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DELTA REPORT

10-Q

JACK - JACK IN THE BOX INC

10-Q - APRIL 14, 2024 COMPARED TO 10-Q - JANUARY 21, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	575
CHANGES	126
DELETIONS	224
ADDITIONS	225

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

FORM 10-Q

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

For the quarterly period ended January 21, 2024 April 14, 2024

or

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

for the transition period from ________to________.

Commission File Number: 1-9390

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JACK IN THE BOX INC.

(Exact name of registrant as specified in its charter)

Delaware	**95-2698708**
(State of Incorporation)	**(I.R.S. Employer Identification No.)**

9357 Spectrum Center Blvd.
San Diego, California 92123
(Address of principal executive offices)

Registrant's telephone number, including area code (858) 571-2121

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	JACK	NASDAQ Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No ¨

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes þ No ¨

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

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

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 þ

As of the close of business February 15, 2024 May 8, 2024, 19,536,206 19,390,075 shares of the registrant's common stock were outstanding.

JACK IN THE BOX INC. AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JACK IN THE BOX INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)
(Unaudited)

	January 21, 2024	October 1, 2023
ASSETS		
Current assets:		
Cash	$ 53,975	$ 157,653
Restricted cash	28,559	28,254
Accounts and other receivables, net	63,251	99,678
Inventories	4,381	3,896
Prepaid expenses	8,982	16,911
Current assets held for sale	23,656	13,925
Other current assets	6,109	5,667
Total current assets	188,913	325,984
Property and equipment:		
Property and equipment, at cost	1,261,323	1,258,589
Less accumulated depreciation and amortization	(845,375)	(846,559)
Property and equipment, net	415,948	412,030
Other assets:		
Operating lease right-of-use assets	1,411,019	1,397,555
Intangible assets, net	11,251	11,330
Trademarks	283,500	283,500
Goodwill	329,583	329,986
Other assets, net	247,048	240,707
Total other assets	2,282,401	2,263,078
	$ 2,887,262	$ 3,001,092
LIABILITIES AND STOCKHOLDERS’ DEFICIT		

Current liabilities:		
Current maturities of long-term debt	$ 29,941	$ 29,964
Current operating lease liabilities	159,045	142,518
Accounts payable	70,135	84,960
Accrued liabilities	167,788	302,178
Total current liabilities	426,909	559,620
Long-term liabilities:		
Long-term debt, net of current maturities	1,718,813	1,724,933
Long-term operating lease liabilities, net of current portion	1,277,947	1,265,514
Deferred tax liabilities	27,878	26,229
Other long-term liabilities	143,872	143,123
Total long-term liabilities	3,168,510	3,159,799
Stockholders' deficit:		
Preferred stock $0.01 par value, 15,000,000 shares authorized, none issued	—	—
Common stock $0.01 par value, 175,000,000 shares authorized, 82,752,989 and 82,645,814 issued, respectively	827	826
Capital in excess of par value	524,970	520,076
Retained earnings	1,967,555	1,937,598
Accumulated other comprehensive loss	(51,306)	(51,790)
Treasury stock, at cost, 63,218,724 and 62,910,964 shares, respectively	(3,150,203)	(3,125,037)
Total stockholders' deficit	(708,157)	(718,327)
	$ 2,887,262	$ 3,001,092

	April 14, 2024	October 1, 2023
ASSETS		
Current assets:		
Cash	$ 20,197	$ 157,653
Restricted cash	28,780	28,254
Accounts and other receivables, net	102,664	99,678
Inventories	4,067	3,896
Prepaid expenses	8,020	16,911
Current assets held for sale	24,970	13,925
Other current assets	5,609	5,667
Total current assets	194,307	325,984
Property and equipment:		
Property and equipment, at cost	1,267,469	1,258,589
Less accumulated depreciation and amortization	(850,333)	(846,559)
Property and equipment, net	417,136	412,030
Other assets:		
Operating lease right-of-use assets	1,414,559	1,397,555
Intangible assets, net	11,254	11,330
Trademarks	283,500	283,500
Goodwill	329,583	329,986
Other assets, net	248,636	240,707
Total other assets	2,287,532	2,263,078
	$ 2,898,975	$ 3,001,092
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Current maturities of long-term debt	$ 30,049	$ 29,964
Current operating lease liabilities	158,326	142,518
Accounts payable	82,336	84,960
Accrued liabilities	168,973	302,178
Total current liabilities	439,684	559,620

Long-term liabilities:		
Long-term debt, net of current maturities	1,712,360	1,724,933
Long-term operating lease liabilities, net of current portion	1,279,443	1,265,514
Deferred tax liabilities	26,808	26,229
Other long-term liabilities	143,301	143,123
Total long-term liabilities	3,161,912	3,159,799
Stockholders' deficit:		
Preferred stock $0.01 par value, 15,000,000 shares authorized, none issued	—	—
Common stock $0.01 par value, 175,000,000 shares authorized, 82,776,086 and 82,645,814 issued, respectively	828	826
Capital in excess of par value	528,887	520,076
Retained earnings	1,983,944	1,937,598
Accumulated other comprehensive loss	(50,944)	(51,790)
Treasury stock, at cost, 63,422,351 and 62,910,964 shares, respectively	(3,165,336)	(3,125,037)
Total stockholders' deficit	(702,621)	(718,327)
	$ 2,898,975	$ 3,001,092

See accompanying notes to condensed consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share data)
(Unaudited)

	Sixteen Weeks Ended
	Sixteen Weeks Ended
	Sixteen Weeks Ended
	January 21, 2024
	January 21, 2024
	January 21, 2024
Revenues:	
Revenues:	

	Quarter		Year-to-date	
	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Revenues:				
Company restaurant sales				
Company restaurant sales				
Company restaurant sales				
Franchise rental revenues				
Franchise rental revenues				
Franchise rental revenues				
Franchise royalties and other				
Franchise royalties and other				
Franchise royalties and other				
Franchise contributions for advertising and other services				
Franchise contributions for advertising and other services				
Franchise contributions for advertising and other services				
	487,498			
	487,498			
	487,498			
Operating costs and expenses, net:				

Operating costs and expenses, net:		
	365,347	
Operating costs and expenses, net:		
Food and packaging		
Food and packaging		
Food and packaging		
Payroll and employee benefits		
Payroll and employee benefits		
Payroll and employee benefits		
Occupancy and other		
Occupancy and other		
Occupancy and other		
Franchise occupancy expenses		
Franchise occupancy expenses		
Franchise occupancy expenses		
Franchise support and other costs		
Franchise support and other costs		
Franchise support and other costs		
Franchise advertising and other services expenses		
Franchise advertising and other services expenses		
Franchise advertising and other services expenses		
Selling, general and administrative expenses		
Selling, general and administrative expenses		
Selling, general and administrative expenses		
Depreciation and amortization		
Depreciation and amortization		
Depreciation and amortization		
Pre-opening costs		
Pre-opening costs		
Pre-opening costs		
Other operating expenses (income), net		
Other operating expenses (income), net		
Other operating expenses (income), net		
Losses (gains) on the sale of company-operated restaurants		
Losses (gains) on the sale of company-operated restaurants		
Losses (gains) on the sale of company-operated restaurants		
		408,018
		408,018
		408,018
Earnings from operations		
Earnings from operations		
	311,157	
Earnings from operations		
Other pension and post-retirement expenses, net		
Other pension and post-retirement expenses, net		
Other pension and post-retirement expenses, net		
Interest expense, net		
Interest expense, net		
Interest expense, net		
Earnings before income taxes		
Earnings before income taxes		

Earnings before income taxes					
Income taxes					
Income taxes					
Income taxes					
Net earnings					
Net earnings					
Net earnings					
Earnings per share:					
Earnings per share:					
Earnings per share:					
Basic					
Basic					
Basic					
Diluted					
Diluted					
Diluted					
Cash dividends declared per common share					
Cash dividends declared per common share					
Cash dividends declared per common share					

See accompanying notes to condensed consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Sixteen Weeks Ended				
	Sixteen Weeks Ended				
	Sixteen Weeks Ended				
	January 21, 2024				
	January 21, 2024				
	January 21, 2024				
		Quarter		Year-to-date	
		April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Net earnings					
Net earnings					
Net earnings					
Other comprehensive income:					
Other comprehensive income:					
Other comprehensive income:					
Actuarial losses and prior service costs reclassified to earnings					
Actuarial losses and prior service costs reclassified to earnings					
Actuarial losses and prior service costs reclassified to earnings					
Tax effect					
Tax effect					
Tax effect					
Other comprehensive income, net of taxes					
Other comprehensive income, net of taxes					
Other comprehensive income, net of taxes					

Comprehensive income
Comprehensive income
Comprehensive income

See accompanying notes to condensed consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Sixteen Weeks Ended	
	January 21, 2024	January 22, 2023
Cash flows from operating activities:		
Net earnings	$ 38,683	$ 53,254
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	18,473	19,402
Amortization of franchise tenant improvement allowances and incentives	1,418	1,215
Deferred finance cost amortization	1,493	1,616
Excess tax (benefits) deficiency from share-based compensation arrangements	(9)	143
Deferred income taxes	(719)	3,385
Share-based compensation expense	4,820	3,534
Pension and post-retirement expense	2,106	2,144
Gains on cash surrender value of company-owned life insurance	(6,161)	(6,631)
Losses (gains) on the sale of company-operated restaurants	254	(3,825)
Gains on acquisition of restaurants	(2,357)	—
Losses (gains) on the disposition of property and equipment, net	1,011	(10,009)
Impairment charges and other	28	483
Changes in assets and liabilities, excluding acquisitions:		
Accounts and other receivables	40,139	37,813
Inventories	(484)	194
Prepaid expenses and other current assets	9,587	6,953
Operating lease right-of-use assets and lease liabilities	12,208	11,281
Accounts payable	(13,826)	(31,285)
Accrued liabilities	(125,861)	(24,677)
Pension and post-retirement contributions	(1,698)	(1,688)
Franchise tenant improvement allowance and incentive disbursements	(523)	(527)
Other	(1,257)	(303)
Cash flows (used in) provided by operating activities	(22,675)	62,472
Cash flows from investing activities:		
Purchases of property and equipment	(38,829)	(24,028)
Proceeds from the sale of property and equipment	516	22,103
Proceeds from the sale of company-operated restaurants	1,739	17,609
Cash flows (used in) provided by investing activities	(36,574)	15,684
Cash flows from financing activities:		
Principal repayments on debt	(7,481)	(7,557)
Dividends paid on common stock	(8,652)	(9,154)
Proceeds from issuance of common stock	1	—
Repurchases of common stock	(25,000)	(14,999)
Payroll tax payments for equity award issuances	(2,992)	(868)
Cash flows used in financing activities	(44,124)	(32,578)
Net (decrease) increase in cash and restricted cash	(103,373)	45,578
Cash and restricted cash at beginning of period	185,907	136,040
Cash and restricted cash at end of period	$ 82,534	$ 181,618

	Year-to-date

		April 14, 2024		April 16, 2023
Cash flows from operating activities:				
Net earnings	$	63,663	$	79,761
Adjustments to reconcile net earnings to net cash (used in) provided by operating activities:				
Depreciation and amortization		32,379		34,000
Amortization of franchise tenant improvement allowances and incentives		2,538		2,237
Deferred finance cost amortization		2,610		2,787
Excess tax (benefits) deficiency from share-based compensation arrangements		(49)		142
Deferred income taxes		(2,326)		1,496
Share-based compensation expense		8,661		5,932
Pension and post-retirement expense		3,685		3,751
Gains on cash surrender value of company-owned life insurance		(7,949)		(8,007)
Losses (gains) on the sale of company-operated restaurants		1,319		(4,529)
Gains on acquisition of restaurants		(2,357)		—
Losses (gains) on the disposition of property and equipment, net		1,148		(8,615)
Impairment charges and other		1,580		549
Changes in assets and liabilities, excluding acquisitions:				
Accounts and other receivables		815		(1,456)
Inventories		(170)		(23)
Prepaid expenses and other current assets		9,299		6,344
Operating lease right-of-use assets and lease liabilities		9,392		8,561
Accounts payable		(396)		(15,994)
Accrued liabilities		(123,532)		(7,043)
Pension and post-retirement contributions		(3,288)		(3,234)
Franchise tenant improvement allowance and incentive disbursements		(1,460)		(2,052)
Other		(1,583)		(499)
Cash flows (used in) provided by operating activities		(6,021)		94,108
Cash flows from investing activities:				
Purchases of property and equipment		(61,071)		(37,196)
Proceeds from the sale of property and equipment		1,500		23,371
Proceeds from the sale and leaseback of assets		1,728		3,673
Proceeds from the sale of company-operated restaurants		1,989		18,417
Other		—		1,465
Cash flows (used in) provided by investing activities		(55,854)		9,730
Cash flows from financing activities:				
Repayments of borrowings on revolving credit facilities		—		(50,000)
Principal repayments on debt		(14,818)		(15,088)
Dividends paid on common stock		(17,167)		(18,218)
Proceeds from issuance of common stock		2		—
Repurchases of common stock		(40,000)		(32,621)
Payroll tax payments for equity award issuances		(3,072)		(1,115)
Cash flows used in financing activities		(75,055)		(117,042)
Net decrease in cash and restricted cash		(136,930)		(13,204)
Cash and restricted cash at beginning of period		185,907		136,040
Cash and restricted cash at end of period	$	48,977	$	122,836

See accompanying notes to condensed consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(In thousands)

(Unaudited)

	Number of Shares	Number of Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total	Number of Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at October 1, 2023															
Shares issued under stock plans, including tax benefit															
Share-based compensation															
Dividends declared															
Purchases of treasury stock															
Net earnings															
Other comprehensive income															
Balance at January 21, 2024															
Shares issued under stock plans, including tax benefit															
Share-based compensation															
Dividends declared															
Purchases of treasury stock															
Net earnings															
Other comprehensive income															
Balance at April 14, 2024															

	Number of Shares	Number of Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total	Number of Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at October 2, 2022															
Shares issued under stock plans, including tax benefit															
Share-based compensation															
Dividends declared															
Purchases of treasury stock															
Net earnings															
Other comprehensive income															
Balance at January 22, 2023															
Shares issued under stock plans, including tax benefit															
Share-based compensation															
Dividends declared															
Purchases of treasury stock															
Net earnings															
Other comprehensive income															
Balance at April 16, 2023															

See accompanying notes to condensed consolidated financial statements.

