our team members, investments in things like pre-marinated chicken to make our operations easier for our team or invest in our guests underpricing inflation, mitigating those menu price increases that we've seen from many others in the industry. We view marketing that same way. We want to get a return on that investment. And if we feel like it's prudent to lean into the marketing opportunity and we can get a return on that investment, we will do so.

I do think over time, you'll see us increase that investment as a percentage of revenue. But when we think it's prudent, we've been able to drive tremendous awareness and excitement. We talked in the remarks about the pent-up demand in San Francisco that we're excited to enter the Bay Area and the 100% plus productivity of new restaurant openings that we've been able to achieve with just pent-up demand and excitement for our brand in these new markets. So again, we just want to be thoughtful and prudent in how we invest in this business and marketing is no different.

John Ivankoe

JPMorgan Chase & Co, Research Division

Let me ask a question on the new unit volumes, which have been so strong and some additional preopening and just support of those restaurants from a staffing perspective and probably marketing as well have really helped. So I hate to ask this question, but I have to. As we think about comping those units next year, I mean, do you see anything extraordinary, for example, in the '25 class, the '26 class that would make it hard to grow when they enter the comp base? Or could we expect to hit higher highs despite the new units being so strong right out of the gate?

Tricia Tolivar

Chief Financial Officer

John, we're really excited about what we're seeing from the 2024 cohort. Those units exceeded our expectations as well, and they are, in fact, double-digit same restaurant sales in the highest performing vintage that we have in our entire portfolio. And so we expect that '25 and '26 would perform in a similar fashion based on what we're seeing with that strong cohort. So they start out high, dip down a little bit and are a little bit of a headwind in their first year after opening, but then rebound very nicely and perform more like what we've seen historically from our restaurants.

Operator

Your next question comes from the line of Sharon Zack with [Zea.]

Unknown Analyst

Just [indiscernible] question. I may have missed this, but do you have any update on your test in catering? And I'd also be interested if you have any use cases you could share for CAVA Core and CAVA Current and how it might be impacting the business at this point?

Brett Schulman

Co-Founder, CEO, President & Director

Yes, Sharon. Catering, we will launch a second market test that we'll expand from our existing Houston market test. We will enter a second market with a catering test later this fall to, again, really understand and solve the question of load balancing and capacity management. So we've had a lot of progress, a lot of work on that front. But to us, that's the key question we need to solve for to make sure that when we roll that -- this out across the system that we have the right production capacity set up for the demand that our guests have for the catered product and that our team members are set up for success and can deliver on those commitments.

So as it relates to CAVA Core and CAVA Current, very excited at the long-term potential of these investments in the infrastructure we've built. We're seeing significant productivity gains at our support centers and collaboration centers. When you think about analysis on the FP&A front or general insights into the business, we're now able to ask our data simple prompts or questions that we can get an answer to that would have taken analysts hours, if not days, to do on traditional Excel spreadsheets and the like. So we're seeing great productivity gains there.

And then the ability to leverage the data and forecasting models eventually into restaurant productivity and efficiencies when you think about things like predictive labor scheduling, inventory ordering, predictive prep and predictive cook production, let alone on the marketing front when we lean into marketing, doing personalized A/B testing and content and copy and suggested offerings that will be very relevant to our guest behaviors and interest. So very excited. I've written about this in the shareholder letter the last couple of years. I think this is a decade-long transformation of data and seeing the very early impacts of that, certainly from an insights and analysis standpoint.

Operator

Your next question comes from the line of Brian Mullan with Piper Sandler.

Brian Mullan

Piper Sandler & Co., Research Division

I just wanted to ask about the AGM position. Can you update us? Is that fully in place everywhere at this point? And is it having the impact you're hoping? And I know some of the benefits will be developing future leaders for new stores, but just specifically in terms of the impacts you're seeing at the store level now, could you just talk about what you're observing where that's in place?

