

REFINITIV

DELTA REPORT

10-Q

WING - WINGSTOP INC.

10-Q - MARCH 30, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	644
CHANGES	209
DELETIONS	272
ADDITIONS	163

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

FORM 10-Q

(Mark one)

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

For the quarterly period ended **September 30, 2023** **March 30, 2024**

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

For the transition period from _____ to _____

Commission File No. 001-37425

WINGSTOP INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

47-3494862

(IRS Employer Identification No.)

15505 Wright Brothers Drive

Addison, Texas

(Address of principal executive offices)

75001

(Zip Code)

(972) 686-6500

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	WING	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. x Yes " No

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

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

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

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

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

On **October 31, 2023** **April 30, 2024** there were **29,414,920** **29,369,978** shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WINGSTOP INC. AND SUBSIDIARIES Consolidated Balance Sheets (amounts in thousands, except share and par value amounts)

	September 30, 2023 (Unaudited)	December 31, 2022

Assets		
Current assets		
Cash and cash equivalents	\$ 77,983	\$ 184,496
Restricted cash	11,444	13,296
Accounts receivable, net	11,951	9,461
Prepaid expenses and other current assets	5,907	4,252
Advertising fund assets, restricted	25,558	15,167
Total current assets	132,843	226,672
Property and equipment, net	84,344	66,851
Goodwill	65,175	62,514
Trademarks	32,700	32,700
Customer relationships, net	8,059	9,015
Other non-current assets	28,555	26,438
Total assets	\$ 351,676	\$ 424,190
Liabilities and stockholders' deficit		
Current liabilities		
Accounts payable	\$ 5,104	\$ 5,219
Other current liabilities	36,670	34,726
Current portion of debt	—	7,300
Advertising fund liabilities	25,558	15,167
Total current liabilities	67,332	62,412
Long-term debt, net	711,867	706,846
Deferred revenues, net of current	28,769	27,052
Deferred income tax liabilities, net	2,980	4,180
Other non-current liabilities	16,170	14,561
Total liabilities	827,118	815,051
Commitments and contingencies (see Note 7)		
Stockholders' deficit		
Common stock, \$0.01 par value; 100,000,000 shares authorized; 29,414,920 and 29,932,668 shares issued and outstanding as of September 30, 2023 and December 31, 2022, respectively	294	300
Additional paid-in-capital	1,238	2,797
Retained deficit	(476,413)	(393,321)
Accumulated other comprehensive loss	(561)	(637)
Total stockholders' deficit	(475,442)	(390,861)
Total liabilities and stockholders' deficit	\$ 351,676	\$ 424,190

	March 30, 2024 (Unaudited)	December 30, 2023
Assets		
Current assets		
Cash and cash equivalents	\$ 108,305	\$ 90,216
Restricted cash	11,444	11,444
Accounts receivable, net	13,643	12,408
Prepaid expenses and other current assets	3,774	4,948
Advertising fund assets, restricted	33,710	25,328
Total current assets	170,876	144,344
Property and equipment, net	99,345	91,292
Goodwill	67,708	67,708
Trademarks	32,700	32,700
Customer relationships, net	7,424	7,740

Other non-current assets	34,198	34,041
Total assets	\$ 412,251	\$ 377,825
Liabilities and stockholders' deficit		
Current liabilities		
Accounts payable	\$ 6,444	\$ 4,725
Other current liabilities	38,675	40,951
Advertising fund liabilities	33,710	25,328
Total current liabilities	78,829	71,004
Long-term debt, net	712,790	712,327
Deferred revenues, net of current	31,543	30,145
Deferred income tax liabilities, net	5,634	3,721
Other non-current liabilities	17,834	17,994
Total liabilities	846,630	835,191
Commitments and contingencies (see Note 7)		
Stockholders' deficit		
Common stock, \$0.01 par value; 100,000,000 shares authorized; 29,369,978 and 29,337,920 shares issued and outstanding as of March 30, 2024 and December 30, 2023, respectively	294	293
Additional paid-in-capital	918	2,676
Retained deficit	(435,226)	(459,994)
Accumulated other comprehensive loss	(365)	(341)
Total stockholders' deficit	(434,379)	(457,366)
Total liabilities and stockholders' deficit	\$ 412,251	\$ 377,825

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(amounts in thousands, except per share data)
(Unaudited)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Revenue:				
Royalty revenue, franchise fees and other	\$ 53,200	\$ 40,363	\$ 149,372	\$ 111,477
Advertising fees	39,951	32,146	114,010	83,672
Company-owned restaurant sales	23,953	20,163	69,616	57,505
Total revenue	117,104	92,672	332,998	252,654
Costs and expenses:				
Cost of sales ⁽¹⁾	17,622	15,724	50,959	46,297
Advertising expenses	42,381	33,106	120,753	85,958
Selling, general and administrative	23,047	16,686	68,820	48,721
Depreciation and amortization	3,384	2,836	9,591	7,610
Loss on disposal of assets	18	239	95	1,006
Total costs and expenses	86,452	68,591	250,218	189,592
Operating income	30,652	24,081	82,780	63,062
Interest expense, net	4,520	5,742	13,337	15,920
Loss on debt extinguishment	—	—	—	814
Other (income) expense	(19)	290	123	381
Income before income tax expense	26,151	18,049	69,320	45,947
Income tax expense	6,640	4,681	17,959	10,596
Net income	\$ 19,511	\$ 13,368	\$ 51,361	\$ 35,351
Earnings per share				
Basic	\$ 0.66	\$ 0.45	\$ 1.72	\$ 1.18
Diluted	\$ 0.65	\$ 0.45	\$ 1.71	\$ 1.18

Weighted average shares outstanding				
Basic	29,750	29,915	29,889	29,882
Diluted	29,818	29,967	29,969	29,951
Dividends per share	\$ 0.22	\$ 0.19	\$ 0.60	\$ 4.53
Other comprehensive income (loss)				
Currency translation adjustment	\$ (199)	\$ (391)	\$ 76	\$ (728)
Other comprehensive income (loss)	(199)	(391)	76	(728)
Comprehensive income	\$ 19,312	\$ 12,977	\$ 51,437	\$ 34,623

	Thirteen Weeks Ended	
	March 30,	April 1,
	2024	2023
Revenue:		
Royalty revenue, franchise fees and other	\$ 67,097	\$ 48,188
Advertising fees	50,149	37,463
Company-owned restaurant sales	28,543	23,070
Total revenue	145,789	108,721
Costs and expenses:		
Cost of sales ⁽¹⁾	21,271	16,695
Advertising expenses	53,192	39,643
Selling, general and administrative	25,178	23,645
Depreciation and amortization	3,410	2,989
Loss on disposal of assets	—	77
Total costs and expenses	103,051	83,049
Operating income	42,738	25,672
Interest expense, net	4,544	4,573
Other (income) expense	(303)	188
Income before income tax expense	38,497	20,911
Income tax expense	9,750	5,242
Net income	\$ 28,747	\$ 15,669
Earnings per share		
Basic	\$ 0.98	\$ 0.52
Diluted	\$ 0.98	\$ 0.52
Weighted average shares outstanding		
Basic	29,349	29,947
Diluted	29,478	30,031
Dividends per share	\$ 0.22	\$ 0.19
Other comprehensive income (loss)		
Currency translation adjustment	\$ (24)	\$ 147
Other comprehensive income (loss)	(24)	147
Comprehensive income	\$ 28,723	\$ 15,816

⁽¹⁾ Cost of sales includes all operating expenses of company-owned restaurants, including advertising expenses, and excludes depreciation and amortization, which are presented separately.

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders' Deficit
For the **Thirty-Nine** **Thirteen** Weeks Ended **September 24, 2022****April 1, 2023** and **March 30, 2024**
(amounts in thousands, except share data)
(Unaudited)

		Common Stock						Additional Paid- In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
		Shares									
		Shares									
Balance at December 31, 2022											
	Common Stock										

Balance at April 1, 2023						
Stock-based compensation expense, net of forfeitures	—	—	1,528	—	—	1,528
Dividends declared on common stock and equivalents	—	—	(1,183)	(4,448)	—	(5,631)
Currency translation adjustment	—	\$ —	\$ —	\$ —	\$ (391)	\$ (391)
Balance at September 24, 2022	29,916,183	\$ 299	\$ 991	\$(406,902)	\$ (984)	\$ (406,596)

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Deficit
For the Thirty-Nine Weeks Ended September 30, 2023
(amounts in thousands, except share data)
(Unaudited)

		Common Stock				Accumulated Other Comprehensive Loss		Total Stockholders' Deficit
		Shares	Amount	Paid-In Capital	Retained Deficit	Loss		
Balance at December 31, 2022		29,932,668	\$ 300	\$ 2,797	\$(393,321)	\$ (637)		\$ (390,861)
Common Stock		Shares						
		Shares						
		Shares						
Balance at December 30, 2023		Shares	Amount	In Capital	Deficit	Comprehensive Loss		Total Stockholders' Deficit
Net income	Net income	—	—	—	15,669	—		15,669
Shares issued under stock plans	Shares issued under stock plans	49,817	—	111	—	—		111
Tax payments for restricted stock upon vesting	Tax payments for restricted stock upon vesting	(13,613)	—	—	(2,292)	—		(2,292)
Stock-based compensation expense, net of forfeitures	Stock-based compensation expense, net of forfeitures	—	—	3,345	—	—		3,345
Dividends declared on common stock and equivalents	Dividends declared on common stock and equivalents	—	—	(5,444)	(465)	—		(5,909)
Currency translation adjustment	Currency translation adjustment	—	—	—	—	147		147
Balance at April 1, 2023		29,968,872	300	809	(380,409)	(490)		(379,790)
Net income	Net income	—	—	—	16,181	—		16,181
Shares issued under stock plans	Shares issued under stock plans	9,084	—	362	—	—		362

Tax payments for restricted stock upon vesting	(342)	—	—	(69)	—	(69)
Stock-based compensation expense, net of forfeitures	—	—	3,546	—	—	3,546
Dividends declared on common stock and equivalents	—	—	(2,679)	(3,030)	—	(5,709)
Currency translation adjustment	—	—	—	—	128	128
Balance at July 1, 2023	29,977,614	300	2,038	(367,327)	(362)	(365,351)
Net income	—	—	—	19,511	—	19,511
Shares issued under stock plans	4,857	—	270	—	—	270
Balance at March 30, 2024						
Tax payments for restricted stock upon vesting	(400)	—	—	(66)	—	(66)
Stock-based compensation expense, net of forfeitures	—	—	3,128	—	—	3,128
Dividends declared on common stock and equivalents	—	—	(3,957)	(2,653)	—	(6,610)
Purchases of common stock	(567,151)	(6)	(241)	(125,878)	—	(126,125)
Currency translation adjustment	—	—	—	—	(199)	(199)
Balance at September 30, 2023	29,414,920	\$ 294	\$ 1,238	\$(476,413)	\$ (561)	\$ (475,442)

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(amounts in thousands)
(Unaudited)