JACK IN THE BOX INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

Nature of operations — Jack in the Box Inc. (the “Company”), together with its consolidated subsidiaries, develops, operates, and franchises quick-service restaurants under the Jack in the Box® and Del Taco® restaurant brands.

On March 8, 2022, the Company acquired Del Taco Restaurants, Inc. (“Del Taco”) for cash according to the terms and conditions of the Agreement and Plan of Merger, dated as of December 5, 2021. Del Taco is a nationwide operator and franchisor of restaurants featuring fresh and fast Mexican and American inspired cuisines.

As of January 21, 2024 April 14, 2024, there were 144 company-operated and 2,048 2,051 franchise-operated Jack in the Box restaurants and 179 166 company-operated and 413 429 franchise-operated Del Taco restaurants.

References to the Company throughout these notes to condensed consolidated financial statements are made using the first person notations of “we,” “us” and “our.”

Basis of presentation — The accompanying condensed consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”).

These financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the Company’s Annual Report on Form 10-K for the fiscal year ended October 1, 2023 (“2023 Form 10-K”). The accounting policies used in preparing these condensed consolidated financial statements are the same as those described in our 2023 Form 10-K.

In our opinion, all adjustments considered necessary for a fair presentation of financial condition and results of operations for these interim periods have been included. Operating results for one interim period are not necessarily indicative of the results for any other interim period or for the full year.

Fiscal year — The Company’s fiscal year is 52 or 53 weeks ending the Sunday closest to September 30. In fiscal 2023, Del Taco operated on a fiscal year ending the Tuesday closest to September 30. Beginning fiscal 2024, Del Taco’s fiscal year shifted to align with Jack in the Box. As a result, Del Taco’s fiscal 2024 results include two fewer days. Fiscal years 2024 and 2023 include 52 weeks. Our first quarter includes 16 weeks and all other quarters include 12 weeks. All comparisons between 2024 and 2023 refer to the 16 12 weeks (“quarter”) and 16 28 weeks (year-to-date” (“year-to-date”) ended January 21, 2024 April 14, 2024 and January 22, 2023 April 16, 2023, respectively, unless otherwise indicated.

Use of estimates — In preparing the condensed consolidated financial statements in conformity with U.S. GAAP, management is required to make certain assumptions and estimates that affect reported amounts of assets, liabilities, revenues, expenses and the disclosure of contingencies. In making these assumptions and estimates, management may from time to time seek advice and consider information provided by actuaries and other experts in a particular area. Actual amounts could differ materially from these estimates.

Advertising costs — The Company administers marketing funds at each of its restaurant brands that include contractual contributions. In 2024 and 2023, marketing fund contributions from Jack in the Box franchise and company-operated restaurants were approximately 5.0% of sales, and marketing fund contributions from Del Taco franchise and company-operated restaurants were approximately 4.0% of sales. Year-to-date incremental contributions made by the Company for both brands were $0.2 million in 2024, and less than $0.1 million in 2024 and 2023, respectively.

Total contributions made by the Company are included in “Selling, general and administrative expenses” in the accompanying condensed consolidated statements of earnings and for the quarter and year-to-date totaled $10.4 million $7.8 million and $12.2 million $18.2 million, respectively, in 2024, and 2023, respectively. $9.2 million and $21.3 million, respectively in 2023.

Allowance for credit losses — The Company closely monitors the financial condition of our franchisees and estimates the allowance for credit losses based on the lifetime expected loss on receivables. These estimates are based on historical collection experience with our franchisees as well as other factors, including current market conditions and events. Credit quality is monitored through the timing of payments compared to predefined aging criteria and known facts regarding the financial condition of the franchisee or customer. Account balances are charged off against the allowance after recovery efforts have ceased.

JACK IN THE BOX INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table summarizes the activity in the allowance for doubtful accounts *(in thousands)*:

	Sixteen Weeks Ended	
	January 21, 2024	January 22, 2023
	Year-to-date	
	April 14, 2024	April 16, 2023
Balance as of beginning of period		
(Provision) reversal for expected credit losses		
Write-offs charged against the allowance		
Balance as of end of period		
Balance as of end of period		
Balance as of end of period		

Business combinations — The Company accounts for acquisitions using the acquisition method of accounting. Accordingly, assets acquired and liabilities assumed are recorded at their estimated fair values at the acquisition date. The excess of purchase price over fair value of net assets acquired, including the amount assigned to identifiable intangible assets, is recorded as goodwill.

Goodwill and trademarks — Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired, if any. We generally record goodwill in connection with the acquisition of restaurants from franchisees or the acquisition of another business. Likewise, upon the sale of restaurants to franchisees, goodwill is decremented. The amount of goodwill written-off is determined as the fair value of the business disposed of as a percentage of the fair value of the reporting unit prior to the disposal. If the business disposed of was never fully integrated into the reporting unit after its acquisition, and thus the benefits of the acquired goodwill were never realized, the current carrying amount of the acquired goodwill is written off.

Goodwill is not amortized and has been assigned to reporting units for purposes of impairment testing. The Company's two restaurant brands, Jack in the Box and Del Taco, are both operating segments and reporting units. Goodwill is evaluated for impairment by determining whether the fair value of our reporting units exceed their carrying values.

The Company tests goodwill and indefinite-lived intangible assets for impairment annually, or more frequently if events and circumstances warrant. The Company performs this testing during the third quarter of each year.

Our impairment analyses first includes a qualitative assessment to determine whether events or circumstances indicate that it is more likely than not that the fair value of the reporting unit is less than its carrying value. Significant factors considered in this assessment include, but are not limited to, macro-economic conditions, market and industry conditions, cost considerations, the competitive environment, share price fluctuations, overall financial performance, and results of past impairment tests. If the qualitative factors indicate that it is more likely than not that the fair value is less than the carrying value, we perform a quantitative impairment test.

Recent accounting pronouncements — In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure," which updates reportable segment disclosure requirements. The ASU primarily requires enhanced disclosures about significant segment expenses and information used to assess segment performance and is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024 with early adoption permitted. The Company reviewed all recently issued accounting pronouncements is currently evaluating the impact of adopting this pronouncement in our disclosures, and concluded that they were either does not applicable or not expected expect it to have a significant impact impact.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures," which requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on its condensed consolidated financial statements. income taxes paid. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and should be applied on a prospective basis with the option to apply the standard retrospectively. The Company does not expect this pronouncement to have a significant impact.

2. REVENUE

Nature of products and services — The Company derives revenue from retail sales at Jack in the Box and Del Taco company-operated restaurants and rental revenue, royalties, advertising, and franchise and other fees from franchise-operated restaurants.

Our franchise arrangements generally provide for an initial franchise fee per restaurant for a 20-year term, and generally require that franchisees pay royalty and marketing fees based upon a percentage of gross sales. The agreements also require franchisees to pay technology fees for both brands, as well as sourcing fees for Jack in the Box franchise agreements.

Disaggregation of revenue — The following table disaggregates revenue by segment and primary source for the quarter ended January 21, 2024 *(in thousands)*:

	Jack in the Box	Del Taco	Total
Company restaurant sales	$ 132,057	$ 91,983	$ 224,040
Franchise rental revenues	105,578	7,618	113,196
Franchise royalties	61,323	9,454	70,777
Marketing fees	61,220	7,731	68,951
Technology and sourcing fees	6,142	1,839	7,981
Franchise fees and other services	2,020	533	2,553
Total revenue	$ 368,340	$ 119,158	$ 487,498

Disaggregation of revenue — The following table disaggregates revenue by segment and primary source for the quarter periods ended January 22, 2023 April 14, 2024 *(in thousands)*:

	Jack in the Box						
	Jack in the Box						
		Quarter			Year-to-date		
	Jack in the Box	Jack in the Box	Del Taco	Total	Jack in the Box	Del Taco	Total
Company restaurant sales							
Company restaurant sales							
Company restaurant sales							
Franchise rental revenues							
Franchise rental revenues							
Franchise rental revenues							
Franchise royalties							
Franchise royalties							
Franchise royalties							
Marketing fees							
Marketing fees							

Marketing fees			
Technology and sourcing fees			
Technology and sourcing fees			
Technology and sourcing fees			
Franchise fees and other services			
Franchise fees and other services			
Franchise fees and other services			
Total revenue			
Total revenue			
Total revenue			

The following table disaggregates revenue by segment and primary source for the periods ended April 16, 2023 *(in thousands)*:

	Quarter			Year-to-date		
	Jack in the Box	Del Taco	Total	Jack in the Box	Del Taco	Total
Company restaurant sales	$ 95,489	$ 107,115	$ 202,604	$ 221,631	$ 251,164	$ 472,795
Franchise rental revenues	80,910	2,610	83,520	187,006	5,344	192,350
Franchise royalties (1)	46,401	5,657	52,058	113,970	12,591	126,561
Marketing fees	46,486	4,609	51,095	106,830	10,263	117,093
Technology and sourcing fees	3,875	668	4,543	8,844	1,386	10,230
Franchise fees and other services	1,671	253	1,924	3,468	343	3,811
Total revenue	$ 274,832	$ 120,912	$ 395,744	$ 641,749	$ 281,091	$ 922,840

(1) In October 2022, a Jack in the Box franchise operator paid the Company $7.3 million in order to sell his restaurants to a new franchisee at the current standard royalty rate, which is lower than the royalty rate in the existing franchise agreements. The payment represented the difference between the existing royalty rate and the new royalty rate rates based on projected future sales for the remaining term of the existing agreements. The payment was non-refundable and not subject to any adjustments based on actual future sales. The Company determined the transaction represented the termination of the existing agreement rather than the transfer of an agreement between franchisees. As such, the $7.3 million was recognized in franchise royalty revenue during the first quarter of 2023.

Contract liabilities — Contract liabilities consist of deferred revenue resulting from initial franchise and development fees received from franchisees for new restaurant openings or new franchise terms, which are recognized over the franchise term. The Company classifies these contract liabilities as “Accrued liabilities” and “Other long-term liabilities” in our condensed consolidated balance sheets.

A summary of significant changes in contract liabilities is presented below *(in thousands)*:

	Sixteen Weeks Ended	
	January 21, 2024	January 22, 2023
	Year-to-date	
	April 14, 2024	April 16, 2023
Deferred franchise and development fees at beginning of period		
Revenue recognized		
Additions		
Deferred franchise and development fees at end of period		

As of January 21, 2024 April 14, 2024, approximately $8.0 million $8.6 million of development fees related to unopened restaurants are included in deferred revenue. Timing of revenue recognition for development fees related to unopened restaurants is dependent upon the timing of restaurant openings and are recognized over the franchise term at the date of opening.

The following table reflects the estimated franchise fees to be recognized in the future related to performance obligations that are unsatisfied as of January 21, 2024 April 14, 2024 *(in thousands)*:

Remainder of 2024	
2025	
2026	
2027	
2028	

Thereafter	
	$

The Company has applied the optional exemption, as provided for under ASC Topic 606, *Revenue from Contracts with Customers*, which allows us to not disclose the transaction price allocated to unsatisfied performance obligations when the transaction price is a sales-based royalty.