Brett Schulman

Co-Founder, CEO, President & Director

Our AGMs, the roles are now rolled out to 70% of our fleet, which was the intended amount of restaurants on the initial launch. We will review the other 30% to see if there's opportunities to expand that to the entire fleet. And we are encouraged by what we've seen on the initial rollout at the Phase 1 restaurants, where we've certainly seen improved team member satisfaction. We've seen improved guest satisfaction, and we think that will build over time that will drive traffic as we have better management complement every day, every shift.

Operator

Your next question comes from the line of Gregory Francfort with Guggenheim.

Gregory Francfort

Guggenheim Securities, LLC, Research Division

I just wanted to ask about maybe going back to margins. I think I understand the investments you're making on the labor and food side, but just the other OpEx line deleveraging on these comps. I guess just how much of that pressure is onetime maybe from R&M or utilities? And how much of it might be ongoing with delivery fees? And just as you look kind of beyond this year, do you expect that you can get maybe a little more leverage on that line or have some of the 2026 pressure reverse in '27?

Tricia Tolivar

Chief Financial Officer

So as you look at the other OpEx line, the most significant component this year compared to last year was third-party delivery and the increase in overall mix. That mix has actually declined versus first quarter of 2026, and we anticipate because those mix shifts change towards the back half of 2025, that you won't see as much deleverage in that line and it will be more of a maintenance level as you go in through the rest of the year.

Operator

Your next question comes from the line of David Tarantino with Baird.

David Tarantino
Robert W. Baird & Co. Incorporated, Research Division

I wanted to revisit the question on new unit productivity, which has been strong for several quarters in a row. And I guess my question is, I'm hoping you could comment on how broad-based that number is or how concentrated it might be with some of the enthusiasm you're seeing in some of these newer markets. So just kind of trying to get an idea of how the math is rolling up to that really strong number? And then I have a second question about it.

Tricia Tolivar
Chief Financial Officer

Okay. Well, David, we're seeing that strength across the board. It's in all types of geographies, all types of formats, just the general rise in brand awareness has helped with that new opening performance itself as well as our team's investments in making sure they deliver on a great guest experience in addition to delivering on amazing culinary. So it's really consistent across the board. At this point, I haven't found a market that doesn't love CAVA, but we're seeing that and we're seeing strong performance in established markets and our growth emerging markets as well.

David Tarantino
Robert W. Baird & Co. Incorporated, Research Division

Great. And then I guess the follow-up question is, does it make you think that your unit volumes in the markets you're opening now are likely to be higher than the unit volumes that you've opened in the past, given that these are already opening at a much higher rate than what you've done in the past? I guess how do you think about that dynamic?

Tricia Tolivar
Chief Financial Officer

Well, David, we're always trying to learn. So it's a dynamic we weren't expecting. And as you're calling out, we've been seeing for a little while now. What we're doing with the information is using it to fuel our models for site selection and understand that we're making the right choices for our new restaurants as they open so that we're delivering on those cash-on-cash returns with the most recent information that's available. So we'll keep a close eye on it. And if there's a need or a reason to update our thoughts on how restaurants will open in the future, we'll be sure to share that.

Operator

Your next question comes from the line of Brian Harbour with Morgan Stanley.

Brian Harbour
Morgan Stanley, Research Division

Just with Salmon, is it still your expectation you'll keep that through year-end? And I guess could you comment on -- has the incidence been pretty steady since you launched it? Or has it kind of -- has it followed like a typical pattern of a limited time protein? And I guess, could you also just talk more broadly about kind of drivers of the mix component of same-store sales aside from that in the quarter?

Tricia Tolivar
Chief Financial Officer

Yes. So thanks, Brian. So the Salmon incidence was in line with our expectations and remained pretty constant throughout the quarter itself. The whole thing about mix component of same restaurant sales, Salmon was a contributor to that, but we continue to see strong performance in our premium attachments and they drive a positive impact on mix. So it just wasn't Salmon alone delivering on that. And we'll continue to watch Salmon. As we said, it will carry through the end of 2026, and we'll have that same impact on restaurant level margins and COGS that we had talked about earlier.

