

**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 October 1, 2024

or

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

Commission File Number: 0-20574

THE CHEESECAKE FACTORY INCORPORATED

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

51-0340466
(I.R.S. Employer
Identification No.)

26901 Malibu Hills Road
Calabasas Hills, California
(Address of principal executive offices)

91301
(Zip Code)

(818) 871-3000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of Each Class	Trading Symbol	Name of Each Exchange on which Registered
Common Stock, par value \$.01 per share	CAKE	The Nasdaq Stock Market LLC

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of October 28, 2024, 51,039,728 shares of the registrant's Common Stock, \$.01 par value per share, were outstanding.

THE CHEESECAKE FACTORY INCORPORATED
INDEX

	<u>Page Number</u>
<u>PART I</u>	
<u>FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	
<u>Financial Statements:</u>	
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	1
<u>Condensed Consolidated Statements of Income (Unaudited)</u>	2
<u>Condensed Consolidated Statements of Comprehensive Income (Unaudited)</u>	3
<u>Condensed Consolidated Statements of Stockholders' Equity (Unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows (Unaudited)</u>	5
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	6
<u>Item 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
<u>Item 3.</u>	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	27
<u>Item 4.</u>	
<u>Controls and Procedures</u>	27
<u>PART II</u>	
<u>OTHER INFORMATION</u>	28
<u>Item 1.</u>	
<u>Legal Proceedings</u>	28
<u>Item 1A.</u>	
<u>Risk Factors</u>	28
<u>Item 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
<u>Item 5.</u>	
<u>Other Information</u>	29
<u>Item 6.</u>	
<u>Exhibits</u>	30
<u>Signatures</u>	31

PART I — FINANCIAL INFORMATION
Item 1. Financial Statements.

THE CHEESECAKE FACTORY INCORPORATED
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share data)

	October 1, 2024	January 2, 2024
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 52,215	\$ 56,290
Accounts and other receivables	74,344	103,094
Income taxes receivable	28,980	20,670
Inventories	69,805	57,654
Prepaid expenses	61,194	63,090
Total current assets	286,538	300,798
Property and equipment, net	829,393	791,093
Other assets:		
Intangible assets, net	252,015	251,727
Operating lease assets	1,361,826	1,302,150
Other	206,016	194,615
Total other assets	1,819,857	1,748,492
Total assets	\$ 2,935,788	\$ 2,840,383
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 62,663	\$ 63,152
Gift card liabilities	184,258	222,915
Operating lease liabilities	139,974	134,905
Other accrued expenses	264,998	239,699
Total current liabilities	651,893	660,671
Long-term debt	471,558	470,047
Operating lease liabilities	1,276,951	1,254,955
Other noncurrent liabilities	139,007	136,648
Total liabilities	2,539,409	2,522,321
Commitments and contingencies (Note 7)		
Stockholders' equity:		
Preferred stock, \$.01 par value, 5,000,000 shares authorized; none issued	—	—
Common stock, \$.01 par value, 250,000,000 shares authorized; 107,983,084 shares issued and 50,939,646 shares outstanding at October 1, 2024 and 107,195,287 shares issued and 50,652,129 shares outstanding at January 2, 2024	1,080	1,072
Additional paid-in capital	935,093	913,442
Retained earnings	1,290,562	1,216,239
Treasury stock inclusive of excise tax, 57,043,438 and 56,543,158 shares at cost at October 1, 2024 and January 2, 2024, respectively	(1,829,462)	(1,811,997)
Accumulated other comprehensive loss	(894)	(694)
Total stockholders' equity	396,379	318,062
Total liabilities and stockholders' equity	\$ 2,935,788	\$ 2,840,383

See the accompanying notes to the condensed consolidated financial statements.