JACK IN THE BOX INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

3. SUMMARY OF REFRANCHISINGS AND ASSETS HELD FOR SALE

Refranchisings — The following table summarizes the number of restaurants sold to franchisees and the loss or gain recognized *(dollars in thousands):*

	Sixteen Weeks Ended Sixteen Weeks Ended Sixteen Weeks Ended				
	January 21, 2024				
	January 21, 2024				
	January 21, 2024				
		Quarter		Year-to-date	
		April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Restaurants sold to Jack in the Box franchisees					
Restaurants sold to Jack in the Box franchisees					
Restaurants sold to Jack in the Box franchisees					
Restaurants sold to Del Taco franchisees					
Restaurants sold to Del Taco franchisees					
Restaurants sold to Del Taco franchisees					
Proceeds from the sale of company-operated restaurants (1)					
Proceeds from the sale of company-operated restaurants (1)					
Proceeds from the sale of company-operated restaurants (1)					
Net assets sold (primarily property and equipment)					
Net assets sold (primarily property and equipment)					
Net assets sold (primarily property and equipment)					
Goodwill related to the sale of company-operated restaurants					
Goodwill related to the sale of company-operated restaurants					
Goodwill related to the sale of company-operated restaurants					
Franchise fees					
Franchise fees					
Franchise fees					
Sublease liabilities, net					
Sublease liabilities, net					
Sublease liabilities, net					
Lease termination					
Lease termination					
Lease termination					
Other (2)					
Other (2)					
Other (2)					
(Loss) gain on the sale of company-operated restaurants					
(Loss) gain on the sale of company-operated restaurants					
(Loss) gain on the sale of company-operated restaurants					

(1) Amount Amounts in 2024 relates to and 2023 include additional proceeds received in connection with the extension of franchise and lease agreements and the resolution of certain contingencies related to from the sale of restaurants in the prior years.

(2) Amount Year-to-date amount in 2024 includes a $2.2 million impairment of assets held for sale in the first quarter of 2024 related to a Del Taco refranchising transaction that is expected to close closed in the second quarter of 2024. Amount in 2023 includes $0.2 million related to prior year refranchising transactions.

Assets held for sale — Assets classified as held for sale on our condensed consolidated balance sheets as of January 21, 2024 April 14, 2024 and October 1, 2023 have carrying amounts of $23.7 $25.0 million and $13.9 million, respectively. These amounts relate to i) company-owned restaurants to be refranchised, ii) operating restaurant properties which we intend to sell to franchisees and/or sell and leaseback with a third party, and iii) closed restaurant properties which we are marketing for sale.

4. FRANCHISE ACQUISITIONS

Franchise acquisitions — During the first quarter of 2024, the Company acquired 9 Del Taco franchise restaurants for $86 thousand as part of two separate transactions, and recognized related gains of $2.4 million. $2.4 million. This amount is recorded in “Other operating expenses (income), net” in the accompanying condensed consolidated statements of earnings. For further information, see Note 8, O*ther operating expenses (income), net*, below in the notes to the condensed consolidated financial statement.

JACK IN THE BOX INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table summarizes the number of restaurants acquired from franchisees and the gains recognized *(dollars in thousands):*

	Sixteen Weeks Ended January 21, Year-to-date April 14, 2024
Restaurants acquired from Jack in the Box franchisees	—
Restaurants acquired from Del Taco franchisees	9
Purchase price (1)	$ (86)
Closing and acquisition costs	(43)
Property and equipment	3,612
Intangible assets	167
Operating lease right-of-use assets	3,211
Operating lease liabilities	(4,505)
Gain on the acquisition of franchise-operated restaurants	$ 2,357

(1) Comprised of outstanding receivables from franchisee forgiven upon acquisition.

JACK IN THE BOX INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

During the first quarter of 2023, the The Company did not acquire any Jack in the Box or Del Taco franchise restaurants. restaurants in the second quarter of 2024, nor in the year-to-date periods ended April 16, 2023.

We account for the acquisition of franchised restaurants using the acquisition method of accounting for business combinations. The purchase price allocations were based on fair value estimates determined using significant unobservable inputs (Level 3).

5. GOODWILL AND INTANGIBLE ASSETS, NET

The changes in the carrying amount of goodwill during the quarter year-to-date period ended January 21, 2024 April 14, 2024 was as follows (*in thousands*):

	Jack in the Box	Jack in the Box	Del Taco	Total	Jack in the Box	Del Taco	Total
Balance at October 1, 2023							
Sale of Del Taco company-operated restaurants to franchisees							
Reclassified to assets held for sale							
Reclassified to assets held for sale							
Reclassified to assets held for sale							
Balance at January 21, 2024							

Balance at April 14, 2024

The net carrying amounts of intangible assets other than goodwill with definite lives are as follows (*in thousands*):

		January 21, 2024			October 1, 2023								
		April 14, 2024			October 1, 2023								
	Gross Amount	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Definite-lived intangible assets:													
Sublease assets													
Sublease assets													
Sublease assets													
Franchise contracts													
Reacquired franchise rights													
	$												
Indefinite-lived intangible assets:													
Del Taco trademark													
Del Taco trademark													
Del Taco trademark													
	$												

The following table summarizes, as of January 21, 2024 April 14, 2024, the estimated amortization expense for each of the next five fiscal years and thereafter (*in thousands*):

Remainder of 2024	
2025	
2026	
2027	
2028	
Thereafter	
	$

6. LEASES

Nature of leases — The Company owns restaurant sites and also leases restaurant sites from third parties. Some of these owned or leased sites are leased and/or subleased to franchisees. Initial terms of our real estate leases are generally 20 years, exclusive of options to renew, which are generally exercisable at our sole discretion for 1 to 20 years. In some instances, our leases have provisions for contingent rentals based upon a percentage of defined revenues. Many of our restaurants also have rent escalation clauses and require the payment of property taxes, insurance, and maintenance costs. Variable lease costs include contingent rent, cost-of-living index adjustments, and payments for additional rent such as real estate taxes, insurance, and common area maintenance, which are excluded from the measurement of the lease liability.

As lessor, our leases and subleases primarily consist of restaurants that have been leased to franchisees in connection with refranchising transactions. Revenues from leasing arrangements with our franchisees are presented in “Franchise rental revenues” in the accompanying condensed consolidated statements of earnings, and the related expenses are presented in “Franchise occupancy expenses.”

JACK IN THE BOX INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

The following table presents rental income for the periods presented (*in thousands*):

	Sixteen Weeks Ended
	Sixteen Weeks Ended
	Sixteen Weeks Ended

	January 21, 2024				
	January 21, 2024				
	January 21, 2024				
Operating lease income - franchise					
Operating lease income - franchise					
		Quarter		Year-to-date	
		April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Operating lease income - franchise					
Variable lease income - franchise					
Variable lease income - franchise					
Variable lease income - franchise					
Amortization of sublease assets and liabilities, net					
Amortization of sublease assets and liabilities, net					
Amortization of sublease assets and liabilities, net					
Franchise rental revenues					
Franchise rental revenues					
Franchise rental revenues					
Operating lease income - closed restaurants and other (1)					
Operating lease income - closed restaurants and other (1)					
Operating lease income - closed restaurants and other (1)					

(1) Primarily relates to Includes closed restaurant properties included in “Other operating expenses (income), net” in our condensed consolidated statements of earnings.

JACK IN THE BOX INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

7. FAIR VALUE MEASUREMENTS

Financial assets and liabilities — The following table presents our financial assets and liabilities measured at fair value on a recurring basis (*in thousands*):

	Total	Total	Quoted Prices in Active Markets for Identical Assets (2) (Level 1)	Significant Other Observable Inputs (2) (Level 2)	Significant Unobservable Inputs (2) (Level 3)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value measurements as of January 21, 2024:									
Fair value measurements as of April 14, 2024:									
Non-qualified deferred compensation plan (1)									
Non-qualified deferred compensation plan (1)									
Non-qualified deferred compensation plan (1)									
Total liabilities at fair value									
Fair value measurements as of October 1, 2023:									
Non-qualified deferred compensation plan (1)									
Non-qualified deferred compensation plan (1)									
Non-qualified deferred compensation plan (1)									
Total liabilities at fair value									

(1) The Company maintains an unfunded defined contribution plan for key executives and other members of management. The fair value of this obligation is based on the closing market prices of the participants' elected investments. The obligation is included in “Accrued liabilities” and “Other long-term liabilities” on our condensed consolidated balance sheets.

The Company did not have any transfers in or out of Level 1, 2 or 3. 3 for its financial liabilities.

The following table presents the carrying value and estimated fair value of our Class A-2 Notes as of January 21, 2024 April 14, 2024 and October 1, 2023 (*in thousands*):

	January 21, 2024		October 1, 2023					
	April 14, 2024		October 1, 2023					
	Carrying Amount	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Series 2019 Class A-2 Notes									
Series 2022 Class A-2 Notes									

The fair value of the Class A-2 Notes was estimated using Level 2 inputs based on quoted market prices in markets that are not considered active markets.

Non-financial assets and liabilities — The Company's non-financial instruments, which primarily consist of property and equipment, operating lease right-of-use assets, goodwill and intangible assets, are reported at carrying value and are not required to be measured at fair value on a recurring basis. However, on an annual basis, or whenever events or changes in circumstances indicate that their carrying value may not be recoverable, non-financial instruments are assessed for impairment. If applicable, the carrying values are written down to fair value.

In connection with our impairment reviews performed during 2024, the Company impaired certain Del Taco assets held for sale. assets. For further information, see Note 3, *Summary of Refranchisings and Assets Held For Sale*, in the notes to the condensed consolidated financial statements.

8. OTHER OPERATING EXPENSES (INCOME), NET

Other operating expenses (income), net in the accompanying condensed consolidated statements of earnings is comprised of the following (*in thousands*):

	Sixteen Weeks Ended				
	Sixteen Weeks Ended				
	Sixteen Weeks Ended				
	January 21, 2024				
	January 21, 2024				
	January 21, 2024				
		Quarter		Year-to-date	
		April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Acquisition, integration, and strategic initiatives (1)					
Acquisition, integration, and strategic initiatives (1)					
Acquisition, integration, and strategic initiatives (1)					
Costs of closed restaurants and other (2)					
Costs of closed restaurants and other (2)					
Costs of closed restaurants and other (2)					
Accelerated depreciation					
Accelerated depreciation					
Accelerated depreciation					
Gains on acquisition of restaurants (3)					
Gains on acquisition of restaurants (3)					
Gains on acquisition of restaurants (3)					
Losses (gains) on disposition of property and equipment, net (4)					
Losses (gains) on disposition of property and equipment, net (4)					
Losses (gains) on disposition of property and equipment, net (4)					
	$				
	$				
	$				

(1) Acquisition, integration, and strategic initiatives are related to the acquisition and integration of Del Taco, as well as strategic consulting fees.

(2) Costs of closed restaurants and other generally includes ongoing costs associated with closed restaurants, cancelled project costs, and impairment charges as a result of our decision to close restaurants.

(3) Relates to the gains on acquisition of 9 Del Taco restaurants.

(4) In 2024, loss on disposition of property and equipment primarily related to the lease termination and early closures of Del Taco restaurants. In 2023, gains on disposition of property and equipment primarily related to the sale of Jack in the Box restaurant properties to franchisees who were leasing the properties from us prior to the sale.

9. SEGMENT REPORTING

The Company's principal business consists of developing, operating and franchising our Jack in the Box and Del Taco restaurant brands, each of which is considered a reportable operating segment. In 2024, our chief operating decision maker revised the method by which they determine performance and strategy for our segments. This change was made to reflect a shared-services model whereby each brand's results of operations are assessed separately and do not include costs related to certain corporate functions which support both brands. This segment reporting structure reflects the Company's current management structure, internal reporting method and financial information used in deciding how to allocate Company resources. Based upon certain quantitative thresholds, each operating segment is considered a reportable segment. This change to our segment reporting did not change our reporting units for goodwill.

The Company measures and evaluates our segments based on segment revenues and segment profit. The reportable segments do not include an allocation of the costs related to shared service functions, such as accounting/finance, human resources, audit services, legal, tax and treasury; nor do they include certain unallocated costs such share-based compensation. These costs are reflected in the caption "Shared services and unallocated costs."

Our measure of segment profit excludes depreciation and amortization, share-based compensation, company-owned life insurance ("COLI") gains, net of changes in our non-qualified deferred compensation obligation supported by these policies, acquisition, integration, and strategic initiatives, losses (gains) on the sale of company-operated restaurants, gains on acquisition of restaurants, and amortization of favorable and unfavorable leases and subleases, net.

The following table provides information related to our operating segments in each period (*in thousands*):

	Sixteen Weeks Ended			
	Sixteen Weeks Ended			
	Sixteen Weeks Ended			
	January 21, 2024			
	January 21, 2024			
	January 21, 2024			
Revenues by segment:				
Revenues by segment:				
	Quarter		Year-to-date	
	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Revenues by segment:				
Jack in the Box restaurant operations				
Jack in the Box restaurant operations				
Jack in the Box restaurant operations				
Del Taco restaurant operations				
Del Taco restaurant operations				
Del Taco restaurant operations				
Consolidated revenues				
Consolidated revenues				
Consolidated revenues				
Segment profit reconciliation:				
Segment profit reconciliation:				
Segment profit reconciliation:				
Jack in the Box segment profit				
Jack in the Box segment profit				
Jack in the Box segment profit				

Del Taco segment profit	
Del Taco segment profit	
Del Taco segment profit	
Shared services and unallocated costs	
Shared services and unallocated costs	
Shared services and unallocated costs	
Depreciation and amortization	
Depreciation and amortization	
Depreciation and amortization	
Acquisition, integration, and strategic initiatives	
Acquisition, integration, and strategic initiatives	
Acquisition, integration, and strategic initiatives	
Share-based compensation	
Share-based compensation	
Share-based compensation	
Net COLI gains	
Net COLI gains	
Net COLI gains	
Losses (gains) on the sale of company-operated restaurants	
Losses (gains) on the sale of company-operated restaurants	
Losses (gains) on the sale of company-operated restaurants	
Gains on acquisition of restaurants	
Gains on acquisition of restaurants	
Gains on acquisition of restaurants	
Amortization of favorable and unfavorable leases and subleases, net	
Amortization of favorable and unfavorable leases and subleases, net	
Amortization of favorable and unfavorable leases and subleases, net	
Earnings from operations	
Earnings from operations	
Earnings from operations	

The Company does not evaluate, manage or measure performance of segments using asset, pension or post-retirement expense, interest income and expense, or income tax information; accordingly, this information by segment is not prepared or disclosed.