		Thirty-Nine Weeks Ended		Thirteen Weeks Ended	
		September 30, 2023	September 24, 2022	March 30, 2024	April 1, 2023
Operating activities	Operating activities				
Operating activities					
Operating activities					
Net income	Net income	\$ 51,361	\$ 35,351		
Adjustments to reconcile net income to cash provided by operating activities:	Adjustments to reconcile net income to cash provided by operating activities:				
Depreciation and amortization					
Depreciation and amortization					
Depreciation and amortization	Depreciation and amortization	9,591	7,610		
Deferred income taxes	Deferred income taxes	(1,200)	(675)		
Stock-based compensation expense	Stock-based compensation expense	10,019	2,118		

Loss on disposal of assets	Loss on disposal of assets	95	1,006
Amortization of debt issuance costs	Amortization of debt issuance costs	1,530	1,387
Loss on debt extinguishment		—	814
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable	Accounts receivable		
Accounts receivable	Accounts receivable	(2,490)	(1,836)
Prepaid expenses and other assets	Prepaid expenses and other assets	(20)	12
Advertising fund assets and liabilities, net	Advertising fund assets and liabilities, net	9,596	11,291
Accounts payable and other current liabilities	Accounts payable and other current liabilities	2,992	(2,794)
Deferred revenue	Deferred revenue	2,054	(858)
Other non-current liabilities	Other non-current liabilities	219	(268)
Cash provided by operating activities	Cash provided by operating activities	83,747	53,158
Investing activities	Investing activities		
Investing activities	Investing activities		
Purchases of property and equipment	Purchases of property and equipment	(28,295)	(18,961)
Acquisition of restaurants from franchisee		(4,396)	(1,738)
Proceeds from sales of assets		—	4,063
Purchases of property and equipment	Purchases of property and equipment		
Purchases of property and equipment	Purchases of property and equipment		

Payments for investments			
Payments for investments			
Payments for investments	Payments for investments	(808)	—
Cash used in investing activities			
Cash used in investing activities	Cash used in investing activities	(33,499)	(16,636)
Financing activities			
Financing activities			
Borrowings of long-term debt			
Borrowings of long-term debt		—	250,000
Proceeds from exercise of stock options			
Proceeds from exercise of stock options			
Proceeds from exercise of stock options			
Repayments of long-term debt	Repayments of long-term debt	(3,650)	(1,200)
Payment of deferred financing costs and other debt-related costs			
Payment of deferred financing costs and other debt-related costs		—	(5,442)
Proceeds from exercise of stock options			
Proceeds from exercise of stock options		743	1,963
Purchases of common stock			
Purchases of common stock		(125,250)	—
Tax payments for restricted stock upon vesting			
Tax payments for restricted stock upon vesting			
Tax payments for restricted stock upon vesting	Tax payments for restricted stock upon vesting	(2,427)	(302)
Dividends paid			
Dividends paid	Dividends paid	(18,433)	(135,587)
Cash provided by (used in) financing activities			
Cash provided by (used in) financing activities	Cash provided by (used in) financing activities	(149,017)	109,432
Net increase (decrease) in cash, cash equivalents, and restricted cash			
Net increase (decrease) in cash, cash equivalents, and restricted cash	Net increase (decrease) in cash, cash equivalents, and restricted cash	(98,769)	145,954
Net increase (decrease) in cash, cash equivalents, and restricted cash			
Net increase (decrease) in cash, cash equivalents, and restricted cash			
Cash, cash equivalents, and restricted cash at beginning of period	Cash, cash equivalents, and restricted cash at beginning of period	205,715	54,906

Cash, cash equivalents, and restricted cash at end of period	Cash, cash equivalents, and restricted cash at end of period	\$106,946	\$200,860
Supplemental information:	Supplemental information:		
Supplemental information:			
Supplemental information:			
Accrued capital expenditures	Accrued capital expenditures	\$ 4,622	\$ 5,880
Accrued capital expenditures			
Accrued capital expenditures			

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

(1) Basis of Presentation and Update to Significant Accounting Policies

Nature of operations. Wingstop Inc., together with its consolidated subsidiaries (collectively, "Wingstop" or the "Company"), is in the business of franchising and operating Wingstop restaurants. As of **September 30, 2023** **March 30, 2024**, the Company had a total of **2,099** **2,279** restaurants in its system. The Company's restaurant base is approximately 98% franchised, with **2,053** **2,229** franchised locations (including **262** **305** international locations) and **46** **50** company-owned restaurants as of **September 30, 2023** **March 30, 2024**.

Basis of presentation. The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Consequently, financial information and disclosures normally included in financial statements prepared annually in accordance with accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted. Balance sheet amounts are as of **September 30, 2023** **March 30, 2024** and **December 31, 2022** **December 30, 2023**, and operating results are for the thirteen **and thirty-nine** weeks ended **September 30, 2023** **March 30, 2024** and **September 24, 2022** **April 1, 2023**.

In the Company's opinion, all necessary adjustments have been made for the fair presentation of the results of the interim periods presented. The results of operations for such interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying interim unaudited consolidated financial statements should be read in conjunction with the audited financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended **December 31, 2022** **December 30, 2023**.

Fiscal year. The Company uses a 52- or 53-week fiscal year that ends on the last Saturday of the calendar year. Fiscal years **2024** and **2023** and **2022** each have 52 and 53 weeks, respectively, weeks.

Cash, Cash Equivalents, and Restricted Cash. Cash, cash equivalents, and restricted cash within the Consolidated Balance Sheets and the Consolidated Statements of Cash Flows as of **September 30, 2023** **March 30, 2024** and **December 31, 2022** **December 30, 2023** were as follows (in thousands):

		September 30, 2023	December 31, 2022		
March 30, 2024				March 30, 2024	December 30, 2023
Cash and cash equivalents	Cash and cash equivalents	\$ 77,983	\$184,496		
Restricted cash	Restricted cash	11,444	13,296		
Restricted cash, included in Advertising fund assets, restricted	Restricted cash, included in Advertising fund assets, restricted	17,519	7,923		

Total cash, cash equivalents, and restricted cash	Total cash, cash equivalents, and restricted cash	\$106,946	\$205,715
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Recently issued accounting pronouncements. We reviewed all recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact on our consolidated financial statements. There have been no changes to the recently issued accounting pronouncements not yet adopted disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended December 30, 2023.

(2) Earnings per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of shares of common stock outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities convertible into, or other contracts to issue, common stock were exercised or converted into common stock. For the calculation of diluted earnings per share, the basic weighted average number of shares is increased by the dilutive effect of the exercise and vesting of stock options and service-based and performance-based restricted stock units, respectively, as determined using the treasury stock method.

WINGSTOP INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Basic weighted average shares outstanding is reconciled to diluted weighted average shares outstanding as follows (in thousands):

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
		September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
		March 30, 2024			
		March 30, 2024			
		March 30, 2024			
Basic weighted average shares outstanding					
Basic weighted average shares outstanding					
Basic weighted average shares outstanding	Basic weighted average shares outstanding	29,750	29,915	29,889	29,882
Dilutive shares	Dilutive shares	68	52	80	69
Dilutive shares					
Dilutive shares					
Diluted weighted average shares outstanding	Diluted weighted average shares outstanding	29,818	29,967	29,969	29,951
Diluted weighted average shares outstanding					
Diluted weighted average shares outstanding					

For the thirteen weeks ended September 30, 2023 March 30, 2024 and September 24, 2022 April 1, 2023, equity awards representing approximately 9,000 12,000 and 21,000 shares, respectively, were excluded from the dilutive earnings per share calculation because the effect would have been anti-dilutive.

For the thirty-nine weeks ended September 30, 2023 and September 24, 2022, equity awards representing approximately 5,000 and 31,000 13,000 shares, respectively, were excluded from the dilutive earnings per share calculation because the effect would have been anti-dilutive.

(3) Stockholders' Deficit

Dividends

In connection with the Company's regular dividend program, the Company's Board of Directors declared a quarterly dividend of \$0.19 per share of common stock in each of the first two quarters of 2023, and a quarterly dividend of \$0.22 per share of common stock in the third first quarter of 2023, 2024, resulting in aggregate a total dividend payments payment of \$18.0 million, or \$0.60 per share of common stock, during the thirty-nine weeks ended September 30, 2023 approximately \$6.5 million.

Subsequent to the third first quarter, on October 31, 2023 April 30, 2024, the Company's Board of Directors declared a quarterly dividend of \$0.22 per share of common stock for stockholders of record as of November 17, 2023 May 17, 2024. The regular quarterly dividend is to be paid on December 8, 2023 June 7, 2024, totaling approximately \$6.5 million.

Share Repurchase Program

On August 16, 2023 August 17, 2023, the Company's Board of Directors approved Company announced a new share repurchase program with authorization to purchase up to \$250.0 million of its outstanding shares of common stock (the "Share Repurchase Authorization" Program).

On August 23, 2023 As of March 30, 2024, the Company entered into an accelerated share \$125.0 million remained available for repurchase agreement (the "ASR Agreement") with a third-party financial institution to repurchase \$125.0 million of the Company's common stock as part of under the Share Repurchase Authorization. Under the ASR Agreement, the Company made an initial payment to the financial institution of \$125.0 million in cash and received and retired an initial delivery of 567,151 shares of common stock, representing an estimated 75% of the total shares expected to be delivered under the ASR Agreement, based on the closing price on the date of initial delivery of \$165.30. The delivery of any remaining shares will occur at the final settlement of the the transactions under the ASR Agreement, which is scheduled in the fiscal fourth quarter of 2023. The number of shares to be delivered upon final settlement is based on the daily volume-weighted average share prices during the valuation period specified in the ASR Agreement, less a discount and subject to adjustments. As of September 30, 2023, the Company had a total remaining authorized amount for share repurchases under the program of approximately \$125.0 million. Program.

(4) Fair Value Measurements

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. Assets and liabilities are classified using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

- Level 1 — Unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 — Observable market-based inputs or unobservable inputs corroborated by market data.
- Level 3 — Unobservable inputs reflecting management's estimates and assumptions.

WINGSTOP INC. AND SUBSIDIARIES Notes to Consolidated Financial Statements (Unaudited)

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short-term nature. Fair value of debt and the investment in bonds issued by the Company's United Kingdom master franchisee, Lemon Pepper Holdings Ltd. ("LPH"), are determined on a non-recurring basis, which results are summarized as follows (in thousands):

		Fair Value Hierarchy	September 30, 2023		December 31, 2022		Fair Value Hierarchy	March 30, 2024		December 30, 2023	
			Carrying Value	Fair Value	Carrying Value	Fair Value		Carrying Value	Fair Value	Carrying Value	Fair Value
Securitized Financing Facility:	Securitized Financing Facility:										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A-2 Senior Secured Notes (1)	2020-1 Class A-2 Senior Secured Notes (1)										
2020-1 Class A											

Investments in bonds of LPH ⁽²⁾	Investments in bonds of LPH ⁽²⁾	Level 3	\$	3,362	\$	4,079	\$	3,196	\$	3,906
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(1) The fair value of the 2020-1 and 2022-1 Class A-2 Senior Secured Notes was estimated using available market information.