THE CHEESECAKE FACTORY INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except per share data)
(Unaudited)

	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Revenues	\$ 865,471	\$ 830,210	\$ 2,660,736	\$ 2,562,494
Costs and expenses:				
Food and beverage costs	195,306	194,733	600,253	602,051
Labor expenses	310,939	301,663	949,151	919,340
Other operating costs and expenses	239,470	229,534	712,108	687,459
General and administrative expenses	56,204	54,209	170,954	162,766
Depreciation and amortization expenses	25,299	22,837	75,015	69,124
Impairment of assets and lease termination (income)/expenses	(3,472)	48	(1,577)	1,637
Acquisition-related contingent consideration, compensation and amortization expenses	1,020	1,414	3,287	3,890
Preopening costs	7,005	6,742	19,860	15,800
Total costs and expenses	831,771	811,180	2,529,051	2,462,067
Income from operations	33,700	19,030	131,685	100,427
Interest and other expense, net	(1,865)	(2,027)	(5,974)	(6,069)
Income before income taxes	31,835	17,003	125,711	94,358
Income tax provision/(benefit)	1,841	(942)	10,082	5,688
Net income	\$ 29,994	\$ 17,945	\$ 115,629	\$ 88,670
Net income per share:				
Basic	\$ 0.63	\$ 0.37	\$ 2.42	\$ 1.83
Diluted (Note 10)	\$ 0.61	\$ 0.37	\$ 2.37	\$ 1.80
Weighted-average shares outstanding:				
Basic	47,750	48,281	47,734	48,489
Diluted	48,946	48,985	48,751	49,197

See the accompanying notes to the condensed consolidated financial statements.

THE CHEESECAKE FACTORY INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)
(Unaudited)

	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Net income	\$ 29,994	\$ 17,945	\$ 115,629	\$ 88,670
Other comprehensive gain/(loss):				
Foreign currency translation adjustment	177	(411)	(200)	(84)
Other comprehensive gain/(loss)	177	(411)	(200)	(84)
Total comprehensive income	<u>\$ 30,171</u>	<u>\$ 17,534</u>	<u>\$ 115,429</u>	<u>\$ 88,586</u>

See the accompanying notes to the condensed consolidated financial statements.

THE CHEESECAKE FACTORY INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except per share data)
(Unaudited)

For the thirty-nine weeks ended October 1, 2024:

	Common Stock		Additional	Retained	Treasury	Accumulated Other Comprehensive	Total
	Shares	Amount	Paid-in Capital	Earnings	Stock	(Loss)/Income	
Balance, January 2, 2024	107,195	\$ 1,072	\$ 913,442	\$ 1,216,239	\$ (1,811,997)	\$ (694)	\$ 318,062
Net income	—	—	—	33,191	—	—	33,191
Foreign currency translation adjustment	—	—	—	—	—	(253)	(253)
Cash dividends declared common stock, net of forfeitures, \$0.27 per share	—	—	—	(13,764)	—	—	(13,764)
Stock-based compensation	680	7	7,691	—	—	—	7,698
Treasury stock purchases, inclusive of excise tax	—	—	—	—	(12,496)	—	(12,496)
Balance, April 2, 2024	107,875	\$ 1,079	\$ 921,133	\$ 1,235,666	\$ (1,824,493)	\$ (947)	\$ 332,438
Net income	—	—	—	52,444	—	—	52,444
Foreign currency translation adjustment	—	—	—	—	—	(124)	(124)
Cash dividends declared common stock, net of forfeitures, \$0.27 per share	—	—	—	(13,771)	—	—	(13,771)
Stock-based compensation	42	0	6,882	—	—	—	6,882
Treasury stock purchases, inclusive of excise tax	—	—	—	—	(3,889)	—	(3,889)
Balance, July 2, 2024	107,917	\$ 1,079	\$ 928,015	\$ 1,274,339	\$ (1,828,382)	\$ (1,071)	\$ 373,980
Net income	—	—	—	29,994	—	—	29,994
Foreign currency translation adjustment	—	—	—	—	—	177	177
Cash dividends declared common stock, net of forfeitures, \$0.27 per share	—	—	—	(13,771)	—	—	(13,771)
Stock-based compensation	66	1	7,078	—	—	—	7,079
Treasury stock purchases, inclusive of excise tax	—	—	—	—	(1,080)	—	(1,080)
Balance, October 1, 2024	107,983	\$ 1,080	\$ 935,093	\$ 1,290,562	\$ (1,829,462)	\$ (894)	\$ 396,379

For the thirty-nine weeks ended October 3, 2023:

	Common Stock		Additional	Retained	Treasury	Accumulated Other Comprehensive	Total
	Shares	Amount	Paid-in Capital	Earnings	Stock	(Loss)/Income	
Balance, January 3, 2023	106,323	\$ 1,063	\$ 887,485	\$ 1,170,078	\$ (1,765,641)	\$ (982)	\$ 292,003
Net income	—	—	—	28,050	—	—	28,050
Foreign currency translation adjustment	—	—	—	—	—	147	147
Cash dividends declared common stock, net of forfeitures, \$0.27 per share	—	—	—	(13,929)	—	—	(13,929)
Stock-based compensation	628	6	5,938	—	—	—	5,944
Treasury stock purchases	—	—	—	—	(12,376)	—	(12,376)
Balance, April 4, 2023	106,951	\$ 1,069	\$ 893,423	\$ 1,184,199	\$ (1,778,017)	\$ (835)	\$ 299,839
Net income	—	—	—	42,675	—	—	42,675
Foreign currency translation adjustment	—	—	—	—	—	180	180
Cash dividends declared common stock, net of forfeitures, \$0.27 per share	—	—	—	(13,759)	—	—	(13,759)
Stock-based compensation	92	1	6,369	—	—	—	6,370
Treasury stock purchases, inclusive of excise tax	—	—	—	—	(9,402)	—	(9,402)
Balance, July 4, 2023	107,043	\$ 1,070	\$ 899,792	\$ 1,213,115	\$ (1,787,419)	\$ (655)	\$ 325,903
Net income	—	—	—	17,945	—	—	17,945
Foreign currency translation adjustment	—	—	—	—	—	(411)	(411)
Cash dividends declared common stock, net of forfeitures, \$0.27 per share	—	—	—	(13,789)	—	—	(13,789)
Stock-based compensation	55	1	6,666	—	—	—	6,667
Treasury stock purchases, inclusive of excise tax	—	—	—	—	(14,671)	—	(14,671)
Balance, October 3, 2023	107,098	\$ 1,071	\$ 906,458	\$ 1,217,271	\$ (1,802,090)	\$ (1,066)	\$ 321,644

See the accompanying notes to the condensed consolidated financial statements.

THE CHEESECAKE FACTORY INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Cash flows from operating activities:		
Net income	\$ 115,629	\$ 88,670
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization expenses	75,015	69,124
Impairment of assets and lease termination income	(2,380)	(753)
Deferred income taxes	3,907	1,613
Stock-based compensation	21,496	18,850
Payment of deferred consideration and compensation in excess of acquisition-date fair value	(6,506)	—
Changes in assets and liabilities:		
Accounts and other receivables	31,465	32,107
Income taxes receivable/payable	(8,310)	(2,401)
Inventories	(12,159)	(3,113)
Prepaid expenses	1,853	(7,159)
Operating lease assets/liabilities	(28,310)	(18,572)
Other assets	(14,661)	(6,086)
Accounts payable	2,379	(10,985)
Gift card liabilities	(38,655)	(39,608)
Other accrued expenses	33,561	28,859
Cash provided by operating activities	174,324	150,546
Cash flows from investing activities:		
Additions to property and equipment	(120,512)	(99,923)
Additions to intangible assets	(838)	(567)
Other	321	(158)
Cash used in investing activities	(121,029)	(100,648)
Cash flows from financing activities:		
Acquisition-related deferred consideration and compensation	—	(24,243)
Common stock dividends paid	(39,804)	(40,126)
Treasury stock purchases	(17,465)	(36,260)
Cash used in financing activities	(57,269)	(100,629)
Foreign currency translation adjustment	(101)	(59)
Net change in cash and cash equivalents	(4,075)	(50,790)
Cash and cash equivalents at beginning of period	56,290	114,777
Cash and cash equivalents at end of period	\$ 52,215	\$ 63,987
Supplemental disclosures:		
Interest paid	\$ 9,936	\$ 6,386
Income taxes paid	\$ 15,975	\$ 7,068
Construction payable	\$ 13,952	\$ 7,086

See the accompanying notes to the condensed consolidated financial statements.

THE CHEESECAKE FACTORY INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Significant Accounting Policies

Basis of Presentation

The accompanying condensed consolidated financial statements include the accounts of The Cheesecake Factory Incorporated and its wholly owned subsidiaries (referred to herein collectively as the “Company,” “we,” “us” and “our”) and are prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All intercompany accounts and transactions for the periods presented have been eliminated in consolidation. The unaudited financial statements presented herein include all material adjustments (consisting of normal recurring adjustments) which are, in the opinion of management, necessary for the fair statement of the financial condition, results of operations and cash flows for the period. However, these results are not necessarily indicative of results that may be achieved for any other interim period or for the full fiscal year. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been omitted pursuant to the rules of the Securities and Exchange Commission (“SEC”). The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2024 filed with the SEC on February 26, 2024.