10. INCOME TAXES

The income tax provisions reflect a year-to-date an effective tax rate of 26.9% 26.5% in the second quarter of fiscal 2024, as compared to 34.8% in the second quarter of the prior year, as well as 26.7% for the year-to-date period in fiscal year 2024, compared with 29.6% in the same period in 2023. The major component of the year-over-year increase decrease in tax rates was an increase a decrease in the impact of estimated disposals of non-deductible officers' compensation. goodwill attributable to refranchising transactions.

11. RETIREMENT PLANS

Defined benefit pension plans — The Company sponsors two defined benefit pension plans, a frozen "Qualified Plan" covering substantially all full-time employees hired prior to January 1, 2011, and an unfunded supplemental executive retirement plan ("SERP") which provides certain employees additional pension benefits and was closed to new participants effective January 1, 2007. Benefits under both plans are based on the employee's years of service and compensation over defined periods of employment.

Post-retirement healthcare plans — The Company also sponsors two healthcare plans, closed to new participants, that provide post-retirement medical benefits to certain employees who have met minimum age and service requirements. The plans are contributory, with retiree contributions adjusted annually, and they contain other cost-sharing features such as deductibles and coinsurance.

Net periodic benefit cost (credit) — The components of net periodic benefit cost (credit) in each period were as follows (*in thousands*):

	Sixteen Weeks Ended
	Sixteen Weeks Ended

	Sixteen Weeks Ended			
	January 21, 2024			
	January 21, 2024			
	January 21, 2024			
Defined benefit pension plans:				
Defined benefit pension plans:				
	Quarter		Year-to-date	
	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Defined benefit pension plans:				
Interest cost				
Interest cost				
Interest cost				
Expected return on plan assets				
Expected return on plan assets				
Expected return on plan assets				
Actuarial losses (1)				
Actuarial losses (1)				
Actuarial losses (1)				
Amortization of unrecognized prior service costs (1)				
Amortization of unrecognized prior service costs (1)				
Amortization of unrecognized prior service costs (1)				
Net periodic benefit cost				
Net periodic benefit cost				
Net periodic benefit cost				
Post-retirement healthcare plans:				
Post-retirement healthcare plans:				
Post-retirement healthcare plans:				
Interest cost				
Interest cost				
Interest cost				
Actuarial gains (1)				
Actuarial gains (1)				
Actuarial gains (1)				
Net periodic benefit credit				
Net periodic benefit credit				
Net periodic benefit credit				

(1) Amounts were reclassified from accumulated other comprehensive income into net earnings as a component of "Other pension and post-retirement expenses, net."

Future cash flows — The Company's policy is to fund our plans at or above the minimum required by law. As of the date of our last actuarial funding valuation, there was no minimum contribution funding requirement for the Qualified Plan. Details regarding 2024 contributions are as follows (*in thousands*):

	SERP	SERP	Post-Retirement Healthcare Plans	SERP	Post-Retirement Healthcare Plans
Net year-to-date contributions					
Remaining estimated net contributions during fiscal 2024					

The Company continues to evaluate contributions to our Qualified Plan based on changes in pension assets as a result of asset performance in the current market and the economic environment. The Company does not anticipate making any contributions to our Qualified Plan in fiscal 2024.

12. STOCKHOLDERS EQUITY AND REPURCHASES OF COMMON STOCK

Repurchases of common stock — The Company repurchased 0.3 0.5 million shares of its common stock in the first quarter of fiscal 2024 year-to-date period ended April 14, 2024 for an aggregate cost of $25.2 million $40.3 million, including applicable excise tax. As of January 21, 2024 April 14, 2024, there was $225.0 million $210.0 million remaining under share repurchase programs authorized by the Board of Directors which do not expire.

Dividends — During the first quarter of fiscal 2024, Through April 14, 2024, the Board of Directors declared a two cash dividend dividends of $0.44 per common share totaling $8.7 million $17.3 million. Future dividends are subject to approval by our Board of Directors.

13. WEIGHTED AVERAGE SHARES OUTSTANDING

The following table reconciles basic weighted-average shares outstanding to diluted weighted-average shares outstanding (*in thousands*):

	Sixteen Weeks Ended				
	Sixteen Weeks Ended				
	Sixteen Weeks Ended				
	January 21, 2024				
	January 21, 2024				
	January 21, 2024				
		Quarter		Year-to-date	
		April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Weighted-average shares outstanding – basic					
Weighted-average shares outstanding – basic					
Weighted-average shares outstanding – basic					
Effect of potentially dilutive securities:					
Effect of potentially dilutive securities:					
Effect of potentially dilutive securities:					
Nonvested stock awards and units					
Nonvested stock awards and units					
Nonvested stock awards and units					
Performance share awards					
Performance share awards					
Performance share awards					
Weighted-average shares outstanding – diluted					
Weighted-average shares outstanding – diluted					
Weighted-average shares outstanding – diluted					
Excluded from diluted weighted-average shares outstanding:					
Excluded from diluted weighted-average shares outstanding:					
Excluded from diluted weighted-average shares outstanding:					
Antidilutive					
Antidilutive					
Antidilutive					
Performance conditions not satisfied at the end of the period					
Performance conditions not satisfied at the end of the period					
Performance conditions not satisfied at the end of the period					

14. COMMITMENTS AND CONTINGENCIES

Legal matters — The Company assesses contingencies, including litigation contingencies, to determine the degree of probability and range of possible loss for potential accrual in our financial statements. An estimated loss contingency is accrued in the financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. As of January 21, 2024 April 14, 2024, the Company had accruals of $15.4 $15.9 million for all of its legal matters in aggregate, presented within “Accrued liabilities” on our consolidated balance sheet. Because litigation is inherently unpredictable, assessing contingencies is highly subjective and requires judgments about future events. When evaluating litigation contingencies, we may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the availability of appellate remedies, insurance coverage related to the claim or claims in question, the presence of complex or novel legal theories, and the ongoing discovery and development of information important to the matter. In addition, damage amounts claimed in litigation against us may be unsupported, exaggerated, or unrelated to possible outcomes, and as such are not meaningful indicators of our potential liability or financial exposure. The Company regularly reviews contingencies to determine the adequacy of the accruals and related disclosures. The ultimate amount of loss may differ from these estimates. Any estimate is not an indication of expected loss, if any, or of the Company's maximum possible loss exposure and the ultimate amount of loss may differ materially from these estimates in the near term.

Gessele v. Jack in the Box Inc. — In August 2010, five former Jack in the Box employees instituted litigation in federal court in Oregon alleging claims under the federal Fair Labor Standards Act and Oregon wage and hour laws. The plaintiffs alleged that Jack in the Box failed to pay non-exempt employees for certain meal breaks and improperly made payroll deductions for shoe purchases and for workers' compensation expenses, and later added additional claims relating to timing of final pay and related wage and hour claims involving employees of a franchisee. In 2016, the court dismissed the federal claims and those relating to franchise employees. In June 2017, the court granted class certification with respect to state law claims of improper deductions and late payment of final wages. The parties participated in a voluntary mediation on March 16, 2020, but the matter did not settle. On October 24, 2022, a jury awarded plaintiffs approximately $6.4 million in damages and penalties. The Company continues to dispute liability and the damage award and will defend against both through post-trial motions and all other available appellate remedies. parties have filed appeals of the verdict. As of January 21, 2024 April 14, 2024, the Company has accrued the verdict amount above, as well as estimated pre-judgment and post-judgment interest and an estimated fee award, for an additional $8.6 $9.0 million. These amounts are included within "Accrued liabilities" on our condensed consolidated balance sheet. The Company will continue to accrue for post-judgment interest until the matter is resolved.

Torrez — In March 2014, a former Del Taco employee filed a purported Private Attorneys General Act claim and class action alleging various causes of action under California's labor, wage, and hour laws. The plaintiff generally alleges Del Taco did not appropriately provide meal and rest breaks and failed to pay wages and reimburse business expenses to its California non-exempt employees. On November 12, 2021, the court granted, in part, the plaintiff's motion for class certification. The parties participated in voluntary mediation on May 24, 2022 and June 3, 2022. On June 4, 2022, we entered into a Settlement Memorandum of Understanding which obligated the Company to pay a gross settlement amount of $50.0 million, for which in exchange we will be released from all claims by the parties. On August 8, 2023, the court issued its final approval of the settlement and on August 9, 2023 final judgement was entered. The Company made its first payment of half of the settlement amount on August 28, 2023. Payment of the second half was made on November 27, 2023. As of January 21, 2024 April 14, 2024, the Company does not have any further amounts accrued on our condensed consolidated balance sheet for this matter.

J&D Restaurant Group — On April 17, 2019, the trustee for a bankrupt former franchisee filed a complaint generally alleging the Company wrongfully terminated the franchise agreements and unreasonably denied two perspective purchasers the former franchisee presented. The parties participated in a mediation in April 2021, and again in December 2022, but the matter did not settle. Trial The trial commenced on January 9, 2023. On and on February 8, 2023, the jury returned a verdict finding the Company had not breached any contracts in terminating the franchise agreements or denying the proposed buyers. However, while the jury also found the Company had not violated the California Unfair Practices Act, it found for the plaintiff on the claim for breach of implied covenant of good faith and fair dealing, and awarded $8.0 million in damages. On May 9, 2023, the court granted the Company's post-trial motion, overturning the jury verdict and ordering the plaintiff take nothing on its claims. As a result, the Company reversed the prior $8.0 million accrual, and as of January 21, 2024 April 14, 2024, the Company has no amounts accrued for this case on its condensed consolidated balance sheet. The Plaintiff has appealed the trial court's post-trial rulings.

Other legal matters — In addition to the matters described above, we are subject to normal and routine litigation brought by former or current employees, customers, franchisees, vendors, landlords, shareholders, or others. We intend to defend ourselves in any such matters. Some of these matters may be covered, at least in part, by insurance or other third-party indemnity obligation. We record receivables from third party insurers when recovery has been determined to be probable.

Lease guarantees — We remain contingently liable for certain leases relating to our former Qdoba business which we sold in fiscal 2018. Under the Qdoba Purchase Agreement, the buyer has indemnified the Company of all claims related to these guarantees. As of January 21, 2024 April 14, 2024, the maximum potential liability of future undiscounted payments under these leases is approximately $21.8 $21.0 million. The lease terms extend for a maximum of approximately 14 more years and we would remain a guarantor of the leases in the event the leases are extended for any established renewal periods. In the event of default, we believe the exposure is limited due to contractual protections and recourse available in the lease agreements, as well as the Qdoba Purchase Agreement, including a requirement of the landlord to mitigate damages by re-letting the properties in default, and indemnity from the Buyer. The Company has not recorded a liability for these guarantees as we believe the likelihood of making any future payments is remote.

15. SUPPLEMENTAL CONSOLIDATED CASH FLOW INFORMATION *(in thousands)*

	Sixteen Weeks Ended			Year-to-date
	January 21, 2024	January 22, 2023	April 14, 2024	April 16, 2023
Non-cash investing and financing transactions:				
Decrease in obligations for purchases of property and equipment				
Decrease in obligations for purchases of property and equipment				
Increase in obligations for treasury stock repurchases				
Increase in obligations for treasury stock repurchases				
Increase in obligations for treasury stock repurchases				
Decrease in obligations for purchases of property and equipment				
Increase in dividends accrued or converted to common stock equivalents				
Increase in dividends accrued or converted to common stock equivalents				
Increase in dividends accrued or converted to common stock equivalents				

Right-of use assets obtained in exchange for operating lease obligations

16. SUPPLEMENTAL CONSOLIDATED BALANCE SHEET INFORMATION *(in thousands)*

		January 21, 2024	October 1, 2023
		April 14, 2024	October 1, 2023
Accounts and other receivables, net:			
Trade			
Trade			
Trade			
Notes receivable, current portion			
Income tax receivable			
Other			
Allowance for doubtful accounts			
	$		
Property and equipment, net			
Property and equipment, net:			
Property and equipment, net			
Property and equipment, net:			
Property and equipment, net			
Property and equipment, net:			
Land			
Land			
Land			
Buildings			
Restaurant and other equipment			
Construction in progress			
	1,261,323		
	1,267,469		
Less accumulated depreciation and amortization			
	$		
Other assets, net:			
Company-owned life insurance policies			
Company-owned life insurance policies			
Company-owned life insurance policies			
Deferred rent receivable			
Franchise tenant improvement allowance			
Notes receivable, less current portion			
Other			
	$		
Accrued liabilities:			
Legal accruals			
Legal accruals			
Legal accruals			
Income tax liabilities			
Payroll and related taxes			
Insurance			
Sales and property taxes			

Deferred rent income	
Advertising	
Deferred franchise and development fees	
Other	
	$
Other long-term liabilities:	
Defined benefit pension plans	
Defined benefit pension plans	
Defined benefit pension plans	
Deferred franchise and development fees	
Other	
	$

17. SUBSEQUENT EVENTS

Refranchising — Subsequent to the end of the first quarter of 2024, the Company signed an agreement to refranchise 13 restaurants in Atlanta.