(2) The fair value approximates discounted cash flows using current market rates for debt investments with similar maturities and credit risk.

The Company also measures certain non-financial assets (primarily long-lived assets, intangible assets, and goodwill) at fair value on a non-recurring basis in connection with its periodic evaluations of such assets for potential impairment.

(5) Income Taxes

Income tax expense and the effective tax rate were \$6.6 million \$9.8 million and 25.4% 25.3%, respectively, for the thirteen weeks ended September 30, 2023 March 30, 2024, and \$4.7 million \$5.2 million and 25.9% 25.1%, respectively, for the thirteen weeks ended September 24, 2022 April 1, 2023. Income tax expense and the effective tax rate were \$18.0 million and 25.9%, respectively, for the thirty-nine weeks ended September 30, 2023, and \$10.6 million and 23.1%, respectively, for the thirty-nine weeks ended September 24, 2022. The main component of the increase in effective tax rates during the year-to-date period was the impact of stock awards forfeited during the thirty-nine weeks ended September 24, 2022. prior fiscal first quarter.

(6) Debt Obligations

Long-term debt consisted of the following components (in thousands):

		September 30, 2023	December 31, 2022		
	March 30, 2024			March 30, 2024	December 30, 2023
2020-1	2020-1				
Class A-2	Class A-2				
Senior	Senior				
Secured	Secured				
Notes	Notes	\$472,800	\$475,200		
2022-1	2022-1				
Class A-2	Class A-2				
Senior	Senior				
Secured	Secured				
Notes	Notes	248,125	249,375		
Debt	Debt				
issuance	issuance				
costs, net of	costs, net of				
amortization	amortization	(9,058)	(10,429)		
Total	Total				
debt	debt	711,867	714,146		
Less: current portion of					
debt		—	(7,300)		
Long-term debt, net		\$711,867	\$706,846		

The Company's outstanding debt was issued by Wingstop Funding LLC, a limited-purpose, bankruptcy-remote, wholly-owned indirect subsidiary of Wingstop Inc. and consists of (i) Series 2020-1 2.84% Fixed Rate Senior Secured Notes, Class A-2 (the "2020 Class A-2 Notes"), (ii) Series 2022-1 3.734% Fixed Rate Senior Secured Notes, Class A-2 (the "2022 Class A-2 Notes"), and (iii) a revolving financing facility of Series 2022-1 Variable Funding Senior Notes, Class A-1 (the "2022 Variable Funding Notes," and together with the 2022 Class A-2 Notes, the "2022 Notes"), which permits borrowings of up to a maximum principal amount of \$200 million, subject to certain borrowing conditions, a portion of which may be used to issue letters of credit.

No borrowings were outstanding under the 2022 Variable Funding Notes as of September 30, 2023 March 30, 2024 and December 31, 2022 December 30, 2023.

As of September 30, 2023 March 30, 2024, the Company's leverage ratio under the 2020 Class A-2 Notes and the 2022 Class A-2 Notes was less than 5.0x. Per the terms of the Company's debt agreements, principal payments can be suspended at the borrower's election until the repayment date as long as the Company maintains a leverage ratio of less than 5.0x. Accordingly, the Company elected to suspend payments following the principal payment made in the second quarter of 2023, and the entire outstanding balance of

WINGSTOP INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(Unaudited)

\$720.9 \$720.9 million of the 2020 Class A-2 Notes and the 2022 Class A-2 Notes has been classified as long-term debt due after fiscal year 2026.

The 2020 Class A-2 Notes and 2022 Notes were issued in securitization transactions, and are guaranteed by certain limited-purpose, bankruptcy-remote, wholly-owned indirect subsidiaries of the Company and secured by a security interest in

WINGSTOP INC. AND SUBSIDIARIES
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(Unaudited)

substantially all of their assets, including certain domestic and foreign revenue-generating assets, consisting principally of franchise-related agreements, intellectual property, and vendor rebate contracts.

(7) Commitments and Contingencies

The Company is subject to legal proceedings, claims, and liabilities, including claims and actions resulting from employment-related and franchise-related matters, which arise in the ordinary course of business and are generally covered by insurance. In the opinion of management, the amount of ultimate liability with respect to such actions is not likely to have a material adverse impact on the Company's financial position, results of operations, or cash flows.

Corporate office lease

During the fiscal first quarter 2024, the Company executed a lease for an office building with undiscounted fixed payments over the initial term of \$66.9 million. The lease has not yet commenced, and therefore has not been recognized on the Company's Consolidated Balance Sheet. The lease has an initial lease term of 13.3 years and is expected to commence in the fiscal second quarter 2024.

(8) Stock-Based Compensation

During the ~~thirty-nine~~ ~~thirteen~~ weeks ended ~~September 30, 2023~~ ~~March 30, 2024~~, the Company granted ~~46,879~~ ~~22,200~~ restricted stock units ("RSUs") to certain employees. The RSUs granted to certain employees generally vest in equal annual amounts over a three-year period subsequent to the grant date and had a weighted-average grant-date fair value of ~~\$172.27~~ ~~\$370.76~~ per unit.

In addition, the Company granted ~~39,886~~ ~~23,433~~ performance stock units ("PSUs") to certain employees during the ~~thirty-nine~~ ~~thirteen~~ weeks ended ~~September 30, 2023~~ ~~March 30, 2024~~. Of the total PSUs granted, ~~32,201~~ ~~20,297~~ PSUs are subject to a service condition and a performance vesting condition based on return on incremental invested capital ("ROI PSUs"). The ROI PSUs are generally eligible to cliff-vest approximately three years from the grant date, and the maximum vesting percentage that could be realized for each of the ROI PSUs is 250% based on the level of performance achieved for the awards. The remaining ~~7,685~~ ~~3,136~~ PSUs granted are subject to a service condition and a performance vesting condition based on the number of net new restaurants opened over the performance period ("NNR PSUs"). The NNR PSUs vest in equal annual amounts over a three-year period, and the maximum vesting percentage that could be realized for each of the NNR PSUs is 100% based on the level of performance achieved for the awards. The PSUs had a weighted-average grant-date fair value of ~~\$172.96~~ ~~\$370.76~~ per unit. Total compensation cost for the PSUs is determined based on the most likely outcome of the performance condition and the number of awards expected to vest based on the outcome.

Total compensation expense related to all share-based awards, net of forfeitures recognized, was ~~\$10.0 million~~ ~~\$3.8 million~~ and ~~\$2.1 million~~ ~~\$3.3 million~~ for the ~~thirty-nine~~ ~~thirteen~~ weeks ended ~~September 30, 2023~~ ~~March 30, 2024~~ and ~~September 24, 2022~~ ~~April 1, 2023~~, respectively, and was included in Selling, general and administrative ("SG&A") expense in the Consolidated Statements of Comprehensive Income.

(9) Revenue from Contracts with Customers

The following table represents a disaggregation of revenue from contracts with customers for the ~~thirteen~~ ~~and thirty-nine~~ weeks ended ~~September 30, 2023~~ ~~March 30, 2024~~ and ~~September 24, 2022~~ ~~April 1, 2023~~ (in thousands):

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
		September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
		March 30, 2024			
		March 30, 2024			
		March 30, 2024			
Royalty revenue					
Royalty revenue					
Royalty revenue	Royalty revenue	\$ 47,546	\$ 36,778	\$ 134,330	\$ 102,020
Advertising fees and related income	Advertising fees and related income	39,951	32,146	114,010	83,672
Advertising fees and related income					
Advertising fees and related income					
Franchise fees	Franchise fees	1,660	1,257	3,828	3,221
Franchise fees					

WINGSTOP INC. AND SUBSIDIARIES
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(Unaudited)

Franchise fee, development fee, and international territory fee payments received by the Company are recorded as deferred revenue on the Consolidated Balance Sheets, which represents a contract liability. Deferred revenue is reduced as fees are recognized in revenue over the term of the franchise license for the respective restaurant. As the term of the franchise license is typically ten years, substantially all of the franchise fee revenue recognized in the thirteen and thirty-nine weeks ended September 30, 2023 March 30, 2024 was included in the deferred revenue balance as of December 31, 2022 December 30, 2023. Approximately \$8.8 million \$10.2 million and \$7.7 million \$9.3 million of deferred revenue as of September 30, 2023 March 30, 2024 and December 31, 2022 December 30, 2023, respectively, relates to restaurants that have not yet opened, so the fees are not yet being amortized. The weighted average remaining amortization period for deferred franchise and renewal fees related to open restaurants is 7.1 7.0 years. The Company did not have any material contract assets as of September 30, 2023 March 30, 2024.

(10) Acquisitions of Company-owned Restaurants

In the second fiscal quarter 2023, the Company acquired two existing restaurants from a franchisee. The combined purchase price was \$4.4 million and was funded by cash flow from operations. The following table summarizes the allocations of the purchase price to the estimated fair value of assets acquired and liabilities assumed at the date of the acquisition (in thousands):

	Purchase Price Allocation	
Working capital	\$	13
Property and equipment		92
Reacquired franchise rights		1,630
Goodwill		2,661
Total purchase price	\$	4,396

The excess of the purchase price over the aggregate fair value of assets acquired was allocated to goodwill and is attributable to the benefits expected as a result of the acquisition, including sales and unit growth opportunities. All of the goodwill from the acquisition is expected to be deductible for federal income tax purposes.

Pro-forma financial information of the combined entities is not presented due to the immaterial impact of the financial results of the acquired restaurants on our consolidated financial statements.

(11) Subsequent Events Event

Subsequent to the end of the third fiscal first quarter 2023, 2024, the Company acquired one existing restaurant in the Dallas, TX market from a franchisee. The total purchase price was \$6.5 \$3.3 million, funded by cash on hand. The restaurant acquisition is accounted for as a business combination and the combination. The Company is still determining the estimated fair value of assets acquired and liabilities assumed. The excess of the purchase price over the aggregate fair value of assets acquired will be allocated to goodwill. The results of operations of this location will be included in our Consolidated Statements of Comprehensive Income as of the date of acquisition.

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

The following discussion and analysis of the financial condition and results of operations of Wingstop Inc. (collectively with its direct and indirect subsidiaries on a consolidated basis, "Wingstop," the "Company," "we," "our," or "us") should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report") and with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 30, 2023 (our "Annual Report"). The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources, and other non-historical statements are forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Special Note Regarding Forward-Looking Statements," below and "Risk Factors" beginning on page 11 of our Annual Report. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

We operate on a 52- or 53-week fiscal year ending on the last Saturday of each calendar year. Our fiscal quarters are comprised of 13 weeks, with the exception of the fourth quarter of a 53-week year, which contains 14 weeks. Fiscal year years 2024 and 2023 contains each contain 52 weeks, while fiscal year 2022 contains 53 weeks.

Overview

Wingstop is the largest fast casual chicken wings-focused restaurant chain in the world, with over 2,050 2,250 locations worldwide. We are dedicated to serving the world flavor through an unparalleled guest experience and offering of classic wings, boneless wings, tenders, and chicken sandwiches, always cooked to order and hand-sauced-and-tossed in 11 bold, distinctive flavors.