Operator

Your next question comes from the line of Danilo Gargiulo with Bernstein.

Danilo Gargiulo
Bernstein Institutional Services LLC, Research Division

You've always taken a very proactive approach to ensure high quality and food safety standards very high or maintained. But are you doing something different today, adding a little bit more scrutiny in light of the greater uncertainty around the Cyclospora and more recently Salmonella? And if so, how do you expect this to be impacting your margin in the near term? And for how long do you expect that to be a pressure? And then I have a follow-up.

Brett Schulman

Co-Founder, CEO, President & Director

Danilo, we've always tried to invest ahead of our growth and proactively put measures in place to ensure that our guests can trust that we're operating in a food safe environment every day. A few years ago, we organized an external Food Safety Advisory Council of industry-leading experts, including Dr. James Marsden, Dr. David Acheson, and Scott Brooks, who continue to counsel us today.

And even though we are not impacted directly by the ingredients that have been impacted in the current food safety issues, we're monitoring the situation. We're learning from the situation, understanding what other measures could be taken or should be taken in the future. I think that's the important thing in any food safety issue in the industry historically, how do we learn from that? How do we work with our supply chain partners and governmental agencies to understand how we can learn from it and go forward and improve upon what we've already put in place?

So nothing specifically in the moment that we're doing beyond what we've already established, whether it's the Food Safety Advisory Committee or technology we put in years ago from a traceability standpoint so that we're able to identify down the [indiscernible] level throughout our supply chain in rapid fashion should any issues arise.

Tricia Tolivar

Chief Financial Officer

And from a margin perspective, we're certainly not expecting any outsized investments necessary. As Brett mentioned, we're hyper focused on food safety, but we always have been. It's not something that's happening just as a result of this incident.

Danilo Gargiulo

Bernstein Institutional Services LLC, Research Division

Excellent. And I'm very curious also on the pre-marination of chicken. I mean you think this might be simplifying the operations, improving perhaps also the experience of your labor in store. But I would imagine that it might be potentially leading to some labor cost savings over time, especially as you're thinking about the cumulative effect of centralization of more items.

So my question is, what is the size of the pie here? And what other opportunities do you see in your portfolio of offering to maybe further centralize the food production, but without decaying the quality of what you're offering?

Brett Schulman
Co-Founder, CEO, President & Director

Danilo, we've taken a little bit different angle on it, where we've looked at it and said, how can we invest in this and fund this and not tell our teams, hey, cut 3 or 4 hours out of the schedule now. Take those 3 or 4 hours that you're saving in manual prep and invest that in our guests and the hospitality and the service and the table touches and again, improving the environment for our team members and the environment for our guests, which we think is going to drive long-term sustainable, durable traffic growth.

Operator

Your next question comes from the line of Sara Senatore with Bank of America.

Sara Senatore
BofA Securities, Research Division

I guess a question about social media. We talked about media a little bit here. But when I think about some of what you're doing in terms of like the Summer Suppers, things like that, it sort of strikes me as a way to earn social media, which I think is probably the most powerful.

So as you think about doing these things, do you have any kind of metrics in place? The return on that would presumably be very high if you're getting kind of viral coverage or as you said, you have online fans talking about it. So just as you think about you kind of earned versus paid media, what your thoughts are on that? And then I do have a question on your comment about hospitality.

Brett Schulman
Co-Founder, CEO, President & Director

Yes, Sara, I think it's interesting. There's been a lot of shifts in social media in the last 2 years and then the algorithm itself and the advent of AI and clipping and it has become a very noisy environment, and we've been leaning into more analog experiences.