Dividends — On February 16, 2024 May 10, 2024, the Board of Directors declared a cash dividend of $0.44 per common share, to be paid on March 27, 2024 June 25, 2024, to shareholders of record as of the close of business on March 15, 2024 June 6, 2024.

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

GENERAL

The Company's fiscal year is 52 or 53 weeks ending the Sunday closest to September 30. In fiscal 2023, Del Taco operated on a fiscal year ending the Tuesday closest to September 30. Beginning fiscal 2024, Del Taco's fiscal year shifted to align with Jack in the Box. As a result, Del Taco's fiscal 2024 results include two fewer days. Fiscal years 2024 and 2023 include 52 weeks. Our first quarter includes 16 weeks and all other quarters include 12 weeks. All comparisons between 2024 and 2023 refer to the 16 12 weeks ("quarter") and 16 28 weeks ("year-to-date") ended January 21, 2024 April 14, 2024 and January 22, 2023 April 16, 2023, respectively, unless otherwise indicated.

For an understanding of the significant factors that influenced our performance during 2024 and 2023, our Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the condensed consolidated financial statements and related notes included in this Quarterly Report and our Annual Report on Form 10-K for the fiscal year ended October 1, 2023.

Our MD&A consists of the following sections:

- ***Overview*** — a general description of our business.
- ***Results of operations*** — an analysis of our condensed consolidated statements of earnings for the periods presented in our condensed consolidated financial statements.
- ***Liquidity and capital resources*** — an analysis of our cash flows, including capital expenditures, share repurchase activity, dividends, and known trends that may impact liquidity.
- ***Discussion of critical accounting estimates*** — a discussion of accounting policies that require critical judgments and estimates.
- ***New accounting pronouncements*** — a discussion of new accounting pronouncements, dates of implementation and the impact on our consolidated financial position or results of operations, if any.
- ***Cautionary statements regarding forward-looking statements*** — a discussion of the risks and uncertainties that may cause our actual results to differ materially from any forward-looking statements made by management.

We have included in our MD&A certain performance metrics that management uses to assess company performance and which we believe will be useful in analyzing and understanding our results of operations. These metrics include:

- Changes in sales at restaurants open more than one year ("same-store sales"), systemwide sales, franchised restaurant sales, and average unit volumes ("AUVs"). Same-store sales, restaurant sales, and AUVs are presented for franchised restaurants and on a system-wide basis, which includes company and franchise restaurants. Franchise sales represent sales at franchise restaurants and are revenues of our franchisees. We do not record franchise sales as revenues; however, our royalty revenues, marketing fees and percentage rent revenues are calculated based on a percentage of franchise sales. We believe franchise and system same-store sales, franchised and system restaurant sales, and AUV information are useful to investors as they have a direct effect on the Company's profitability.

Same-store sales, systemwide sales, franchised restaurant sales, and AUVs are not measurements determined in accordance with GAAP and should not be considered in isolation, or as an alternative to earnings from operations, or other similarly titled measures of other companies.

OVERVIEW

Our Business

Founded in 1951, Jack in the Box Inc. (the "Company") operates and franchises Jack in the Box® and Del Taco® quick-service restaurants. As of January 21, 2024 April 14, 2024, we operated and franchised 2,192 2,195 Jack in the Box quick-service restaurants, primarily in the western and southern United States, including two in Guam, and 592 595 Del Taco quick-service restaurants across 16 states.

We derive revenue from retail sales at company-operated restaurants and rental revenue, royalties (based upon a percent of sales), franchise fees and contributions for advertising and other services from franchisees.

RESULTS OF OPERATIONS

The following tables summarize changes in same-store sales for Jack in the Box and Del Taco company-operated, franchised, and system restaurants:

	Sixteen Weeks Ended			
	Quarter		Year-to-date	
Jack in the Box:	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Company	(0.6 %)	10.8 %	0.9 %	11.8 %
Franchise	(2.6 %)	9.4 %	(0.8 %)	8.2 %
System	(2.5 %)	9.5 %	(0.7 %)	8.6 %

	Sixteen Weeks Ended			
	Quarter		Year-to-date	
Del Taco:	April 14, 2024	April 16, 2023	April 14, 2024	July 10, 2022 (1)
Company	(1.8 %)	3.5 %	0.2 %	3.3 %
Franchise	(1.1 %)	2.8 %	0.8 %	2.8 %
System	(1.4 %)	3.2 %	0.7 %	3.0 %

The following tables summarize year-to-date changes in the number and mix of company and franchise restaurants for our two brands:

	2024			2024		
Jack in the Box:	Company	Franchise	Total	Company	Franchise	Total
Beginning of year						
New						
Refranchised						
Closed						
End of period						
% of system	7 %	93 %	100 %	6 %	94 %	100 %

	2024			2023		
Jack in the Box:	Company	Franchise	Total	Company	Franchise	Total
% of system	7 %	93 %	100 %	6 %	94 %	100 %

Del Taco:	Del Taco:	Company	Franchise	Total	Company	Franchise	Total	Del Taco:	Company	Franchise	Total	Company	Franchise	Total
Beginning of year														
New														
Acquired from franchisees														
Refranchised														
Closed														
End of period														
% of system	% of system	30 %	70 %	100 %	46 %	54 %	100 %	% of system	28 %	72 %	100 %	46 %	54 %	100 %

The following tables summarize restaurant sales for company-operated, franchised, and systemwide sales for our two brands (*in thousands*):

		Sixteen Weeks Ended Sixteen Weeks Ended Sixteen Weeks Ended			
Jack in the Box: Jack in the Box:					
		Quarter		Year-to-date	
Jack in the Box:	Jack in the Box:	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Company-operated restaurant sales					
Company-operated restaurant sales					
Company-operated restaurant sales					
Franchised restaurant sales (1)					
Franchised restaurant sales (1)					
Franchised restaurant sales (1)					
Systemwide sales (1)					
Systemwide sales (1)					
Systemwide sales (1)					

		Sixteen Weeks Ended Sixteen Weeks Ended Sixteen Weeks Ended			
Del Taco: Del Taco:					
		Quarter		Year-to-date	
Del Taco:	Del Taco:	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Company-operated restaurant sales					
Company-operated restaurant sales					
Company-operated restaurant sales					
Franchised restaurant sales (1)					
Franchised restaurant sales (1)					
Franchised restaurant sales (1)					
Systemwide sales (1)					
Systemwide sales (1)					
Systemwide sales (1)					

(1) Franchised restaurant sales represent sales at franchised restaurants and are revenues of our franchisees. System sales include company and franchised restaurant sales. We do not record franchised sales as revenues; however, our royalty revenues, marketing fees and percentage rent revenues are calculated based on a percentage of franchised sales. We believe franchised and system restaurant sales information is useful to investors as they have a direct effect on the Company's profitability.

Jack in the Box Brand

Company Restaurant Operations

The following table presents company restaurant sales and costs as a percentage of the related sales *(dollars in thousands)*:

	Sixteen Weeks Ended											
	Sixteen Weeks Ended											
	Sixteen Weeks Ended											
	January 21, 2024											
	January 21, 2024											
	January 21, 2024											
Company restaurant sales												
Company restaurant sales												
	Quarter						Year-to-date					
	April 14, 2024			April 16, 2023			April 14, 2024			April 16, 2023		
Company restaurant sales												
Company restaurant costs:												
Company restaurant costs:												
Company restaurant costs:												
Food and packaging												
Food and packaging												
Food and packaging	$ 28,486	28.8	28.8 %	$29,841	31.3	31.3 %	$67,747	29.3	29.3 %	$71,167	32.1	32.
Payroll and employee benefits	Payroll and employee benefits $30,294	30.6	30.6 %	$29,200	30.6	30.6 %	$70,983	30.7	30.7 %	$68,638	31.0	
Payroll and employee benefits												
Payroll and employee benefits												
Occupancy and other	Occupancy and other $16,818	17.0	17.0 %	$15,999	16.8	16.8 %	$38,477	16.7	16.7 %	$36,376	16.4	
Occupancy and other												
Occupancy and other												

Company restaurant sales increased $5.9 million $3.4 million, or 4.7% 3.6% in the quarter and $9.4 million, million or 4.2% year-to-date compared to the prior year, primarily due to an increase average check as well as an increase in the average number of company-operated restaurants, partially offset by a decline traffic. year. The following table presents the approximate impact of these items changes in AUVs and the number of restaurants on company restaurant sales for each respective period (*in millions*):

		Sixteen Weeks Ended	
AUV increase	$		3.8
Increase in the average number of restaurants			2.1
Total change in company restaurant sales	$		5.9

		Quarter		**Year-to-date**
AUV (decrease) increase	$	(0.6)	$	3.2
Change in the average number of restaurants		4.0		6.2
Total change in company restaurant sales	$	3.4	$	9.4

Same-store sales at company-operated restaurants decreased 0.6% in the quarter and increased 2.0% 0.9% year-to-date compared to a year ago. The following table summarizes the change versus a year ago:

	Sixteen Weeks Ended			
	January 21,			
	Quarter		**Year-to-date**	
	April 14, 2024	**April 16, 2023**	**April 14, 2024**	**April 16, 2023**
Average check (1)	3.1 %	7.6 %	3.5 %	7.6 %
Transactions	(3.7 %)	3.2 %	(2.6 %)	4.2 %
Change in same-store sales	(0.6 %)	10.8 %	0.9 %	11.8 %

	2024
Average check (1)	3.7 %
Transactions	(1.7)%
Change in same-store sales	2.0 %

(1) Includes price increases of approximately 7.1% 7.4% in the quarter. quarter and 7.3% year-to-date.

Food and packaging costs as a percentage of company restaurant sales decreased 3.1% 2.5% in the quarter and 2.8% year-to-date compared to the prior year primarily due to commodity deflation and menu price increases, partially offset by unfavorable menu item mix.

Commodity costs deflation was 2.9% 0.5% in the first quarter of 2024 with and 1.9% year-to-date. The greatest impacts were seen in poultry and beef in the greatest impact in quarter, and produce, beef and oil. oil on a year-to-date basis.

Payroll and employee benefit costs as a percentage of company restaurant sales was flat in the quarter and decreased 0.5% 0.3% year-to-date compared to the prior year year. During the quarter, increases in wage inflation and group insurance were offset by decreases in incentive compensation. The decrease on a year-to-date basis is primarily due to sales leverage and lower incentive compensation, partially offset by wage inflation and higher group insurance costs. Labor inflation was approximately 4.6% in the quarter was approximately 2.8%. and 3.6% year-to-date for the current year.

Occupancy and other costs, as a percentage of company restaurant sales, increased 0.2% in the quarter and 0.3% year-to-date compared to the prior year year. These increases were primarily due to higher other operating costs including security, credit card fees, rent and delivery fees, partially offset by sales leverage year-to-date and lower maintenance and repair costs in both the current year. quarter and year-to-date.