The Company is primarily a franchisor, with approximately 98% of Wingstop's restaurants currently owned and operated by independent franchisees. We believe our asset-light, highly-franchised business model generates strong operating margins and requires low capital expenditures, creating stockholder value through strong and consistent free cash flow and capital-efficient growth.

Change in Presentation

Beginning in the first quarter of 2023, gains and losses on disposal of assets are no longer presented as an adjustment to EBITDA in our calculation of Adjusted EBITDA. EBITDA and Adjusted EBITDA are both non-GAAP measures and are defined below. Prior period gains and losses on disposal of assets have been excluded from EBITDA adjustments to

conform to the current presentation. This reclassification had no impact on operating income, balance sheets or statements of cash flows.

Third First Quarter of 2023 2024 Highlights

- System-wide sales increased 26.5% 36.8% over the prior fiscal third first quarter to \$885.0 million \$1.1 billion;
- 53 65 net new openings in the fiscal third first quarter 2023 2024 for a total of 2,099 2,279 worldwide locations;
- Domestic same store sales increased 15.3% 21.6% over the prior fiscal third first quarter;
- Company-owned restaurant same store sales increased 6.0% 6.2% over the prior fiscal third first quarter;
- Digital sales increased to 66.9%; 68.3% of system-wide sales;
- Domestic restaurant AUJs AUJ increased to \$1.8 million in the current fiscal third quarter; \$1.9 million;
- Total revenue increased 26.4% to \$117.1 million 34.1% over the prior fiscal third quarter; first quarter to \$145.8 million;
- Net income increased 46.0% 83.5% to \$19.5 million \$28.7 million, or \$0.65 \$0.98 per diluted share, compared to net income of \$13.4 million \$15.7 million, or \$0.45 \$0.52 per diluted share in the prior fiscal third first quarter;
- Adjusted net income and adjusted earnings per diluted share, both non-GAAP measures, increased 53.3% 61.8% to \$20.5 million \$28.7 million, or \$0.69 \$0.98 per diluted share, compared to \$13.4 \$17.8 million, or \$0.45 \$0.59 per diluted share in the prior fiscal third first quarter; and
- Adjusted EBITDA, a non-GAAP measure, increased 36.7% 45.3% to \$38.5 million \$50.3 million, compared to adjusted EBITDA of \$28.2 million \$34.6 million in the prior fiscal third first quarter.

Year-to-Date Third Quarter of 2023 Highlights

- System-wide sales increased 28.2% to \$2.5 billion;
- 140 net new openings in the year-to-date third quarter of 2023;
- Domestic same store sales increased 17.3% over the prior fiscal year-to-date period;
- Total revenue increased 31.8% to \$333.0 million over the prior fiscal year-to-date period;
- Net income increased 45.3% to \$51.4 million, or \$1.71 per diluted share, compared to net income of \$35.4 million, or \$1.18 per diluted share in the prior fiscal year-to-date period;
- Adjusted net income and adjusted earnings per diluted share, both non-GAAP measures, increased 51.3% to \$55.3 million, or \$1.84 per diluted share, compared to \$36.5 million, or \$1.22 per diluted share in the prior fiscal third quarter; and
- Adjusted EBITDA, a non-GAAP measure, increased 46.9% to \$107.4 million, compared to adjusted EBITDA of \$73.1 million in the prior fiscal year-to-date period.

Key Performance Indicators

Key measures that we use in evaluating our restaurants and assessing our business include the following:

Number of restaurants. Management reviews the number of new restaurants, the number of closed restaurants, and the number of acquisitions and divestitures of restaurants to assess net new restaurant growth.

Thirteen Weeks Ended	
Thirteen Weeks Ended	
Thirteen Weeks Ended	
March 30,	
2024	
March 30,	
2024	
March 30,	
2024	
Domestic Franchised Activity:	
Domestic Franchised Activity:	
Domestic Franchised Activity:	
Beginning of period	
Beginning of period	
Beginning of period	
Openings	
Openings	
Openings	
Closures	
Closures	
Closures	
Thirteen Weeks Ended	
Thirty-Nine Weeks Ended	
Restaurants end of period	

		September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Domestic Franchised Activity:					
Beginning of period		1,749	1,600	1,678	1,498
Openings		42	32	116	137
Closures		—	—	(1)	(3)
Acquired by Company		—	(1)	(2)	(1)
Restaurants end of period					
Restaurants end of period	Restaurants end of period	1,791	1,631	1,791	1,631
Domestic Company-Owned Activity:	Domestic Company-Owned Activity:				
Domestic Company-Owned Activity:					
Domestic Company-Owned Activity:					
Beginning of period					
Beginning of period					
Beginning of period	Beginning of period	45	39	43	36
Openings	Openings	1	2	1	5
Openings					
Openings					
Closures	Closures	—	—	—	—
Acquired by Company		—	1	2	1
Closures					
Closures					
Restaurants end of period					
Restaurants end of period					
Restaurants end of period	Restaurants end of period	46	42	46	42
Total Domestic Restaurants	Total Domestic Restaurants	1,837	1,673	1,837	1,673
International Franchised Activity:					
Total Domestic Restaurants					
Total Domestic Restaurants					
International Franchised Activity⁽¹⁾:					
International Franchised Activity⁽¹⁾:					
International Franchised Activity⁽¹⁾:					
Beginning of period					
Beginning of period					
Beginning of period	Beginning of period	252	219	238	197
Openings	Openings	13	9	30	32
Openings					
Openings					
Closures					
Closures					
Closures	Closures	(3)	(3)	(6)	(4)
Restaurants end of period	Restaurants end of period	262	225	262	225
Restaurants end of period					
Restaurants end of period					
Total System-wide Restaurants	Total System-wide Restaurants	2,099	1,898	2,099	1,898

Total System-wide Restaurants

Total System-wide Restaurants

(1) Including U.S. territories

System-wide sales. System-wide sales represents net sales for all of our company-owned and franchised restaurants, as reported by franchisees. This measure allows management to better assess changes in our royalty revenue, our overall store performance, the health of our brand, and the strength of our market position relative to competitors. Our system-wide sales growth is driven by new restaurant openings as well as increases in same store sales.

Domestic average unit volume ("AUV"). Domestic AUV consists of the average annual sales of all restaurants that have been open for a trailing 52-week period or longer. This measure is calculated by dividing sales during the applicable period for all restaurants being measured by the number of restaurants being measured. Domestic AUV includes revenue from both company-owned and franchised restaurants. Domestic AUV allows management to assess our domestic company-owned and franchised restaurant economics. Changes in domestic AUV growth are primarily driven by increases in same store sales and are also influenced by opening new restaurants.

Domestic same store sales. Domestic same store sales reflects the change in year-over-year sales for the same store restaurant base. We define the same store restaurant base to include those restaurants open for at least 52 full weeks. This measure highlights the performance of existing restaurants, while excluding the impact of new restaurant openings and permanent closures. We review same store sales for domestic company-owned restaurants as well as system-wide domestic restaurants. Domestic same store sales growth is driven by increases in transactions and average transaction size. Transaction size increases are driven by price increases or favorable mix shift from either an increase in items purchased or shifts into higher priced items.

EBITDA and Adjusted EBITDA. We define EBITDA as net income before interest expense, net, income tax expense (benefit), and depreciation and amortization. We define Adjusted EBITDA as net income before interest expense, net, income tax

expense (benefit), and depreciation and amortization, with further adjustments for losses on debt extinguishment and financing transactions, transaction costs, costs and fees associated with investments in our strategic initiatives, and stock-based compensation expense. Adjusted EBITDA may not be comparable to other similarly titled captions of other companies due to differences in methods of calculation. For a reconciliation of net income to EBITDA and Adjusted EBITDA and for further discussion of EBITDA and Adjusted EBITDA as non-GAAP measures and how we utilize them, see footnote 2 below.

Adjusted Net Income and Adjusted Earnings Per Diluted Share. We define Adjusted net income as net income adjusted for losses on debt extinguishment and financing transactions, transaction costs, costs and fees associated with investments in our strategic initiatives, and related tax adjustments that management believes are not indicative of the Company's core operating results or business outlook over the long term. We define Adjusted earnings per diluted share as Adjusted net income divided by weighted average diluted share count. For a reconciliation of net income to Adjusted net income and for further discussion of Adjusted net income and Adjusted earnings per diluted share as non-GAAP measures and how we utilize them, see footnote 3 below.

The following table sets forth our key performance indicators for the thirteen and thirty-nine weeks ended September 30, 2023, March 30, 2024 and September 24, 2022, April 1, 2023 (in thousands, except unit data):

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
		September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
		Thirteen Weeks Ended			
		March 30, 2024			
		March 30, 2024			
		March 30, 2024			
Number of system-wide restaurants open at end of period					
Number of system-wide restaurants open at end of period					
Number of system-wide restaurants open at end of period	Number of system-wide restaurants open at end of period	2,099	1,898	2,099	1,898
System-wide sales (1)	System-wide sales (1)	\$ 885,045	\$ 699,569	\$ 2,516,427	\$ 1,963,219
System-wide sales (1)					
System-wide sales (1)					
Domestic restaurant AUV					

Domestic restaurant AUV									
Domestic restaurant AUV	Domestic restaurant AUV	\$	1,755	\$	1,591	\$	1,755	\$	1,591
Domestic same store sales growth	Domestic same store sales growth		15.3 %		6.9 %		17.3 %		1.6 %
Domestic same store sales growth									
Domestic same store sales growth									
Company-owned domestic same store sales growth									
Company-owned domestic same store sales growth									
Company-owned domestic same store sales growth	Company-owned domestic same store sales growth		6.0 %		4.3 %		7.2 %		0.3 %
Total revenue	Total revenue	\$	117,104	\$	92,672	\$	332,998	\$	252,654
Total revenue									
Total revenue									
Net income									
Net income									
Net income	Net income	\$	19,511	\$	13,368	\$	51,361	\$	35,351
Adjusted EBITDA ⁽²⁾	Adjusted EBITDA ⁽²⁾	\$	38,483	\$	28,155	\$	107,417	\$	73,143
Adjusted EBITDA ⁽²⁾									
Adjusted EBITDA ⁽²⁾									
Adjusted net income ⁽³⁾	Adjusted net income ⁽³⁾	\$	20,499	\$	13,368	\$	55,275	\$	36,528
Adjusted net income ⁽³⁾									
Adjusted net income ⁽³⁾									

(1) The percentage of system-wide sales attributable to company-owned restaurants was 2.7% 2.5% and 2.9% 2.8% for the thirteen weeks ended September 30, 2023 March 30, 2024 and September 24, 2022, respectively, and was 2.8% and 2.9% for the thirty-nine weeks ended September 30, 2023 and September 24, 2022 April 1, 2023, respectively. The remainder was generated by franchised restaurants, as reported by our franchisees.

(2) EBITDA and Adjusted EBITDA are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. EBITDA and Adjusted EBITDA should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of our liquidity.