And really as an expression of our concept essence and wanting to foster human connection and our Mediterranean hospitality. And we think it's a way to bring people together to, as you said, create this kind of earned media and a more authentic way to drive engagement with our guests. And so I think you'll be seeing some more analog type experiences from us that then can create that amplification or network effect on social channels versus some of the tactics that were more utilized over the last couple of years that I think have been challenged in the recent changes in the landscape on social media.

Sara Senatore
BofA Securities, Research Division

Got it. And I guess maybe I'll hold off on the question I was going to ask about the in-restaurant hospitality. But as you think about the management team, are there places where your executive team, like where you need to invest? I think maybe there's been some departures recently. So anything you can speak to on that?

Brett Schulman
Co-Founder, CEO, President & Director

Yes. There is an opening on our leadership team, and we have shifted away. We had formerly a Chief Experience Officer position that we've shifted some of the digital aspects to our technology group, and we are in the process of bringing on board a new Chief Marketing Officer that will be focused on brand marketing and creative that we think -- we made a decision last year to bring in a new operational leader for the next chapter of our journey, and it was a similar situation where we wanted to bring on new capabilities from a marketing standpoint and shift the role to a more focused CMO role for the next chapter of our brand and marketing journey.

Operator

Your next question comes from the line of Sarang Vora with Telsey Advisory Group.

Sarang Vora
Telsey Advisory Group LLC

Great performance this quarter. My question is about loyalty. I mean we are almost a year into the program of Sun, Sand. Can you share some metrics that you talked about the growth of the first-party engagement, how members are upgrading, how you are engaging with members? Anything that surprised you from the year that loyalty has been in place digitally or in-store usage? Any color you can share would be helpful.

Tricia Tolivar
Chief Financial Officer

We are seeing great progress with our loyalty program and watching the programs work as designed, where we're providing offers to individuals that sooner in their life cycle, which is moving them up into the loyalty tiers at the rate that we expected. What we can say is our loyalty member base itself is growing at a faster rate than our new restaurant openings. So we're seeing that build over time, and it's nicely growing in line with our expectations.

Operator

Your next question comes from the line of JP Wollam with ROTH Capital Partners.

John-Paul Wollam
ROTH Capital Partners, LLC, Research Division

Just 2-parter here. I'm wondering, you talked about satisfaction, Brett, but can you quantify any kind of throughput impact that you've seen with stores that have the AGM role in place?

And then just the kind of more strategic question, how do you flex your balance sheet, understanding that kind of the highest ROI is new store development? Is there anything you can do to help kind of support the accelerating unit growth, whether that's kind of anything one timy that's not necessarily pulling from restaurant level margin on a consistent basis, but really just a way to sort of deploy that nice cash balance you have there?

Brett Schulman
Co-Founder, CEO, President & Director

The first part of your question, we've certainly seen improved speed of service or speed and service, we like to say, in these restaurants with our AGMs. We don't get into specific metrics or how many people per 15 minutes. We're very mindful that this is many of our guests' first time interacting with us or maybe first time experiencing some of the flavors of our cuisine. So we want to be fast enough, but we don't want them to feel rushed or hurried in their decision-making when we're in a brand-building phase.

To the second part of your question in terms of what we could be investing in or leveraging our balance sheet to accelerate growth should -- were we so to choose to do so. I would point to our Flavor Your Future Team Member development initiative. This holistic team member development platform is really investing in building the future leaders of these new restaurants because we view that as the biggest governor to our growth. And so the deeper we have that pipeline, I think the more optionality we have to accelerate growth if we were to choose to do so.

Operator

Your next question comes from the line of Logan Reich with RBC Capital Markets.

Logan Reich
RBC Capital Markets, Research Division

I wanted to ask a follow-up on the advertising side. You guys have been testing some media mix modeling and optimization. Just wondering if you can give an update on the efforts there.

And then second question is just on the income cohorts. I think last quarter, you talked about the lower income cohort growing actually faster than the higher income. So just wondering if you can provide an update on the income cohort growth as well.