We utilize a 52/53-week fiscal year ending on the Tuesday closest to December 31 for financial reporting purposes. Fiscal year 2024 consists of 52 weeks and will end on December 31, 2024. Fiscal year 2023, which ended on January 2, 2024, was also a 52-week year.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions for the reporting periods covered by the financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. Actual results could differ from these estimates.

Geopolitical and Other Macroeconomic Impacts to our Operating Environment

Beginning in 2021, our operating results were impacted by geopolitical and other macroeconomic events, causing supply chain challenges and significantly increased commodity and wage inflation. While we have seen improvements in many of these areas, some of these factors continue to impact our operating results in fiscal 2024, contributing to significantly increased commodity and other costs. We have also encountered delays in opening new restaurants primarily due to delays in permitting and landlord readiness, as well as supply chain challenges.

The ongoing impact of geopolitical and macroeconomic events could lead to further shifts in consumer behavior, wage inflation, staffing challenges, product and services cost inflation, disruptions in the supply chain and delay in new restaurant openings. Climate change may further exacerbate a number of these factors. For more information regarding the risks to our business relating to the geopolitical and macroeconomic events, see “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 2, 2024.

Recent Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which updates reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendment is effective for fiscal years beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendment should be applied retrospectively to all prior periods presented in the financial statements. Management does not expect this ASU to have a material impact on our disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which updates income tax disclosures related to the rate reconciliation and requires disclosure of income taxes paid by jurisdiction. The amendment also provides further disclosure comparability. The amendment is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendment should be applied prospectively. However, retrospective application is permitted. Management is currently evaluating this ASU to determine its impact on our disclosures.

2. Fair Value Measurements

Fair value measurements are estimated based on valuation techniques and inputs categorized as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Observable inputs other than quoted prices in active markets for identical assets and liabilities
- Level 3: Unobservable inputs in which little or no market activity exists, therefore requiring us to develop our own assumptions

The following tables present the components and classification of our assets and liabilities that are measured at fair value on a recurring basis (in thousands):

	October 1, 2024		
	Level 1	Level 2	Level 3
Assets/(Liabilities)			
Non-qualified deferred compensation assets	\$ 108,516	\$ —	\$ —
Non-qualified deferred compensation liabilities	(107,996)	—	—
Acquisition-related contingent consideration and compensation liabilities	—	—	(21,329)
	January 2, 2024		
	Level 1	Level 2	Level 3
Assets/(Liabilities)			
Non-qualified deferred compensation assets	\$ 94,136	\$ —	\$ —
Non-qualified deferred compensation liabilities	(93,979)	—	—
Acquisition-related contingent consideration and compensation liabilities	—	—	(25,495)

The following table presents a reconciliation of the beginning and ending amounts of the fair value of the acquisition-related contingent consideration and compensation liabilities categorized as Level 3 (in thousands):

	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Beginning balance	\$ 25,495	\$ 28,565
Payment	(6,506)	(12,994)
Change in fair value	2,340	2,444
Ending balance	<u>\$ 21,329</u>	<u>\$ 18,015</u>

The fair value of the acquisition-related contingent consideration and compensation liabilities was determined utilizing a Monte Carlo model based on estimated future revenues, margins and volatility factors, among other variables and estimates and has no minimum or maximum payment. The undiscounted range of outcomes per the Monte Carlo model utilized to determine the fair value of the acquisition-related contingent consideration and compensation liabilities at October 1, 2024 was \$2.6 million to \$235.4 million. Results could change materially if different estimates and assumptions were used. During the first nine months of fiscal 2024 and fiscal 2023, we made payments of \$6.5 million and \$13.0 million, respectively, per the Fox Restaurant Concept LLC ("FRC") acquisition agreement.

The fair values of our cash and cash equivalents, accounts and other receivables, income taxes receivable, prepaid expenses, accounts payable, income taxes payable and other accrued liabilities approximate their carrying amounts due to their short duration.

As of October 1, 2024, we had \$345.0 million aggregate principal amount of Notes outstanding. The estimated fair value of the Notes based on a market approach as of October 1, 2024 was approximately \$325.7 million and was determined based on the estimated or actual bids and offers of the Notes in an over-the-counter market on the last business day of the reporting period. The decrease in the fair value of the Notes was primarily due to a decline in our stock price from the date of the issuance of the Notes. See Note 5 for further discussion of the Notes.