We caution investors that amounts presented in accordance with our definitions of EBITDA and Adjusted EBITDA may not be comparable to similar measures disclosed by our competitors, because not all companies and analysts calculate EBITDA and Adjusted EBITDA in the same manner. We present EBITDA and Adjusted EBITDA because we consider them to be important supplemental measures of our performance and believe they are frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. Management believes that investors' understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing our ongoing results of operations. Many investors are interested in understanding the performance of our business by comparing our results from ongoing operations on a period-over-period basis and would ordinarily add back non-cash expenses such as depreciation and amortization, as well as items that are not part of normal day-to-day operations of our business.

Management uses EBITDA and Adjusted EBITDA:

- as a measurement of operating performance because we believe they assist us in comparing the operating performance of our restaurants on a consistent basis, as they remove the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- to evaluate the performance and effectiveness of our operational strategies;
- to evaluate our capacity to fund capital expenditures and expand our business; and
- to calculate incentive compensation payments for our employees, including assessing performance under our annual incentive compensation plan.

By providing these non-GAAP financial measures, together with a reconciliation to the most comparable GAAP measure, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. EBITDA and Adjusted EBITDA have

limitations as analytical tools and should not be considered in isolation, or as an alternative to, or a substitute for net income or other financial statement data presented in our consolidated financial statements as indicators of financial performance. Some of the limitations are:

- such measures do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- such measures do not reflect changes in, or cash requirements for, our working capital needs;
- such measures do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- such measures do not reflect our tax expense or the cash requirements to pay our taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures.

Due to these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using these non-GAAP measures only as performance measures and supplementally. As noted in the table below, Adjusted EBITDA includes adjustments for losses on debt extinguishment and financing transactions, transaction costs, costs and fees associated with investments in our strategic initiatives, and stock-based compensation expense. We believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our restaurants, and complicate comparisons of our internal operating results and operating results of other restaurant companies over time. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the reconciliation table below help management measure our core operating performance over time by removing items that are not related to day-to-day operations.

The following table reconciles net income to EBITDA and Adjusted EBITDA for the thirteen **and thirty-nine** weeks ended **September 30, 2023** **March 30, 2024** and **September 24, 2022** **April 1, 2023** (in thousands):

	Thirteen Weeks Ended		Thirteen Weeks Ended		Thirteen Weeks Ended	
	March 30,		March 30,		March 30,	
	2024		2024		2024	
Net income						
Net income						
Net income						
Interest expense, net						
Interest expense, net						
Interest expense, net						
Income tax expense						
Income tax expense						
Income tax expense						
Depreciation and amortization						
Depreciation and amortization						
Depreciation and amortization						
EBITDA						
EBITDA						
EBITDA						
Additional adjustments:						
Additional adjustments:						
Additional adjustments:						
	Thirteen Weeks Ended		Thirty-Nine Weeks Ended			
Consulting fees ^(a)						
	September 30,		September 24,		September 30,	
	2023		2022		2023	
Net income	\$	19,511	\$	13,368	\$	51,361
Interest expense, net		4,520		5,742		13,337
						15,920

Income tax expense	6,640	4,681	17,959	10,596
Depreciation and amortization	3,384	2,836	9,591	7,610
EBITDA	\$ 34,055	\$ 26,627	\$ 92,248	\$ 69,477
Additional adjustments:				
Loss on debt extinguishment and financing transaction costs				
(a)	—	—	—	1,124
Consulting fees (b)	1,300	—	5,150	425
Stock-based compensation expense (c)	3,128	1,528	10,019	2,117
Consulting fees (a)				
Consulting fees (a)				
Stock-based compensation expense (b)				
Stock-based compensation expense (b)				
Stock-based compensation expense (b)				
Adjusted EBITDA	Adjusted EBITDA			
EBITDA	\$ 38,483	\$ 28,155	\$ 107,417	\$ 73,143
Adjusted EBITDA				
Adjusted EBITDA				

(a) Represents costs and expenses related to our 2022 securitized financing facility and payment of a special dividend, as well as the extinguishment of our 2020 variable funding note facility; all transaction costs are included in Loss on debt extinguishment and financing transaction costs during the thirty-nine weeks ended September 24, 2022, with the exception of \$310,000 that is included in Selling, general and administrative on the Consolidated Statements of Comprehensive Income.

(b) Represents non-recurring consulting fees that are not part of our ongoing operations and are incurred to execute discrete, project-based strategic initiatives, which are included in Selling, general and administrative on the Consolidated Statements of Comprehensive Income. The costs incurred in the thirty-nine thirteen weeks ended September 24, 2022 include third-party consulting fees incurred relating to a strategic initiative to consider the development of a business plan and financial model for potential vertical integration of a poultry complex, which review was completed in fiscal year 2022. The costs incurred in the thirteen and thirty-nine weeks ended September 30, 2023 April 1, 2023 include consulting fees relating to a comprehensive review of our long-term growth strategy for our domestic business to explore potential future initiatives, and which review is expected to be was completed in fiscal year 2023. Given the magnitude and scope of these two this strategic review initiatives

initiative that are is not expected to recur in the foreseeable future, the Company considers the incremental consulting fees incurred with respect to the initiatives initiative not reflective of the ongoing costs to operate its business.

(c) (b) Includes non-cash, stock-based compensation, net of forfeitures.

(3) Adjusted net income and adjusted earnings per diluted share are supplemental measures of operating performance that do not represent and should not be considered alternatives to net income and earnings per share, as determined by GAAP. These measures have not been prepared in accordance with Article 11 of Regulation S-X promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Management believes adjusted net income and adjusted earnings per diluted share supplement GAAP measures and enable management to more effectively evaluate the Company's performance period-over-period and relative to competitors.

The following table reconciles net income to Adjusted net income and calculates adjusted earnings per diluted share for the thirteen and thirty-nine weeks ended September 30, 2023 March 30, 2024 and September 24, 2022 April 1, 2023 (in thousands):

	Thirteen Weeks Ended
	Thirteen Weeks Ended
	Thirteen Weeks Ended
	March 30,
	2024
	March 30,
	2024
	March 30,
	2024
Numerator:	

Numerator:				
Numerator:				
Net income				
Net income				
Net income				
Adjustments:				
Adjustments:				
Adjustments:				
	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
Consulting fees ^(a)				
	September 30, 2023	September 24, 2022	September 30, 2023	September 24, 2022
Numerator:				
Net income	\$ 19,511	\$ 13,368	\$ 51,361	\$ 35,351
Adjustments:				
Loss on debt extinguishment and financing transactions ^(a)	—	—	—	1,124
Consulting fees ^(b)	1,300	—	5,150	425
Tax effect of adjustments ^(c)	(312)	—	(1,236)	(372)
Consulting fees ^(a)				
Consulting fees ^(a)				
Tax effect of adjustments ^(b)				
Tax effect of adjustments ^(b)				
Tax effect of adjustments ^(b)				
Adjusted net income				
Adjusted net income				
Adjusted net income	\$ 20,499	\$ 13,368	\$ 55,275	\$ 36,528
Denominator:	Denominator:			
Denominator:				
Denominator:				
Weighted-average shares outstanding - diluted				
Weighted-average shares outstanding - diluted				
Weighted-average shares outstanding - diluted	29,818	29,967	29,969	29,951
Adjusted earnings per diluted share	\$ 0.69	\$ 0.45	\$ 1.84	\$ 1.22
Adjusted earnings per diluted share				
Adjusted earnings per diluted share				

^(a) Represents costs and expenses related to our 2022 securitized financing facility and payment of a special dividend, as well as the extinguishment of our 2020 variable funding note facility; all transaction costs are included in Loss on debt extinguishment and financing transactions during the thirty-nine weeks ended September 24, 2022, with the exception of \$310,000 that is included in Selling, general and administrative on the Consolidated Statements of Comprehensive Income.

^(b) Represents non-recurring consulting fees that are not part of our ongoing operations and are incurred to execute discrete, project-based strategic initiatives, which are included in Selling, general and administrative on the Consolidated Statements of Comprehensive Income. The costs incurred in the thirty-nine thirteen weeks ended September 24, 2022 include third-party consulting fees incurred relating to a strategic initiative to consider the development of a business plan and financial model for potential vertical integration of a poultry complex, which review was completed in fiscal year 2022. The costs incurred in the thirteen and thirty-nine weeks ended September 30, 2023 April 1, 2023 include consulting fees relating to a comprehensive review of our long-term growth strategy for our domestic business to explore potential future initiatives, and which review is expected to be was completed in fiscal year 2023. Given the magnitude and scope of these two this strategic review initiatives initiative that are is not expected to recur

in the foreseeable future, the Company considers the incremental consulting fees incurred with respect to the initiatives initiative not reflective of the ongoing costs to operate its business.

(c) (b) Represents the tax effect of the aforementioned adjustments to reflect corporate income taxes at an assumed effective tax rate of 24% for the thirteen and thirty-nine weeks ended September 30, 2023 and September 24, 2022 April 1, 2023, which includes provisions for U.S. federal income taxes, and assumes the respective statutory rates for applicable state and local jurisdictions.

Results of Operations

Thirteen Weeks Ended September 30, 2023 March 30, 2024 compared to Thirteen Weeks Ended September 24, 2022 April 1, 2023

The following table sets forth our results of operations for the thirteen weeks ended September 30, 2023 March 30, 2024 and September 24, 2022 April 1, 2023 (dollars in thousands):

		Thirteen Weeks Ended		Increase / (Decrease)									
		September 30, 2023	September 24, 2022										
				\$	%								
		Thirteen Weeks Ended				Thirteen Weeks Ended				Thirteen Weeks Ended			
		March 30, 2024				March 30, 2024				April 1, 2023			
Revenue:	Revenue:												
Royalty revenue, franchise fees and other	Royalty revenue, franchise fees and other												
Royalty revenue, franchise fees and other	Royalty revenue, franchise fees and other												
Royalty revenue, franchise fees and other	Royalty revenue, franchise fees and other	\$53,200	\$40,363	\$12,837	31.8 %	\$67,097	\$	\$48,188	\$	\$18,909	3		
Advertising fees	Advertising fees	39,951	32,146	7,805	24.3 %	50,149	37,463	37,463	12,686	12,686	12,686	12,686	12,686
Company-owned restaurant sales	Company-owned restaurant sales	23,953	20,163	3,790	18.8 %	28,543	23,070	23,070	5,473	5,473	5,473	5,473	5,473
Total revenue	Total revenue	117,104	92,672	24,432	26.4 %	145,789	108,721	108,721	37,068	37,068	37,068	37,068	37,068
Costs and expenses:	Costs and expenses:												
Cost of sales (1)	Cost of sales (1)												
Cost of sales (1)	Cost of sales (1)	17,622	15,724	1,898	12.1 %	21,271	16,695	16,695	4,576	4,576	4,576	4,576	4,576
Advertising expenses	Advertising expenses	42,381	33,106	9,275	28.0 %	53,192	39,643	39,643	13,549	13,549	13,549	13,549	13,549
Selling, general and administrative	Selling, general and administrative	23,047	16,686	6,361	38.1 %	25,178	23,645	23,645	1,533	1,533	1,533	1,533	1,533
Depreciation and amortization	Depreciation and amortization	3,384	2,836	548	19.3 %	3,410	2,989	2,989	421	421	421	421	421
Loss on disposal of assets	Loss on disposal of assets	18	239	(221)	(92.5)%	—	77	77	(77)	(77)	(77)	(77)	(77)

Total costs and expenses	Total costs and expenses	86,452	68,591	17,861	26.0 %	Total costs and expenses	103,051	83,049	83,049	20,002	20,002
Operating income	Operating income	30,652	24,081	6,571	27.3 %	Operating income	42,738	25,672	25,672	17,066	17,066
Interest expense, net	Interest expense, net	4,520	5,742	(1,222)	(21.3)%	Interest expense, net	4,544	4,573	4,573	(29)	(29)
Other (income) expense	Other (income) expense	(19)	290	(309)	(106.6)%						
Other (income) expense	Other (income) expense						(303)		188		(491)
Income before income tax expense	Income before income tax expense	26,151	18,049	8,102	44.9 %	Income before income tax expense	38,497	20,911	20,911	17,586	17,586
Income tax expense	Income tax expense	6,640	4,681	1,959	41.9 %	Income tax expense	9,750	5,242	5,242	4,508	4,508
Net income	Net income	\$19,511	\$13,368	\$6,143	46.0 %	Net income	\$28,747	\$15,669	\$15,669	\$13,078	\$13,078

(1) Cost of sales includes all operating expenses of company-owned restaurants, including advertising expenses, and but excludes depreciation and amortization, which are presented separately.