Tricia Tolivar
Chief Financial Officer

Yes. So from a media mix modeling perspective, we have deployed those tools, and we have taken the learnings from those to adjust our allocation of investments in paid media to drive the highest returns possible. And so there have been shifts at least on a quarterly basis that we've made as a result of those investments and the learnings that we've gotten.

As we look at the income cohorts, we take every restaurant and stratify them based on the median household income in their market. And we are again seeing that the lower income cohorts are generating the highest same restaurant sales results. So really demonstrating the white space opportunity that we have and certainly, the investments that we're making in minimizing our price increases is translating into greater accessibility for many across the country.

Operator

Your next question comes from the line of Steve McManus with BNP Paribas.

Stephen McManus
BNP Paribas, Research Division

Curious what you were seeing through the quarter as it relates to daypart or occasion mix. Any meaningful shift there, particularly with Salmon? Curious to get any color there, that would be great.

Tricia Tolivar
Chief Financial Officer

So our daypart and mix has been consistent quarter-to-quarter. No significant changes there. Currently, we really haven't seen any significant changes with the launch of Salmon, just really bolstering the business across the board. So nothing really to call out from last quarter to this quarter.

Operator

Your next question comes from the line of Margaret-May Binshtok with Wolfe Research.

Margaret-May Binshtok
Wolfe Research, LLC

I just wanted to ask with some of the protein rich shift in eating that I think you guys have been talking about and as it pertains to some of the GLP-1 adoption that we've been hearing about, are you seeing customers using your menu any differently, whether that's double protein, protein attach, or smaller portions?

Brett Schulman
Co-Founder, CEO, President & Director

We have seen our customers certainly opt in to double protein. And I think, in general, opt to CAVA. I mean we are protein-rich, fiber-rich, nutrient dense. GLPs are shifting folks more to our style of eating. We have seen some of our -- we call them big kids opt into our kids meal a little bit more in recent months from a portion standpoint. But in general, we've just seen more people shift into our brand and our style of eating in the Mediterranean diet, which addresses the protein needs that a lot of folks are looking for.

Operator

Your next question comes from the line of Brian Vaccaro with Raymond James.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

Brett, I had a great experience at your new location in the Atlanta Airport recently. So I know it's still early, but are there other airports or nontraditional sites in your pipeline over the next 12 to 18 months? Just curious how that plays into your broader growth plans.

Brett Schulman

Co-Founder, CEO, President & Director

That's great to hear, Brian. Our airport locations are only licensed partner locations. We run all of our other restaurants. So it's great to hear our partners stepping up.

Very excited to have Hartsfield open. We recently also opened at Logan Airport in Boston and not too long ago at LAX. We do have a few other restaurants in airport restaurant locations in the pipeline. It's not an accelerated initiative today, but we do think over time, that can be a nontraditional channel that can be very successful for us. We know our guests love to find us in an airport. We're a Mediterranean Oasis and what tends to be a healthy food desert. So we've seen great reception to CAVA in those locations.

Brian Vaccaro

Raymond James & Associates, Inc., Research Division

All right. And just a quick follow-up, if I could. Just on the strong comps that you saw in the second quarter. Tricia, you did mention some of the uncertain macro backdrop. And just curious if you saw any changes in trends through the quarter, any signs of sensitivity to gasoline prices, et cetera? Just kind of any changes through the quarter before the Cyclospora impacts hit into July?

Tricia Tolivar
Chief Financial Officer

We did not experience material changes in the quarter. And keep in mind that our quarter ended right at the time when the Cyclospora events were taking place. And so there was a little bit at the end of the quarter and then carried into Q3.

Operator

Your next question comes from the line of Todd Brooks with Benchmark StoneX.