Jack in the Box Franchise Operations

The following table presents franchise revenues and costs in each period and other information we believe is useful in analyzing the change in franchise operating results (*dollars in thousands*):

	Sixteen Weeks Ended
	Sixteen Weeks Ended
	Sixteen Weeks Ended
	January 21, 2024
	January 21, 2024
	January 21, 2024

		Quarter		Year-to-date	
		April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Franchise rental revenues					
Franchise rental revenues					
Franchise rental revenues	Franchise rental revenues	$ 79,618	$ 80,910	$ 185,196	$ 187,006
Royalties					
Royalties					
Royalties	45,414	46,401	46,401	106,737	113,970
Franchise fees and other	Franchise fees and other	2,123	1,670	4,143	3,467
Franchise fees and other					
Franchise fees and other					
Franchise royalties and other					
Franchise royalties and other					
Franchise royalties and other	Franchise royalties and other	47,537	48,071	110,880	117,437
Franchise contributions for advertising and other services	Franchise contributions for advertising and other services	50,179	50,361	117,541	115,674
Franchise contributions for advertising and other services					
Franchise contributions for advertising and other services					
Total franchise revenues					
Total franchise revenues					
Total franchise revenues	Total franchise revenues	$ 177,334	$ 179,342	$ 413,617	$ 420,117
Franchise occupancy expenses					
Franchise occupancy expenses					
Franchise occupancy expenses	$	50,849	$ 50,007	$ 116,037	$ 114,562
Franchise support and other costs	Franchise support and other costs	2,757	2,735	6,505	4,151
Franchise support and other costs					
Franchise support and other costs					
Franchise advertising and other services expenses					
Franchise advertising and other services expenses					
Franchise advertising and other services expenses	Franchise advertising and other services expenses	52,003	52,660	121,896	120,618
Total franchise costs	Total franchise costs	$ 105,609	$ 105,402	$ 244,438	$ 239,331
Total franchise costs					
Total franchise costs					
Franchise costs as a percentage of total franchise revenues					
Franchise costs as a percentage of total franchise revenues					

Franchise costs as a percentage of total franchise revenues	Franchise costs as a percentage of total franchise revenues	59.6%	58.8%	59.1%	57.0%
Average number of franchise restaurants					
Average number of franchise restaurants					
Average number of franchise restaurants		2,037	2,037	2,035	
% increase					
% increase					
% increase					
Franchised restaurant sales					
Franchised restaurant sales					
Franchised restaurant sales	$	911,265	$931,257	$ 2,138,015	$ 2,140,239
Franchised restaurant AUVs	Franchised restaurant AUVs	$ 447	$ 457	$ 1,050	$ 1,052
Franchised restaurant AUVs					
Franchised restaurant AUVs					
Royalties as a percentage of total franchised restaurant sales (1)	Royalties as a percentage of total franchised restaurant sales (1)	5.0%	5.0%	5.3%	
Royalties as a percentage of total franchised restaurant sales (1)					
Royalties as a percentage of total franchised restaurant sales (1)					

(1) Excluding the impact of the $7.3 million termination fee in the first quarter of 2023 royalties as a percentage of total franchised restaurant sales would be 5.0%.

Franchise rental revenues decreased $0.5 million $1.3 million, or 0.5% 1.6% in the quarter and $1.8 million, or 1.0% year-to-date, compared to the prior year primarily due to lower property tax revenue percentage rent of $0.3 million $2.5 million in the quarter and higher tenant improvement amortization $3.5 million year-to-date, respectively, driven by lower franchise restaurant sales. These decreases were partially offset by increases in minimum rent of $0.3 million. $0.9 million and $1.9 million, in the respective periods.

Franchise royalties and other decreased $6.0 million $0.5 million, or 8.7% 1.1% in the quarter and $6.6 million, compared or 5.6% year-to-date. In the quarter, the decrease was primarily due to the prior year lower royalty income of $1.0 million, partially offset by an increase in franchise termination fees. The year-to-date decrease was primarily due to a $7.3 million termination fee paid in the prior year by a franchise operator who sold to sell his restaurants to a new franchisee, in the prior year, partially offset by an increase in franchise early termination fees in the current year. Refer also to Note 2, *Revenue*, in the notes to the condensed consolidated financial statements for additional information related to the $7.3 million termination fee. information.

Franchise contributions for advertising and other services revenues increased $2.0 million decreased $0.2 million, or 3.1% 0.4% in the quarter and increased $1.9 million, or 1.6% year-to-date, as compared to the prior year year. The decrease in the quarter is primarily due to higher lower marketing contribution of $1.1 million, driven by higher lower franchise restaurant sales, as well as partially offset by an increase in digital and and technology support revenue fees of $0.8 million. On a year-to-date basis, the increase is primarily due to the increase in digital and digital fee revenue in the current year. technology fees of $1.8 million.

Franchise occupancy expenses, primarily rent, increased $0.6 million $0.8 million, or 1.0% 1.7% in the quarter and $1.5 million, or 1.3% year-to-date compared to the prior year primarily due to an increase in operating lease costs in the current year.

Franchise support and other costs was flat in the quarter and increased $2.3 million $2.4 million, or 56.7% year-to-date compared to the prior year year. Year-to-date, the increase is primarily due to the rollover of a bad debt reversal in the prior year and higher costs for brand standard audits in the current year.

Franchise advertising and other service expenses increased $1.9 million decreased $0.7 million, or 2.8% 1.2% in the quarter and increased $1.3 million, or 1.1% year-to-date compared to the prior year year. In the quarter, the decrease is primarily driven by lower franchise sales, partially offset by higher costs for digital processing fees. Year-to-date, the increase is primarily driven by higher franchise sales driving higher marketing, IT revenue costs as well as higher costs for digital processing fees, in the current year. partially offset by lower sales driving lower marketing expenses.

Del Taco Brand

Company Restaurant Operations

The following table presents company restaurant sales and costs as a percentage of the related sales *(dollars in thousands)*:

Sixteen Weeks Ended

Sixteen Weeks Ended

Sixteen Weeks Ended

January 21, 2024

January 21, 2024

January 21, 2024

Company restaurant sales

Company restaurant sales

	Quarter						Year-to-date					
	April 14, 2024			April 16, 2023			April 14, 2024			April 16, 2023		
Company restaurant sales												
Company restaurant costs:												
Food and packaging	$ 17,428	25.6	25.6 %	$29,468	27.5	27.5 %	$42,300	26.4	26.4 %	$70,076	27.9	27.[illegible]
Payroll and employee benefits	$23,760	34.9	34.9 %	$35,835	33.5	33.5 %	$56,126	35.0	35.0 %	$85,038	33.9	
Occupancy and other	$15,537	22.8	22.8 %	$23,276	21.7	21.7 %	$35,931	22.4	22.4 %	$54,269	21.6	

Company restaurant costs:

Company restaurant costs:

Food and packaging

Food and packaging

Payroll and employee benefits

Payroll and employee benefits

Payroll and employee benefits

Occupancy and other

Occupancy and other

Occupancy and other

Company restaurant sales decreased $52.1 million, $38.9 million or 36.1%, 36.4% in the quarter and $91.0 million or 36.2% year-to-date compared to the prior year, year. These decreases were primarily due to the refranchising of 95 company operated 108 company-operated restaurants and the closing of 8 company-operated restaurants since the first second quarter of 2023. The following table presents the approximate impact of certain items changes in AUVs and the number of restaurants on company restaurant sales for each respective period on company restaurant sales (*in millions*):

	Sixteen Weeks Ended	
	January 21,	
	Quarter	Year-to-date
AUV (decrease) increase	$ (1.2)	$ 0.4
Change in the average number of restaurants	(37.7)	(91.4)
Total change in company restaurant sales	$(38.9)	$(91.0)

		2024
AUV increase	$	0.2
Change in the average number of restaurants		(52.3)
Total change in company restaurant sales	$	(52.1)

Same-store sales at company-operated restaurants decreased 1.8% in the quarter and increased 1.8% 0.2% year-to-date compared to a year ago. The following table summarizes the change versus a year ago:

	Sixteen Weeks Ended January 21, 2024
Average check (1)	3.6 %
Transactions	(1.8)%
Change in same-store sales	1.8 %

	Quarter		Year-to-date	
	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Average check (1)	3.2 %	6.9 %	3.4 %	7.8 %
Transactions	(5.0 %)	(3.4 %)	(3.2 %)	(4.5 %)
Change in same-store sales	(1.8 %)	3.5 %	0.2 %	3.3 %

(1) Includes price increases of approximately 6.3% compared to 7.0% in the prior year. quarter and 6.6% year-to-date.

Food and packaging costs as a percentage of company restaurant sales decreased 1.2% 1.9% in the quarter and 1.5% year-to-date, compared to the prior year primarily due to menu price increases and commodity deflation. deflation, partially offset by the change in mix of restaurants resulting from franchise acquisitions.

Commodity costs deflation was 0.5% 1.6% in the first quarter of 2024 and 0.8% year-to-date, with the greatest impact in produce, poultry, dairy and beverages for the quarter and cheese, pork and cheese. poultry for the year-to-date.

Payroll and employee benefit costs as a percentage of company restaurant sales increased 1.0% 1.4% in the quarter and 1.1% year-to-date, compared to the prior year primarily due to labor inflation, which was 3.2% 4.7% in the first quarter and 3.8% year-to-date, and the change in mix of 2024. restaurants resulting from franchise acquisitions.

Occupancy and other costs as a percentage of company restaurant sales increased 0.7% 1.1% in the quarter and 0.8% year-to-date, compared to the prior year primarily due to utility inflation, an increase in information technology costs and impact from a the change in the mix of restaurants. restaurants resulting from franchise acquisitions.

Del Taco Franchise Operations

The following table presents franchise revenues and costs in each period and other information we believe is useful in analyzing the change in franchise operating results (*dollars in thousands*):

Sixteen Weeks Ended

Sixteen Weeks Ended

Sixteen Weeks Ended

January 21, 2024

January 21, 2024

January 21, 2024

Franchise rental revenues

Franchise rental revenues

	Quarter		Year-to-date	
	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Franchise rental revenues	$ 6,208	$ 2,610	$ 13,826	$ 5,344
Royalties	7,314	5,658	16,768	12,592
Franchise fees and other	233	253	766	343
Franchise royalties and other	7,547	5,911	17,534	12,935
Franchise contributions for advertising and other services	7,160	5,277	16,729	11,648
Total franchise revenues	$ 20,915	$ 13,798	$ 48,089	$ 29,927
Franchise occupancy expenses	$ 6,242	$ 2,642	$ 13,678	$ 5,310
Franchise support and other costs	1,103	525	2,549	987
Franchise advertising and other services expenses	7,520	5,483	17,861	12,095
Total franchise costs	$ 14,865	$ 8,650	$ 34,088	$ 18,392
Franchise costs as a percentage of total franchise revenues	71.1%	62.7%	70.9%	61.5%
Average number of franchise restaurants				

Average number of franchise restaurants		421	321	425	312
% increase					
% increase					
% increase					
Franchised restaurant sales					
Franchised restaurant sales					
Franchised restaurant sales		$ 154,854	$118,896	$353,330	$264,994
Franchised restaurant AUVs	Franchised restaurant AUVs	$ 368	$ 370	$ 831	$ 849
Franchised restaurant AUVs					
Franchised restaurant AUVs					
Royalties as a percentage of total franchised restaurant sales	Royalties as a percentage of total franchised restaurant sales	4.7%	4.8%	4.7%	4.8%
Royalties as a percentage of total franchised restaurant sales					
Royalties as a percentage of total franchised restaurant sales					

Franchise rental revenues increased $4.9 $3.6 million, or 178.6% 137.9%, in the quarter and $8.5 million, or 158.7% year-to-date, compared to the prior year year. The increase is primarily due to higher rental income resulting from new subleases related to the 95 108 restaurants refranchised since the first second quarter of 2023.

Franchise royalties and other increased $3.0 million $1.6 million, or 42.2% 27.7%, in the quarter and $4.6 million, or 35.6% year-to-date, compared to the prior year primarily due to higher franchise restaurant sales resulting from the 95 108 restaurants refranchised refranchised and the 15 franchise-operated restaurants opened since the first second quarter of 2023.

Franchise contributions for advertising and other services revenues increased $3.2 million $1.9 million, or 50.2% 35.7%, in the quarter and $5.1 million, or 43.6% year-to-date, compared to the prior year primarily due to higher marketing contributions related to higher franchise restaurant sales resulting from the 95 108 restaurants refranchised and the 15 franchise-operated restaurants opened since the first second quarter of 2023.

Franchise occupancy expenses, primarily rent, increased $4.8 million $3.6 million, or 178.7% 136.3%, in the quarter and $8.4 million, or 157.6% year-to-date, compared to the prior year primarily due to higher rent related to franchise subleases for the 95 108 restaurants refranchised since the first second quarter of 2023.

Franchise support and other costs increased $1.0 million $0.6 million, or 213.0% 110.1%, in the quarter and $1.6 million, or 158.3% year-to-date, compared to the prior year primarily due to higher franchise development support costs.

Franchise advertising and other service expenses increased $3.7 million $2.0 million, or 56.4% 37.2%, in the quarter and $5.8 million, or 47.7% year-to-date, compared to the prior year primarily due to higher franchise restaurant sales resulting from the 95 108 restaurants refranchised and the 15 franchise-operated restaurants opened since the first second quarter of 2023.

Company-Wide Results

Depreciation and Amortization

Depreciation and amortization for the quarter ended April 14, 2024 decreased $0.9 million $0.7 million in the quarter and $1.6 million year-to-date compared to the prior year period. The decreases in depreciation are primarily due to the refranchising of Del Taco restaurants in since the prior year, resulting as well as certain Jack in a decrease in depreciation of $1.2 million, the Box franchise assets becoming fully depreciated. These decreases were partially offset by an increase in depreciation driven by an increase in increases for new technology assets in the current year.

and new company restaurant openings.