Revenue

Total revenue. During the thirteen weeks ended September 30, 2023 March 30, 2024, total revenue was \$117.1 million \$145.8 million, an increase of \$24.4 million \$37.1 million, or 26.4% 34.1%, compared to \$92.7 million \$108.7 million in the comparable period in 2022.2023.

Royalty revenue, franchise fees and other increased \$12.8 million \$18.9 million, of which \$5.7 million \$9.4 million was due to domestic same store sales growth of 15.3% 21.6%, and \$3.8 million \$7.2 million was due to net new franchise restaurant development. Other revenue increased by \$1.7 million \$1.1 million primarily due to an increase in vendor rebates.

Advertising fees increased \$7.8 \$12.7 million due to a 26.5% 36.8% increase in system-wide sales during the fiscal third first quarter 2023. 2024.

Company-owned restaurant sales increased \$3.8 million \$5.5 million, due to an increase of \$2.1 \$3.3 million related to the addition of four seven net new company-owned restaurants since the prior fiscal third first quarter. The remainder of the increase was due to company-owned same store sales growth of 6.0% 6.2%, which was driven primarily by an increase in transactions.

Cost of sales. During the thirteen weeks ended September 30, 2023, cost of sales was \$17.6 million, an increase of \$1.9 million, or 12.1%, compared to \$15.7 million in the comparable period in 2022.

Cost of sales as a percentage of company-owned restaurant sales was 73.6% in the thirteen weeks ended September 30, 2023, compared to 78.0% in the comparable period in 2022.

The table below presents the major components of cost of sales (dollars in thousands):

	Thirteen Weeks Ended			
	September 30, 2023		September 24, 2022	
	As a % of company-owned restaurant sales		As a % of company-owned restaurant sales	
	In dollars		In dollars	
Cost of sales:				
Food, beverage and packaging costs	\$ 7,910	33.0 %	\$ 7,504	37.2 %
Labor costs	5,646	23.6 %	4,652	23.1 %
Other restaurant operating expenses	4,645	19.4 %	4,009	19.9 %
Vendor rebates	(579)	(2.4)%	(441)	(2.2)%
Total cost of sales	\$ 17,622	73.6 %	\$ 15,724	78.0 %

	Thirteen Weeks Ended			
	March 30, 2024		April 1, 2023	
	As a % of company-owned restaurant sales		As a % of company-owned restaurant sales	
	In dollars		In dollars	
Food, beverage and packaging costs	\$ 9,903	34.7 %	\$ 7,486	32.4 %
Labor costs	6,675	23.4 %	5,517	23.9 %

Other restaurant operating expenses	5,410	19.0 %	4,226	18.3 %
Vendor rebates	(717)	(2.5)%	(534)	(2.3)%
Total cost of sales	\$ 21,271	74.5 %	\$ 16,695	72.4 %

Food, beverage and packaging costs as a percentage of company-owned restaurant sales were 33.0% 34.7% in the thirteen weeks ended September 30, 2023 March 30, 2024, compared to 37.2% 32.4% in the comparable period in 2022, 2023. This improvement increase was primarily due to a 13.5% decrease 34.8% increase in the cost of bone-in chicken wings as compared to the prior year period. Our purchases in the prior fiscal first quarter were tied primarily to the spot market, which benefited from significant deflation in the cost of bone-in chicken wings.

Labor costs as a percentage of company-owned restaurant sales were 23.6% 23.4% for the thirteen weeks ended September 30, 2023 March 30, 2024, compared to 23.1% 23.9% in the comparable period in 2022, 2023. The decrease as a percentage of company-owned restaurant sales was primarily due to sales leverage as a result of company-owned domestic same store sales growth of 6.2%.

Other restaurant operating expenses as a percentage of company-owned restaurant sales were 19.0% for the thirteen weeks ended March 30, 2024 compared to 18.3% for the thirteen weeks ended April 1, 2023. The increase as a percentage of company-owned restaurant sales was primarily due to increases in company-owned restaurant wages compared to the prior year, partially offset by sales leverage due to the company-owned domestic same store sales increase of 6.0%, level operating expenses.

Other restaurant operating Advertising expenses as a percentage of company-owned restaurant sales were 19.4% for the thirteen weeks ended September 30, 2023 compared to 19.9% for the thirteen weeks ended September 24, 2022. The decrease as a percentage of company-owned restaurant sales was primarily due to pre-opening expenses in the prior year period.

Advertising expenses. During the thirteen weeks ended September 30, 2023 March 30, 2024, advertising expenses were \$42.4 million \$53.2 million, an increase of \$9.3 million \$13.5 million compared to \$33.1 million \$39.6 million in the comparable period in 2022, 2023. Advertising expenses are recognized at the same time the related revenue is recognized, which does not necessarily correlate to the actual timing of the related advertising spend.

Selling, general and administrative (SG&A). ("SG&A")

During the thirteen weeks ended September 30, 2023 March 30, 2024, SG&A expense was \$23.0 million \$25.2 million, an increase of \$6.4 million \$1.5 million compared to \$16.7 million \$23.6 million in the comparable period in 2022, 2023. The increase in SG&A expense was driven by an increase in incentive compensation and performance-based stock compensation expense of \$2.8 million primarily related to the Company's current fiscal year performance, an increase in headcount related expenses of \$1.7 \$2.1 million to support the growth in our business, and an increase in consulting professional fees of \$1.3 \$1.4 million associated with the Company's strategic initiatives, initiatives, and an increase in performance-based stock compensation expense of \$0.5 million primarily related to the Company's prior year performance. These increases were partially offset by \$2.8 million in non-recurring consulting fees incurred in the prior fiscal first quarter.

Depreciation and amortization. amortization

During the thirteen weeks ended September 30, 2023 March 30, 2024, depreciation expense was \$3.4 million, an increase of \$0.5 million \$0.4 million compared to \$2.8 million \$3.0 million in the comparable period in 2022, 2023. The increase in depreciation and amortization was primarily due to capital expenditures related to our technology investments.

Interest expense, net.net

During the thirteen weeks ended September 30, 2023 March 30, 2024, interest expense, net was \$4.5 million, a decrease of \$1.2 million compared which was comparable to \$5.7 million of interest expense, net in the comparable period in 2022. The decrease was driven by \$1.0 million in additional interest income earned during the thirteen weeks ended September 30, 2023, prior year period.

Income tax expense. expense

During the thirteen weeks ended September 30, 2023 March 30, 2024, we recognized income tax expense of \$6.6 million \$9.8 million yielding an effective tax rate of 25.4% 25.3%, comparable to an effective tax rate of 25.9% 25.1% in the prior year period.

Thirty-Nine Weeks Ended September 30, 2023 compared to Thirty-Nine Weeks Ended September 24, 2022

The following table sets forth our results of operations for the thirty-nine weeks ended September 30, 2023 and September 24, 2022 (dollars in thousands):

	Thirty-Nine Weeks Ended		Increase / (Decrease)	
	September 30,	September 24,		
	2023	2022	\$	%
Revenue:				
Royalty revenue, franchise fees and other	\$ 149,372	\$ 111,477	\$ 37,895	34.0 %
Advertising fees	114,010	83,672	30,338	36.3 %
Company-owned restaurant sales	69,616	57,505	12,111	21.1 %
Total revenue	332,998	252,654	80,344	31.8 %
Costs and expenses:				
Cost of sales (1)	50,959	46,297	4,662	10.1 %
Advertising expenses	120,753	85,958	34,795	40.5 %
Selling, general and administrative	68,820	48,721	20,099	41.3 %

Depreciation and amortization	9,591	7,610	1,981	26.0 %
Loss on disposal of assets	95	1,006	(911)	(90.6)%
Total costs and expenses	250,218	189,592	60,626	32.0 %
Operating income	82,780	63,062	19,718	31.3 %
Interest expense, net	13,337	15,920	(2,583)	(16.2)%
Loss on debt extinguishment	—	814	(814)	(100.0)%
Other (income) expense	123	381	(258)	(67.7)%
Income before income tax expense	69,320	45,947	23,373	50.9 %
Income tax expense	17,959	10,596	7,363	69.5 %
Net income	\$ 51,361	\$ 35,351	\$ 16,010	45.3 %

(a) Cost of sales includes all operating expenses of company-owned restaurants, including advertising expenses, and excludes depreciation and amortization, which are presented separately.

Total revenue. During the thirty-nine weeks ended September 30, 2023, total revenue was \$333.0 million, an increase of \$80.3 million, or 31.8%, compared to \$252.7 million in the comparable period in 2022.

Royalty revenue, franchise fees and other increased \$37.9 million, of which \$17.7 million was due to domestic same store sales growth of 17.3%, and \$12.1 million was due to net new franchise development. Other revenue increased by \$5.0 million primarily due to an increase in vendor rebates.

Advertising fees increased \$30.3 million, of which \$24.1 million was due to the 28.2% increase in system-wide sales during the thirty-nine weeks ended September 30, 2023, and \$6.2 million was due to an increase in the national advertising fund contribution rate to 5% from 4% effective the first day of the fiscal second quarter 2022.

Company-owned restaurant sales increased \$12.1 million primarily due to an increase of \$5.1 million related to the addition of four net new company-owned restaurants since the prior year comparable period. The remainder of the increase was due to company-owned same store sales growth of 7.2%, which was driven by an increase in transactions.