Todd Brooks
The Benchmark Company, LLC, Research Division

Just a clarification. So Tricia, when you were kind of giving the shape to the Cyclospora impact, I think you said flat to -- slightly -- flat to positive, but that was across the entire incidence window. And the most recent couple of weeks here, it's been a return to mid-single. I just want to make sure I heard that right. And I have one more question.

Tricia Tolivar
Chief Financial Officer

Yes. So it dipped initially to flat to positive and then each week sequentially got better and the last week was a mid-single-digit same restaurant sales.

Todd Brooks
The Benchmark Company, LLC, Research Division

Perfect. And then just, Brett, just wondering, as we look to the second half, and I know that shrimp is now working its way through the stage gate. But as far as kind of culinary innovation back half of the year, anything to call out that we should be watching for either in the seasonal rotations or other introductions?

Brett Schulman
Co-Founder, CEO, President & Director

Yes, we'll be along the lines, we will make a seasonal introduction. We will be bringing a new dressing forward. We will have another pita chip flavor, some of those more smaller seasonal moments that we speak to as opposed to the tentpole moment of Salmon.

Operator

Your next question comes from the line of Jon Tower with Citi.

Jon Tower
Citigroup Inc., Research Division

Great. It sounds like the past couple of quarters, your delivery sales have perked up quite a bit, at least that's -- we can pick up from the higher OpEx spend. And I'm just curious, was this something that you did intentionally? Or did you work specifically with the third-party delivery providers to show up better on the platforms? Or is this just an organic build that came through?

Brett Schulman
Co-Founder, CEO, President & Director

Jon, I think this is a great example of trying to make intentional investments in our business and get a return on those investments for our shareholders and for our team members and our guests. And that was our KDS rollout last year that culminated at the end of the year that's helped drive better time and speed of service, better order accuracy, better productivity.

And so in turn, we show up on the platforms with better ratings. We get optimized better and are more accessible for guests that are looking for a shorter window on those order lead times. So I just think it's a great example of how we've been able to drive some improvements in the business by making investments in the KDS.

Jon Tower
Citigroup Inc., Research Division

Great. And maybe just one follow-up on the marinated chicken...

Operator

Your next question comes from the line Jim Sanderson with Northcoast Research.

James Sanderson
Northcoast Research Partners, LLC

I wanted to go back to your commentary on free cash flow for the first half of the year. Do you expect your free cash flow to be positive for the remainder of 2026? And any commentary on CapEx you expect for the rest of the year that's beyond new store development?

Tricia Tolivar
Chief Financial Officer

Yes. Certainly, the rest of the years are less seasonally favorable quarters and generate less free cash flow. And we do have CapEx intentions to create a robust pipeline for openings in 2027. So we'll keep a close eye on free cash flow. I expect the full year free cash flow to remain strong, but we want to make sure we're making the right investments in third quarter and fourth quarter for the future itself.

From a CapEx perspective, looking at expectations, there's a little bit that we want to invest maybe $5 million or $10 million or so in our opportunities to continue to enhance our restaurants and improve the guest experience. So there'll be refreshes related to some aspects of Project Soul in some of our restaurants and perhaps some grill expansions to address the increased demand in some of our restaurants, and those will be included in CapEx.

Operator

We have reached the end of the Q&A session. I will now turn the call back to Brett Schulman, CEO, for closing remarks.

Brett Schulman
Co-Founder, CEO, President & Director

Thank you for joining us today. Our second quarter results reflect the strength of our category-defining brand, the continued resonance of our value proposition and the passion and commitment of our team members.

As we bring CAVA to more communities across the country, we will continue to invest with intention and make the thoughtful choices required to support durable growth. We are building CAVA not for the next quarter, but for the many years ahead, and we remain energized by the significant opportunity in front of us.

With Labor Day approaching, I want to thank our team members for all they do to serve our guests every day. And I wish everyone a safe and enjoyable end to your summer. We look forward to speaking with you again next quarter.

Operator

This concludes today's call. Thank you for attending. You may now disconnect.

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