Selling, General and Administrative ("SG&A") Expenses

The following table presents the amounts for SG&A expenses in each period (*in thousands):*

	Sixteen Weeks Ended			
	January 21, 2024	January 22, 2023		
	Quarter		Year-to-date	
	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Advertising				
Incentive compensation				
Share-based compensation				
Cash surrender value of COLI policies, net				
Litigation matters				
Other				

Other	
Other	
	$

Advertising costs represent company contributions to our marketing funds and are generally determined as a percentage of company-operated restaurant sales. Advertising costs decreased $1.8 million $1.4 million in the quarter and $3.1 million on a year-to-date basis as compared to the prior year, primarily due to a decrease in company-operated restaurant sales in the current year due to which was driven by refranchising.

Share-based Incentive compensation increased $1.3 million decreased by $4.1 million in the quarter and $4.7 million on a year-to-date basis as compared to the prior year primarily due to lower achievement levels compared to the prior year for the Company's annual incentive plan.

Share-based compensation increased by $1.4 million in the quarter and $2.7 million on a year-to-date basis as compared to the prior year primarily due to higher achievement levels for relating to performance-based equity awards.

The cash surrender value of our company-owned life insurance ("COLI") policies, net of changes in our non-qualified deferred compensation obligation supported by these policies, are subject to market fluctuations. The changes in market values had a slightly less favorable impact of $0.9 million versus $0.4 million in the quarter, but an unfavorable impact of $0.5 million on a year-to-date basis, compared to the prior year.

Litigation matters increased $1.6 million in the quarter and decreased $5.9 million versus $4.2 million on a year-to-date basis as compared to the prior year primarily due to the timing of litigation developments in the prior year. each period, respectively. Refer to Note 14, *Commitments and Contingencies*, in the condensed consolidated financial statements for additional information related to the legal matters.

Other Operating Expenses (Income), Net

Other operating expenses (income), net is comprised of the following (*in thousands*):

	Sixteen Weeks Ended			
	Sixteen Weeks Ended			
	Sixteen Weeks Ended			
	January 21, 2024			
	January 21, 2024			
	January 21, 2024			
	Quarter		Year-to-date	
	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Acquisition, integration, and strategic initiatives				
Acquisition, integration, and strategic initiatives				
Acquisition, integration, and strategic initiatives				
Costs of closed restaurants and other				
Costs of closed restaurants and other				
Costs of closed restaurants and other				
Accelerated depreciation				
Accelerated depreciation				
Accelerated depreciation				
Gains on acquisition of restaurants				
Gains on acquisition of restaurants				
Gains on acquisition of restaurants				
Losses (gains) on disposition of property and equipment, net				
Losses (gains) on disposition of property and equipment, net				
Losses (gains) on disposition of property and equipment, net				
	$			
	$			
	$			

Other operating expenses (income), net increased $10.7 million $2.3 million in the quarter and $13.0 million on a year-to-date basis, as compared to the prior year year. For the quarter the increase was primarily due to $2.0 million of consulting fees for strategic initiatives in the current year. For the year-to-date period, the increase was due to $9.5 million of gains recognized in the prior year from the a sale of Jack in the Box restaurant properties to franchisees who were leasing the properties from us prior to the sale partially offset by $3.7 million as well as an increase of additional $7.0 million of consulting fees for strategic initiatives in the current year, as well as the partially offset by $2.4 million purchase gains related to the acquisition of 9 Del Taco restaurants, as well as a $1.1 million decrease in costs of closed restaurants in the in the current year.

Gains and Losses on the Sale of Company-Operated Restaurants

For the quarter-to-date fiscal 2024 year-to-date period, 2024, the Company sold 13 Del Taco company-operated restaurants to franchisees, for which the Company recognized a net loss on the sale of company-operated restaurants of $0.3 million relates to a $2.2 million impairment of assets held for sale related to a Del Taco refranchising transaction that is expected to close in the second quarter of 2024, partially offset by additional proceeds received in connection with the extension of franchise agreements from the sale of restaurants in prior years. $1.3 million.

For the first quarter of fiscal 2023 year-to-date period, the Company sold five Jack in the Box company-operated restaurants and 16 Del Taco company-operated restaurants to franchisees, for which the Company recognized a net gain on the sale of company-operated restaurants of $3.8 million $4.5 million.

Refer to Note 3, S*ummary of Refranchisings and Assets Held for Sale,* of the notes to the condensed consolidated financial statements for additional information regarding these transactions.

Interest Expense, Net

Interest expense, net is comprised of the following (*in thousands*):

	Quarter		Year-to-date	
	April 14, 2024	April 16, 2023	April 14, 2024	April 16, 2023
Interest expense				
Interest expense				
Interest expense				
Interest income				
Interest income				
Interest income				
Interest expense, net				
Interest expense, net				
Interest expense, net				

Interest expense, net, decreased $1.7 million $0.8 million in the quarter and $2.4 million year-to-date primarily due to lower average borrowings as well as lower average interest rates resulting in a decrease of $1.2 million $0.7 million and $1.9 million, respectively, in interest expense compared to the prior year. Additionally, there was an increase in interest income of $0.5 million in the current year year-to-date due to higher investment balances compared to fiscal year 2023.

Income Tax Expense

The income tax provisions reflect a year-to-date an effective tax rate of 26.9% 26.5% in the second quarter of 2024, as compared to 34.8% in the second quarter of the prior year, as well as 26.7% for the year-to-date period in 2024, as compared to 26.7% 29.6% in fiscal year the same period in 2023. The major component of the year-over-year increase decrease in tax rates was an increase a decrease in the impact of estimated disposals of non-deductible officers' compensation. goodwill attributable to refranchising transactions.

LIQUIDITY AND CAPITAL RESOURCES

General

Our primary sources of short-term and long-term liquidity and capital resources are cash flows from operations and borrowings available under our credit facilities. Our cash requirements consist principally of working capital, general corporate needs, capital expenditures, income tax payments, debt service requirements, franchise tenant improvement allowance and incentive distributions, dividend payments, and obligations related to our benefit plans. We generally use available cash flows from operations to invest in our business, service our debt obligations, pay dividends and repurchase shares of our common stock.

As of January 21, 2024 April 14, 2024, the Company had $82.5 million $49.0 million of cash and restricted cash on its consolidated balance sheet and available borrowings of $175.5 million under our $150.0 million Variable Funding Notes and our $75.0 million revolving credit facility. The Company continually assesses the optimal sources and uses of cash for our business. We review our balance sheet for any undervalued assets and pursue opportunities for capital sources, including the sale of our owned Jack in the Box properties and refranchising, primarily for Del Taco in the near term.

Based upon current levels of operations and anticipated growth, we expect that cash flows from operations, combined with our securitized financing facility and revolving credit facility, 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.

Cash Flows

The table below summarizes our cash flows from continuing operations (*in thousands*):

	Sixteen Weeks Ended	
	January 21, 2024	January 22, 2023
Total cash provided by (used in):		
Operating activities	$ (22,675)	$ 62,472

Investing activities		(36,574)	15,684
Financing activities		(44,124)	(32,578)
Net cash flows	$	(103,373) $	45,578

	Year-to-date	
	April 14, 2024	April 16, 2023
Total cash provided by (used in):		
Operating activities	$ (6,021)	$ 94,108
Investing activities	(55,854)	9,730
Financing activities	(75,055)	(117,042)
Net cash flows	$ (136,930)	$ (13,204)

Operating Activities. Operating cash flows decreased $85.1 million $100.1 million compared with a year ago. This is primarily due to an unfavorable change in working capital of $79.5 million $95.5 million, as well as lower net income, when adjusted for non-cash items, of $5.7 million $4.6 million. The change in working capital is primarily a result of the payment decrease of $50.3 million $60.8 million of fiscal 2023 income tax payments liabilities (of which $50.3 million was a payment deferred from 2023 in connection with the Southern California winter storm disaster area declaration, declaration), a decrease in accrued legal for the final payment of the Torrez litigation of $25.5 million, and an increase bonus payments of $15.3 million. These decreases in cash were partially offset by an increase a decrease in the advertising accruals of $17.5 million. $11.3 million due to timing.

Investing Activities. Cash flows from investing activities decreased by $52.3 million $65.6 million compared with a year ago primarily due to higher purchases of property and equipment of $14.8 million, lower proceeds $23.9 million in the current year, lower proceeds from the sale of Jack in the Box restaurant properties to franchisees of $21.6 million, $21.9 million in the current year, and lower proceeds from the sale of company-operated restaurants of $15.9 million $16.4 million.

Capital Expenditures — The composition of capital expenditures in each period follows (*in thousands*):

		Sixteen Weeks Ended	
		January 21, 2024	January 22, 2023
		Year-to-date	
		April 14, 2024	April 16, 2023
Restaurants:			
Remodel / refresh programs			
Remodel / refresh programs			
Remodel / refresh programs			
Restaurant facility expenditures			
Purchases of assets intended for sale			
Purchase of land			
Restaurant information technology			
	34,775		
	54,443		
Corporate Services:			
Information technology			
Information technology			
Information technology			
Corporate facilities			
	4,054		
	6,628		
Total capital expenditures			
Total capital expenditures			
Total capital expenditures			

The increase in restaurant facility expenditures includes amounts spent on capital maintenance and other operational initiatives. The increase for the purchases of assets intended for sale and/or sale and leaseback includes amounts spent on exercising our right of first refusal to purchase land and building which we intend to sell and leaseback. The increase for corporate information technology includes spending in connection with our new enterprise resource planning system and digital workflow platform.

Sale of Company-Operated Restaurants — The following table details proceeds received in connection with our refranchising activities in each period (*dollars in thousands*).

	Sixteen Weeks Ended	
	January 21, 2024	January 22, 2023
	Year-to-date	
	April 14, 2024	April 16, 2023
Number of Jack in the Box restaurants sold to franchisees		
Number of Del Taco restaurants sold to franchisees		
Total proceeds		

For further information, see Note 3, *Summary of Refranchisings and Assets Held for Sale*, in the notes to the condensed consolidated financial statements.

Financing Activities. Cash flows from financing activities decreased by $11.5 million $42.0 million compared with a year ago. The change is primarily due to a $10.0 million the $50.0 million repayment in the prior year on the Variable Funding Notes, partially offset by the $7.4 million increase in stock repurchases in the current year versus the prior year.

Repurchases of common stock — The Company repurchased 0.3 0.5 million shares of its common stock in fiscal 2024 for an aggregate cost of $25.2 million $40.3 million. As of January 21, 2024 April 14, 2024, there was $225.0 million $210.0 million remaining under share repurchase programs authorized by the Board of Directors which do not expire.

Dividends — Up through January 21, 2024 April 14, 2024, the Board of Directors declared a two cash dividend dividends of $0.44 per common share totaling $8.7 million $17.3 million.

On February 16, 2024 May 10, 2024, the Board of Directors declared a cash dividend of $0.44 per share, to be paid on March 27, 2024 June 25, 2024, to shareholders of record as of the close of business on March 15, 2024 June 6, 2024.

Securitized Refinancing Transaction — On February 11, 2022, the Company completed the sale of $550.0 million of its Series 2022-1 3.445% Fixed Rate Senior Secured Notes, Class A-2-I (the “Class A-2-I Notes”) and $550.0 million of its Series 2022-1 4.136% Fixed Rate Senior Secured Notes, Class A-2-II (the “Class A-2-II Notes” and, together with the Class A-2-I Notes, the “2022 Notes”). Interest payments on the 2022 Notes are payable on a quarterly basis. The anticipated repayment dates of the 2022 Class A-2-I Notes and the Class A-2-II Notes will be February 2027 and February 2032, respectively, unless earlier prepaid to the extent permitted under the indenture that governs the 2022 Notes. The anticipated repayment dates of the existing 2019-1 Class A-2-II Notes and the Class A-2-III Notes are August 2026 and August 2029, respectively.

The Company also entered into a revolving financing facility of Series 2022-1 Variable Funding Senior Secured Notes (the “Variable Funding Notes”), which permits borrowings up to a maximum of $150.0 million, subject to certain borrowing conditions, a portion of which may be used to issue letters of credit. As of January 21, 2024 April 14, 2024, we did not have any outstanding borrowings and had available borrowing capacity of $100.5 million under our Variable Funding Notes, net of letters of credits issued of $49.5 million.

The 2022 Notes were issued in a privately placed securitization transaction pursuant to which certain of the Company’s revenue-generating assets, consisting principally of franchise-related agreements, real estate assets, and intellectual property and license agreements for the use of intellectual property, are held by the Master Issuer and certain other limited-purpose, bankruptcy remote, wholly owned indirect subsidiaries of the Company that act as Guarantors of the Notes and that have pledged substantially all of their assets, excluding certain real estate assets and subject to certain limitations, to secure the Notes. The 2022 Notes are subject to the same covenants and restrictions as the Series 2019-1 Notes.

The quarterly principal payment on the Class A-2 Notes may be suspended when the specified leverage ratio, which is a measure of outstanding debt to earnings before interest, taxes, depreciation, and amortization, adjusted for certain items (as defined in the Indenture), is less than or equal to 5.0x. Exceeding the leverage ratio of 5.0x does not violate any covenant related to the Class A-2 Notes. Subsequent to closing the issuance of the 2022 Notes, the Company has had a leverage ratio of greater than 5.0x and, accordingly, the Company resumed making the scheduled amortization payments on its 2022 Notes and Series 2019-1 Notes beginning in the second quarter of 2022.