Cost of sales. During the thirty-nine weeks ended September 30, 2023, cost of sales was \$51.0 million, an increase of \$4.7 million, or 10.1%, compared to \$46.3 million in the comparable period in 2022. Cost of sales as a percentage of company-owned restaurant sales was 73.2% in the thirty-nine weeks ended September 30, 2023, compared to 80.5% in the comparable period in 2022.

The table below presents the major components of cost of sales (dollars in thousands):

	Thirty-Nine Weeks Ended			
	September 30, 2023		September 24, 2022	
	In dollars	As a % of company-owned restaurant sales	In dollars	As a % of company-owned restaurant sales
Cost of sales:				
Food, beverage and packaging costs	\$ 22,661	32.6 %	\$ 22,847	39.7 %
Labor costs	16,683	24.0 %	13,788	24.0 %
Other restaurant operating expenses	13,278	19.1 %	10,922	19.0 %
Vendor rebates	(1,663)	(2.4)%	(1,260)	(2.2)%
Total cost of sales	\$ 50,959	73.2 %	\$ 46,297	80.5 %

Food, beverage and packaging costs as a percentage of company-owned restaurant sales were 32.6% in the thirty-nine weeks ended September 30, 2023, compared to 39.7% in the comparable period in 2022. The decrease was primarily due to a 37.7% decrease in the cost of bone-in chicken wings as compared to the prior year period.

Labor costs as a percentage of company-owned restaurant sales were 24.0% for the thirty-nine weeks ended September 30, 2023, which was comparable to the thirty-nine weeks ended September 24, 2022. An increase in company-owned restaurant wages as a percentage of sales was offset by sales leverage due to the company-owned domestic same store sales increase of 7.2%.

Other restaurant operating expenses as a percentage of company-owned restaurant sales were 19.1% for the thirty-nine weeks ended September 30, 2023, compared to 19.0% for the thirty-nine weeks ended September 24, 2022. An increase related to the change in the national advertising fund contribution rate to 5% from 4% effective the first day of the fiscal second quarter 2022 was offset by a decrease in pre-opening expenses in the prior year period.

Advertising expenses. During the thirty-nine weeks ended September 30, 2023, advertising expenses were \$120.8 million, an increase of \$34.8 million compared to \$86.0 million in the comparable period in 2022. Advertising expenses are recognized at the same time the related revenue is recognized, which does not necessarily correlate to the actual timing of the related advertising spend.

Selling, general and administrative (SG&A). During the thirty-nine weeks ended September 30, 2023, SG&A expense was \$68.8 million, an increase of \$20.1 million compared to \$48.7 million in the comparable period in 2022. The prior year-to-date period was impacted by the benefit of \$4.1 million in stock awards forfeited during the second quarter in 2022.

In addition, incentive compensation and performance-based stock compensation expense increased \$6.3 million primarily related to the Company's current fiscal year performance, consulting fees increased \$5.2 million associated with the Company's strategic initiatives, and headcount related expenses increased \$3.7 million to support the growth in our business.

Depreciation and amortization. During the thirty-nine weeks ended September 30, 2023, depreciation expense was \$9.6 million, an increase of \$2.0 million compared to \$7.6 million in the comparable period in 2022. The increase in depreciation and amortization was primarily due to capital expenditures related to our technology investments.

Interest expense, net. During the thirty-nine weeks ended September 30, 2023, interest expense, net was \$13.3 million, a decrease of \$2.6 million compared to \$15.9 million of interest expense, net in the comparable period in 2022. The decrease was due to \$4.0 million of additional interest income earned during the thirty-nine weeks ended September 30, 2023, partially offset by an increase of \$1.4 million in interest expense related to the securitized financing transaction completed on March 9, 2022, which increased our outstanding debt by \$250 million.

Loss on debt extinguishment. Loss on debt extinguishment was \$0.8 million during the thirty-nine weeks ended September 24, 2022 due to costs and fees associated with the extinguishment of our 2020 Variable Funding Note Facility on March 9, 2022.

Income tax expense. During the thirty-nine weeks ended September 30, 2023, we recognized income tax expense of \$18.0 million yielding an effective tax rate of 25.9%, compared to an effective tax rate of 23.1% in the prior year period. The increase in the effective tax rate was primarily due to the impact of stock awards forfeited during the thirty-nine weeks ended September 24, 2022.

Liquidity and Capital Resources

General. Our primary sources of liquidity and capital resources are cash provided from operating activities, cash and cash equivalents on hand, and borrowings available under our securitized financing facility. Our primary requirements for liquidity and capital are working capital, general corporate needs, capital expenditures, income tax payments, debt service requirements, dividend payments, and repurchasing shares of our common stock (if any). Historically, we have operated with minimal positive working capital or with negative working capital. We generally utilize available cash flows from operations to invest in our business, service our debt obligations, pay dividends, and repurchase shares of our common stock (if any).

Our primary sources of short-term and long-term liquidity are expected to be cash flows from operations and available borrowings under our 2022 Variable Funding Notes (as defined below). As of September 30, 2023 March 30, 2024, the Company had \$78.0 million \$108.3 million of cash and cash equivalents on its balance sheet.

Based upon current levels of operations and anticipated growth, we expect that cash flows from operations, combined with our securitized financing facility including our 2022 Variable Funding Notes, will be sufficient to meet our capital expenditure, working capital and debt service requirements for at least the next twelve months and the foreseeable future.

The following table shows summary cash flows information for the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024 and September 24, 2022 April 1, 2023 (in thousands):

		Thirty-Nine Weeks Ended	
		September 30, 2023	September 24, 2022
		Thirteen Weeks Ended	Thirteen Weeks Ended
		Thirteen Weeks Ended	Thirteen Weeks Ended
		March 30, 2024	March 30, 2024
		March 30, 2024	March 30, 2024
		March 30, 2024	March 30, 2024
Net cash provided by (used in):	Net cash provided by (used in):		
Net cash provided by (used in):	Net cash provided by (used in):		
Operating activities	Operating activities	\$ 83,747	\$ 53,158
Operating activities			
Operating activities			
Investing activities			
Investing activities			
Investing activities	Investing activities	(33,499)	(16,636)
Financing activities	Financing activities	(149,017)	109,432
Financing activities			

Financing activities			
Net change in cash and cash equivalents	Net change in cash and cash equivalents	\$ (98,769)	\$ 145,954
Net change in cash and cash equivalents			
Net change in cash and cash equivalents			

Operating activities. Our cash flows from operating activities are principally driven by sales at both franchise restaurants and company-owned restaurants, as well as franchise and development fees. We collect franchise royalties from our franchise owners on a weekly basis. Restaurant-level operating costs at our company-owned restaurants, unearned franchise and development fees, and corporate overhead costs also impact our cash flow from operating activities.

Net cash provided by operating activities was \$83.7 million \$44.7 million in the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024, an increase of \$30.6 million \$9.0 million from cash provided by operating activities of \$53.2 million \$35.7 million in the thirty-nine thirteen weeks ended September 24, 2022 April 1, 2023. The increase is the result of increased primarily due to an increase in operating income, associated with the increased sales over the prior period, as well as partially offset by the timing of changes in working capital, capital and changes in Ad Fund cash and cash equivalents, which are directly related to the timing of payments for expenses incurred for national advertising.

Investing activities. Our net cash used in investing activities was \$33.5 million \$11.7 million in the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024, an increase of \$16.9 million \$7.3 million from cash used in investing activities of \$16.6 million \$4.3 million in the thirty-nine thirteen weeks ended September 24, 2022 April 1, 2023. The increase in cash used in investing activities was primarily due to an increase in capital expenditures related to our technology investments the acquisition of two restaurants from a franchisee during the thirty-nine weeks ended September 30, 2023, and the sale of assets as compared to franchisees during the prior fiscal year period.

Financing activities. Our net cash used in financing activities was \$149.0 million \$9.6 million in the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024, primarily related to the repurchase a decrease of approximately \$125.0 million \$0.5 million from cash used in common stock under our ASR Agreement, dividend payments of \$18.4 million and repayment of long-term debt of \$3.7 million. Cash provided by financing activities of \$109.4 million \$10.1 million in the thirty-nine thirteen weeks ended September 24, 2022 April 1, 2023. The decrease in cash used in financing activities was primarily related due to the net cash provided by additional borrowings under our 2022 Class A-2 Notes (as defined below) of \$250 million a principal payment made in the first quarter of 2022, prior fiscal year period, partially offset by an increase in taxes paid on stock vesting during the payment of a special dividend in connection with the securitized financing transaction totaling \$119.5 million and deferred financing and other debt related costs incurred of \$5.4 million. period.

Securitized financing facility. On March 9, 2022, the Company completed a securitized financing transaction, pursuant to which Wingstop Funding LLC (the "Issuer"), a limited purpose, bankruptcy-remote, indirect wholly-owned subsidiary of the Company, issued \$250 million of its Series 2022-1 3.734% Fixed Rate Senior Secured Notes, Class A-2 (the "2022 Class A-2 Notes"). The Issuer also entered into a revolving financing facility of Series 2022-1 Variable Funding Senior Notes, Class A-1 (the "2022 Variable Funding Notes," and together with the 2022 Class A-2 Notes, the "2022 Notes"), which permits borrowings of up to a maximum principal amount of \$200 million, subject to certain borrowing conditions, a portion of which may be used to issue letters of credit. The proceeds from the securitized financing transaction were used to pay related transaction fees and expenses, strengthen the Company's liquidity position and for general corporate purposes, which included a return of capital to the Company's stockholders.

In addition to the 2022 Notes, the Company's outstanding debt consists of its existing Series 2020-1 2.84% Fixed Rate Senior Secured Notes, Class A-2 (the "2020 Class A-2 Notes"). No borrowings were outstanding under the 2022 Variable Funding Notes as of September 30, 2023 March 30, 2024.

During the third fiscal first quarter of 2023, 2024, the Company continued to have a leverage ratio under the 2020 Class A-2 Notes and the 2022 Class A-2 Notes of less than 5.0x. Per the terms of the Company's debt agreements, principal payments are not due until the repayment date as long as the Company maintains a leverage ratio of less than 5.0x. Accordingly, the entire outstanding balance of the 2020 Class A-2 Notes and the 2022 Class A-2 Notes has been classified as long-term debt due after fiscal year 2026.

Dividends. We paid a quarterly cash dividend of \$0.19 per share of common stock in each of the first two quarters of 2023, and a quarterly cash dividend of \$0.22 per share of common stock, aggregating \$6.5 million in the third fiscal first quarter of 2023, resulting in aggregate dividend payments of \$18.0 million in the thirty-nine weeks ended September 30, 2023, 2024. On October 31, 2023 April 30, 2024, the Company's Board of Directors approved a dividend of \$0.22 per share, to be paid on December 8, 2023 June 7, 2024 to stockholders of record as of November 17, 2023 May 17, 2024, totaling approximately \$6.5 million.

We do not currently expect the restrictions in our debt instruments to impact our ability to make regular quarterly dividends pursuant to our quarterly dividend program. However, any future declarations of dividends, as well as the amount and timing of such dividends, are subject to capital availability and the discretion of our Board of Directors, which must evaluate, among other things, whether cash dividends are in the best interest of the Company and our stockholders.

Share Repurchase Program. On August 16, 2023 August 17, 2023, the Company's Board of Directors approved Company announced a new share repurchase program with authorization to purchase up to \$250.0 million \$250.0 million of its outstanding shares of common stock.

On August 23, 2023 stock (the "Share Repurchase Program"). As of March 30, 2024, the Company entered into the ASR Agreement with a third-party financial institution to \$125.0 million remained available for repurchase \$125.0 million of the Company's common stock as part of under the Share Repurchase Authorization. Under the ASR Agreement, the Company made an initial payment to the financial institution of \$125.0 million in cash and received and retired an initial delivery of 567,151 shares of common stock, representing an estimated 75% of the total shares expected to be delivered under the ASR Agreement, based on the closing price on the date of initial delivery of \$165.30. The delivery of any remaining shares will occur at the final settlement of the transactions under the ASR Agreement, which is scheduled in the fiscal fourth quarter of 2023. The number of shares to be delivered upon final settlement is based on the daily volume-weighted average share prices during the valuation period specified in the ASR Agreement, less a discount and subject to adjustments. As of September 30, 2023, the Company had a total remaining authorized amount for share repurchases under the program of approximately \$125.0 million. Program.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with GAAP. Preparing consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by the application of our accounting policies. Critical accounting estimates are those that require application of management's most difficult, subjective, or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. While we apply our judgment based on assumptions believed to be reasonable under the circumstances, actual results could vary from these assumptions. It is possible that materially different amounts would be reported using different assumptions. Our critical accounting policies and estimates are identified and described in our annual consolidated financial statements and the related notes included in our Annual Report, and there have been no material changes since the filing of our Annual Report.

Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believeRefer to Note 1, *Basis of Presentation*, of the future adoption of any such pronouncements may be expected notes to cause a material impact on its the consolidated financial condition or the results of its operations. statements.

Special Note Regarding Forward-Looking Statements

This report includes statements of our expectations, intentions, plans and beliefs that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and are intended to come within the safe harbor protection provided by those sections. These statements, which involve risks and uncertainties, relate to the discussion of our business strategies and our expectations concerning future operations, margins, profitability, trends, liquidity and capital resources and to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms "may," "will," "should," "expect," "intend," "plan," "outlook," "anticipate," "believe," "think," "estimate," "seek," "predict," "can," "could," "project," "potential" or, in each case, their negative or other variations or comparable terminology, although not all forward-looking statements are accompanied by such terms. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties, risks, and factors relating to our operations and business environments, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed or implied by these forward-looking statements.

Such risks and other factors include those listed below and elsewhere in this report and our Annual Report, that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements:

- our ability to effectively implement our growth strategy;
- our relationships with, and the performance of, our franchisees, as well as actions by franchisees that could harm our business;
- our ability to identify, recruit and contract with a sufficient number of qualified franchisees;
- risks associated with food safety, food-borne illness and other health concerns;
- risks associated with changes in food and supply costs;
- our ability to successfully expand into new markets;
- our ability to effectively compete within our industry;
- risks associated with changes in food and supply costs;
- risks associated with interruptions in our supply chain, including availability of food products;
- risks associated with the availability and cost of labor;
- risks associated with our future performance and operating results falling below the expectations of securities analysts and investors;
- risks associated with data privacy, cyber security cybersecurity and the use and implementation of information technology; technology including heightened risks that may arise upon increased adoption of artificial intelligence technologies;
- risks associated with our increasing dependence on digital commerce platforms and third-party delivery service providers;
- uncertainty in the law with respect to the assignment or allocation of liabilities in the franchise business model;
- risks associated with litigation against us or our franchisees;
- risks associated with the availability and cost of labor;
- our ability to successfully advertise and market our business;
- risks associated with changes in customer preferences, perceptions and eating habits;
- risks associated with our future performance and operating results falling below the expectations of securities analysts and investors;
- risks associated with the geographic concentration of our business;
- the impact on our business from a pandemic, epidemic or outbreak, unexpected events such as COVID-19; international conflict or war and related sanctions, acts of terrorism, civil unrest, epidemics and pandemics and severe weather;
- our ability to comply with laws and government regulations, including those relating to food products, employment and franchising, including or increased costs associated with new or changing regulations;

- our ability to maintain adequate insurance coverage for our business;
- risks associated with damage to our reputation or lack of acceptance of our brand in existing or new markets;
- risks associated with our expansion into international markets and foreign government restrictions on operations;
- our ability to attract and retain our executive officers and other key employees;
- our ability to protect our intellectual property, including trademarks and trade secrets;
- the impact on our business from environmental, social and corporate governance matters; and
- our ability to comply with the terms of our securitized debt financing and generate sufficient cash flows to satisfy our significant debt service obligations thereunder;
- our ability to attract and retain our executive officers and other key employees; and
- our ability to protect our intellectual property, including trademarks and trade secrets, thereunder.

The above list of factors is not exhaustive. Some of these and other factors are discussed in more detail under “Risk Factors” in our Annual Report. When considering forward-looking statements in this report or that we make in other reports or statements, you should keep in mind the cautionary statements in this report and future reports we file with the SEC. Any forward-looking statements made in this report speak only as of the date of the report, unless specified otherwise. New risks and uncertainties arise from time to time, and we cannot predict when they may arise or how they may affect us. Except as required by law, we assume no obligation to update or revise any forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Commodity Price Risk. We are exposed to market risks from changes in commodity prices. Many of the food products purchased by us are affected by weather, production, availability and other factors outside our control, including inflation as compared to the prior year period. Although we attempt to enter into arrangements in an effort to minimize the effect of price volatility by negotiating fixed price contracts for the supply of key ingredients, food costs, there are no established fixed price markets for fresh bone-in chicken wings, so we are may be subject to prevailing market conditions. Bone-in chicken wings accounted for approximately 16.2% 18.3% and 25.3% 16.2% of our company-owned restaurant cost of sales during the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024 and September 24, 2022 April 1, 2023, respectively. A hypothetical 10% increase in the bone-in chicken wing costs would have increased costs of sales by approximately \$0.8 million \$0.4 million during the thirty-nine thirteen weeks ended September 30, 2023 March 30, 2024. We do not engage in speculative financial transactions nor do we hold or issue financial instruments for trading purposes.

Interest Rate Risk. Our long-term debt, including current portion, consisted entirely of the \$720.9 million incurred under the 2020 Class A-2 Notes and the 2022 Class A-2 Notes as of September 30, 2023 March 30, 2024 (excluding unamortized debt issuance costs). The Company's predominantly fixed-rate debt structure has reduced its exposure to interest rate increases that could adversely affect its earnings and cash flows, but the Company remains exposed to changes in market interest rates reflected in the fair value of the debt and to the risk that the Company may need to refinance maturing debt with new debt at a higher rate. The Company is exposed to interest rate increases under the 2022 Variable Funding Notes; however, the Company had no outstanding borrowings under its 2022 Variable Funding Notes as of September 30, 2023 March 30, 2024.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2023 March 30, 2024, pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2023 March 30, 2024, our disclosure controls and procedures 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 rules and forms of the SEC, 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 have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are currently involved in various claims and legal actions that arise in the ordinary course of business, including claims and actions resulting from employment-related and franchise-related matters. None of these matters, some of which are covered by insurance, has had a material effect on us, and, as of the date of this report, we are not party to any pending legal proceedings that we believe would have a material adverse effect on our business, financial condition, results of operations or cash flows. However, a significant

increase in the number of these claims or an increase in amounts owing under successful claims could materially and adversely affect our business, financial condition, results of operations or cash flows.

Item 1A. Risk Factors

A description of the risk factors associated with our business is contained in the "Risk Factors" section of our Annual Report.

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

Issuer Purchases of Equity Securities

Period	Total Number of Shares	Average Price Paid Per	Total Number of Shares Purchased as	Approximate Dollar Value of
	Purchased ⁽¹⁾	Share ⁽¹⁾	Part of Publicly Announced Plans or	Shares that May Yet Be Purchased
			Programs ⁽²⁾	Under the Plans or Programs ⁽²⁾
July 2, 2023 - July 29, 2023	—	\$ —	—	\$ —
July 30, 2023 - August 26, 2023	567,151	165.30	567,151	125,000,000
August 27, 2023 - September 30, 2023	—	—	—	—
Total	567,151	\$ 165.30	567,151	\$ 125,000,000

(1) On August 23, 2023, the Company entered into the ASR Agreement to repurchase \$125.0 million of the Company's common stock. Pursuant to the terms of the ASR Agreement, on August 25, 2023, the Company received and retired 567,151 shares of its common stock, based on the closing price on the date of delivery of \$165.30. The delivery of any remaining shares will occur at the final settlement of the transactions under the ASR Agreement, which is scheduled in the fiscal fourth quarter of 2023. The final number of shares repurchased under the ASR Agreement will be based on the daily volume-weighted average share prices during the valuation period specified in the ASR Agreement, less a discount and subject to adjustments.

(2) On August 17, 2023, the Company announced a new share repurchase program with authorization to purchase up to \$250.0 million of its outstanding shares of common stock (the "Share Repurchase Program"). No shares were repurchased under the Share Repurchase Program during the fiscal first quarter 2024. As of September 30, 2023 March 30, 2024, \$125.0 million remained available for repurchase under the Share Repurchase Authorization Program.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the thirteen weeks ended September 30, 2023 March 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Index to Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Wingstop Inc., as amended through June 15, 2020, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 27, 2020 (File No. 001-37425) on July 29, 2020 and incorporated by reference herein.
3.2	Amended and Restated Bylaws of Wingstop Inc., effective as of December 1, 2022, filed as Exhibit 3.1 to the Company's Current Report on Form 8-K (File No. 001-37425) on December 2, 2022 and incorporated by reference herein.
31.1*	Certification of Principal Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
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 Document
101 CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101 DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101 LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101 PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and Contained in Exhibit 101)

* Filed herewith.
** Furnished, not filed.

Signatures

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

Wingstop Inc.
(Registrant)

Date: November 1, 2023 2024

By: /s/ Michael J. Skipworth

President and Chief Executive Officer
(Principal Executive Officer)

Date: November 1, 2023 2024

By: /s/ Alex R. Kaleida

Chief Financial Officer
(Principal Financial and Accounting Officer)

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Exhibit 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Skipworth, certify that:

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

Date: November May 1, 2023 2024

By: /s/ Michael J. Skipworth
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alex R. Kaleida, certify that:

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

Date: November May 1, 2023 2024

By: /s/ Alex R. Kaleida
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q for the period ended September 30, 2023 March 30, 2024 of Wingstop Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Skipworth, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

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

Date: ~~November~~ May 1, ~~2023~~ 2024

By: /s/ Michael J. Skipworth

President and Chief Executive Officer

(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q for the period ended ~~September 30, 2023~~ March 30, 2024 of Wingstop Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alex R. Kaleida, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: ~~November~~ May 1, ~~2023~~ 2024

By: /s/ Alex R. Kaleida

Chief Financial Officer

(Principal Financial and Accounting Officer)

DISCLAIMER

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