Restricted cash — In accordance with the terms of the Indenture, certain cash accounts have been established with the Indenture trustee for the benefit of the note holders and are restricted in their use. As of January 21, 2024 April 14, 2024, the Company had restricted cash of $28.6 $28.8 million, which primarily represented cash collections and cash reserves held by the trustee to be used for payments of interest and commitment fees required for the Class A-1 and A-2 Notes.

Covenants and restrictions — The Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Master Issuer maintains specified reserve accounts to be used to make required payments in respect of the Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the Class A-2 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, the assets pledged as collateral for the Notes are in stated ways defective or ineffective and (iv) covenants relating to recordkeeping, access to information and similar matters. The Notes are also subject to customary rapid amortization events provided for in the Indenture, including events tied to failure to maintain stated debt service coverage ratios, the sum of gross sales for specified restaurants being below certain levels on certain measurement dates, certain manager termination events, an event of default, and the failure to repay or refinance the Class A-2 Notes on the applicable scheduled maturity date. The Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal, or other amounts due on or with respect to the Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, and certain judgments. As of January 21, 2024 April 14, 2024, we were in compliance with all of our debt covenant requirements and were not subject to any rapid amortization events.

Revolving credit facility — In connection with the Del Taco acquisition, Del Taco’s existing debt related to a Syndicated Credit Facility dated August 5, 2015, was repaid and extinguished on the Closing Date. On the Closing Date, Del Taco entered into a new syndicated credit facility with an aggregate principal amount of up to $75.0 million, which was extended and now matures on March 1, 2024 February 28, 2025. The revolving credit facility, as amended, includes a limit of $20.0 million for letters of credit, all of which were cancelled as of October 1, 2023. As of January 21, 2024 April 14, 2024, we had no outstanding borrowings and available borrowing capacity of $75.0 million under the facility.

DISCUSSION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates are those that we believe are most important for the portrayal of the Company's financial condition and results, and that require management's most subjective and complex judgments. Judgments and uncertainties regarding the application of these policies may result in materially different amounts being reported under various conditions or using different assumptions. There have been no material changes to the critical accounting policies and estimates previously disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended October 1, 2023.

NEW ACCOUNTING PRONOUNCEMENTS

Refer to Note 1, *Basis of Presentation*, of the notes to condensed consolidated financial statements.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the federal securities laws. Any statements contained herein that are not historical facts may be deemed to be forward-looking statements. Forward-looking statements may be identified by words such as "anticipate," "assume," "believe," "estimate," "expect," "forecast," "goals," "guidance," "intend," "plan," "project," "may," "will," "would", "should" and similar expressions. These statements are based on management's current expectations, estimates, forecasts and projections about our business and the industry in which we operate. These estimates and assumptions involve known and unknown risks, uncertainties, and other factors that are in some cases beyond our control. Factors that may cause our actual results to differ materially from any forward-looking statements include, but are not limited to:

- Changes in the availability of and the cost of labor could adversely affect our business.
- Changes in consumer confidence and declines in general economic conditions could negatively impact our financial results.
- Increases in food and commodity costs could decrease our profit margins or result in a modified menu, which could adversely affect our financial results.
- Failure to receive scheduled deliveries of high-quality food ingredients and other supplies could harm our operations and reputation.
- Inability to attract, train and retain top-performing personnel could adversely impact our financial results or business.
- Our business could be adversely affected by increased labor costs.
- Unionization activities or labor disputes may disrupt our operations and affect our profitability.
- Our insurance may not provide adequate levels of coverage against claims.
- We face significant competition in the food service industry and our inability to compete may adversely affect our business.
- Changes in demographic trends and in customer tastes and preferences could cause sales and the royalties we receive from franchisees to decline.
- Negative publicity relating to our business or industry could adversely impact our reputation.
- We may not have the same resources as our competitors for marketing, advertising and promotion.
- We may be adversely impacted by severe weather conditions, natural disasters, terrorist acts or civil unrest that could result in property damage, injury to employees and staff, and lost restaurant sales.
- Food safety and food-borne illness concerns may have an adverse effect on our business by reducing demand and increasing costs.
- We may not achieve our development goals.
- Our business and Del Taco's business may not be integrated successfully, or such integration may be more difficult, time consuming, or costly than expected. Operating costs, customer loss, and business disruptions, including difficulties maintaining relationships with employees, customers, suppliers or vendors, may be greater than expected.
- Our highly franchised business model presents a number of risks, and the failure of our franchisees to operate successful and profitable restaurants could negatively impact our business.
- We are subject to financial and regulatory risks associated with our owned and leased properties and real estate development projects.
- We have a limited number of suppliers for our major products and rely on a distribution network with a limited number of distribution partners for the majority of our national distribution program. If our suppliers or distributors are unable to fulfill their obligations under their contracts, it could harm our operations.
- Increasing regulatory and legal complexity may adversely affect restaurant operations and our financial results.

- Governmental regulation may adversely affect our existing and future operations and results, including by harming our ability to profitably operate our restaurants.
- The proliferation of federal, state, and local regulations increases our compliance risks, which in turn could adversely affect our business.
- Legislation and regulations regarding our products and ingredients, including the nutritional content of our products, could impact customer preferences and negatively impact our financial results.
- We may not be able to adequately protect our intellectual property, which could harm the value of our brand and adversely affect our business.

- We are subject to increasing legal complexity and may be subject to claims or lawsuits that are costly to defend and could result in our payment of substantial damages or settlement costs.
- If we fail to maintain an effective system of internal controls, we may not be able to accurately determine our financial results or prevent fraud. As a result, the Company's stockholders could lose confidence in our financial results, which would harm our business and the value of the Company's common shares.
- Changes in tax laws, interpretations of existing tax law, or adverse determinations by tax authorities could adversely affect our income tax expense and income tax payments.
- We may be subject to risk associated with disagreements with key stakeholders, such as franchisees.
- Actions of activist stockholders could cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.
- We are subject to the risk of cybersecurity breaches, intrusions, data loss, or other data security incidents.

- We are subject to risks associated with our increasing dependence on digital commerce platforms and technologies to maintain and grow sales, and we cannot predict the impact that these digital commerce platforms and technologies, other new or improved technologies or alternative methods of delivery may have on consumer behavior and our financial results.
- We are dependent on information technology and digital service providers and any material failure, misuse or interruption of our computer systems, supporting infrastructure, consumer-facing digital capabilities or social media platforms could adversely affect our business.
- The securitized debt instruments issued by certain of our wholly-owned subsidiaries have restrictive terms, and any failure to comply with such terms could result in default, which could harm the value of our brand and adversely affect our business.
- We have a significant amount of debt outstanding. Such indebtedness, along with the other contractual commitments of our Company or its subsidiaries, could adversely affect our business, financial condition and results of operations, as well as the ability of certain of our subsidiaries to meet debt payment obligations.
- The securitization transaction documents impose certain restrictions on our activities or the activities of our subsidiaries, and the failure to comply with such restrictions could adversely affect our business.
- The COVID-19 pandemic has disrupted and may continue to disrupt our business, which has affected and could continue to materially affect our operations, financial condition, and results of operations for an extended period of time.

These and other factors are identified and described in more detail in our filings with the Securities and Exchange Commission, including, but not limited to: the "Discussion of Critical Accounting Estimates," and other sections in this Form 10-Q and the "Risk Factors" section of our most recent Annual Report on Form 10-K for the fiscal year ended October 1, 2023 ("Form 10-K"). These documents may be read free of charge on the SEC's website at www.sec.gov. Potential investors are urged to consider these factors, more fully described in our Form 10-K, carefully in evaluating any forward-looking statements, and are cautioned not to place undue reliance on the forward-looking statements. All forward-looking statements are made only as of the date issued, and we do not undertake any obligation to update any forward-looking statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our quantitative and qualitative market risks set forth in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the fiscal year ended October 1, 2023.

ITEM 4. CONTROLS AND PROCEDURES

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Based on an evaluation of the Company's disclosure controls and procedures (as defined in Rules 13a-15 and 15d-15 of the Securities Exchange Act of 1934, as amended), as of the end of the Company's quarter ended January 21, 2024 April 14, 2024, the Company's Chief Executive Officer and Chief Financial Officer (its principal executive officer and principal financial officer, respectively) have concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the Company's fiscal quarter ended January 21, 2024 April 14, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

There is no information required to be reported for any items under Part II, except as follows:

ITEM 1. LEGAL PROCEEDINGS

See Note 14, *Commitments and Contingencies*, of the notes to the condensed consolidated financial statements for a discussion of our contingencies and legal matters.

ITEM 1A. RISK FACTORS

When evaluating our business and our prospects, you should consider the risks and uncertainties described under Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended October 1, 2023, which we filed with the SEC on November 21, 2023, as updated in this Item 1A. You should also consider the risks and uncertainties discussed under the heading "Cautionary Statements Regarding Forward-Looking Statements" in Item 2 of this Quarterly Report on Form 10-Q. You should also refer to the other information set forth in this Quarterly Report and in our Annual Report on Form 10-K for the fiscal year ended October 1, 2023, including our financial statements and the related notes. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also impair our business operations. If any of the risks or uncertainties actually occur, our business and financial results could be harmed. In that case, the market price of our common stock could decline.

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

Stock Repurchases — In the first second quarter of 2024, we repurchased 0.3 million 0.2 million shares of our common stock for an aggregate cost of $25.2 million $15.1 million, including the applicable excise tax. As of January 21, 2024 April 14, 2024, this leaves $225.0 million $210.0 million remaining under share repurchase programs authorized by the Board of Directors.

	(a) Total number of shares purchased	(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs	(d) Maximum dollar value that may yet be purchased under these programs (in thousands)

	(a) Total number of shares purchased		(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs		(d) Maximum dollar value that may yet be purchased under these programs (in thousands)
					$	250,000
October 2, 2023 - October 29, 2023	—	$	—	—	$	250,000
October 30, 2023 - November 26, 2023	—	$	—	—	$	250,000
November 27, 2023 - December 24, 2023	307,760	$	81.23	307,760	$	225,000
December 25, 2023 - January 21, 2024	—	$	—	—	$	225,000
Total	307,760			307,760		

	(a) Total number of shares purchased		(b) Average price paid per share	(c) Total number of shares purchased as part of publicly announced programs		(d) Maximum dollar value that may yet be purchased under these programs (in thousands)
					$	225,000
January 22, 2024 - February 18, 2024	—	$	—	—	$	225,000
February 19, 2024 - March 17, 2024	203,627	$	73.66	203,627	$	210,000
March 18, 2024 - April 14, 2024	—	$	—	—	$	210,000
	—	$	—	—	$	210,000
Total	203,627			203,627		

ITEM 3. DEFAULTS OF SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

During the three months ended January 21, 2024 April 14, 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 in defined in Item 408(a) of Regulation S-K.

On November 30, 2023 February 27, 2024, the Company adopted entered into a Rule 10b5-1 trading arrangement to repurchase shares of the Company’s common stock up to an aggregate purchase price of $25.0 million $15.0 million. This Rule 10b5-1 trading arrangement subsequently terminated on January 19, 2024 April 12, 2024.

ITEM 6. EXHIBITS

Number	Description	Form	Filed with SEC
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	Filed herewith
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	—	Filed herewith
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	—	Filed herewith
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	—	Filed herewith
101.INS	iXBRL Instance Document		
101.SCH	iXBRL Taxonomy Extension Schema Document		
101.CAL	iXBRL Taxonomy Extension Calculation Linkbase Document		
101.DEF	iXBRL Taxonomy Extension Definition Linkbase Document		
101.LAB	iXBRL Taxonomy Extension Label Linkbase Document		
101.PRE	iXBRL Taxonomy Extension Presentation Linkbase Document		
104	Cover Page Interactive Data File formatted in iXBRL		

SIGNATURE

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.

JACK IN THE BOX INC.

By: /s/ BRIAN SCOTT

Brian Scott

Chief Financial Officer (principal financial officer)

(Duly Authorized Signatory)

Date: February 21, 2024 May 14, 2024

Exhibit 31.1

CERTIFICATION

I, Darin Harris, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jack in the Box 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.

Dated: February 21, May 14, 2024

/S/ DARIN HARRIS

Darin Harris

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Brian Scott, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Jack in the Box 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.

Dated: February 21, May 14, 2024

/S/ BRIAN SCOTT
Brian Scott
Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Darin Harris, Chief Executive Officer of Jack in the Box Inc. (the “Registrant”), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the quarterly report on Form 10-Q of the Registrant, to which this certification is attached as an exhibit (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

Dated: February 21, May 14, 2024

/S/ DARIN HARRIS
Darin Harris
Chief Executive Officer

Exhibit 32.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Brian Scott, Chief Financial Officer of Jack in the Box Inc. (the “Registrant”), do hereby certify in accordance with 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the quarterly report on Form 10-Q of the Registrant, to which this certification is attached as an exhibit (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78m); and

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

Dated: February 21, May 14, 2024

/S/ BRIAN SCOTT

Brian Scott

Chief Financial Officer

DISCLAIMER

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