3. Inventories

Inventories consisted of (in thousands):

	October 1, 2024	January 2, 2024
Restaurant food and supplies	\$ 31,299	\$ 32,283
Bakery finished goods and work in progress ⁽¹⁾	28,654	16,230
Bakery raw materials and supplies	9,852	9,141
Total	<u>\$ 69,805</u>	<u>\$ 57,654</u>

(1) The increase in bakery finished goods and work in progress inventory is primarily driven by a build-up of weeks on hand to improve our supply resiliency.

4. Gift Cards

The following tables present information related to gift cards (in thousands):

	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Gift card liabilities:				
Beginning balance	\$ 192,344	\$ 187,483	\$ 222,915	\$ 219,808
Activations	18,337	17,968	66,978	63,284
Redemptions and breakage	(26,423)	(25,251)	(105,635)	(102,892)
Ending balance	<u>\$ 184,258</u>	<u>\$ 180,200</u>	<u>\$ 184,258</u>	<u>\$ 180,200</u>
	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Gift card contract assets:				
Beginning balance	\$ 16,900	\$ 17,369	\$ 19,111	\$ 19,886
Deferrals	2,119	2,509	7,678	7,823
Amortization	(3,814)	(3,914)	(11,584)	(11,745)
Ending balance	<u>\$ 15,205</u>	<u>\$ 15,964</u>	<u>\$ 15,205</u>	<u>\$ 15,964</u>

5. Long-Term Debt

Revolving Credit Facility

On October 6, 2022, we entered into a Fourth Amended and Restated Loan Agreement (the "Loan Agreement" and the revolving credit facility provided thereunder, the "Revolver Facility"). The Loan Agreement amends and restates in its entirety our prior credit agreement. The Revolver Facility, which terminates on October 6, 2027, provides us with revolving loan commitments that total \$400 million, of which \$50 million may be used for issuances of letters of credit. The Revolver Facility contains a commitment increase feature that, subject to certain conditions precedent, could provide for an additional \$200 million in revolving loan commitments. Our obligations under the Revolver Facility are unsecured. Certain of our material subsidiaries have guaranteed our obligations under the Revolver Facility.

As of October 1, 2024, we had net availability for borrowings of \$236.5 million, based on a \$130.0 million outstanding debt balance and \$33.5 million in standby letters of credit under the Revolver Facility.

Under the Revolver Facility, we are subject to the following financial covenants as of the last day of each fiscal quarter: (i) a maximum ratio of net adjusted debt to EBITDAR (the "Amended Net Adjusted Leverage Ratio") of 4.25 and (ii) a minimum ratio of EBITDAR to interest and rent expense ("EBITDAR Ratio") of 1.90. The Amended Net Adjusted Leverage Ratio includes a rental expense multiplier of six. As of October 1, 2024, we were in compliance with all the foregoing covenants in effect at that date.

Borrowings under the Loan Agreement bear interest, at the Company's election, at a rate equal to either: (i) the sum of (A) adjusted term SOFR (as defined in the Loan Agreement, the "Term SOFR Rate") plus (B) a rate variable based on the Amended Net Adjusted Leverage Ratio, ranging from 1.00% to 1.75%, or (ii) the sum of (A) the highest of (x) the rate of interest last quoted by The Wall Street Journal as the prime rate in effect in the United States, (y) the greater of the rate calculated by the Federal Reserve Bank of New York as the federal funds effective rate or the rate that is published by the Federal Reserve Bank of New York as the overnight bank funding rate, in either case, plus 0.50%, and (z) the one-month Term SOFR Rate plus 1.00%, plus (B) a rate variable based on the Net Adjusted Leverage Ratio, ranging from 0.125% to 0.25%, on the daily amount of unused commitments under the Loan Agreement. Letters of credit bear fees that are equivalent to the interest rate margin that is applicable to revolving loans that bear interest at the adjusted SOFR plus other customary fees charged by the issuing bank. We paid certain customary loan origination fees in conjunction with the Loan Agreement.

We are also subject to customary events of default that, if triggered, could result in acceleration of the maturity of the Revolver Facility. Subject to certain exceptions, the Revolver Facility also limits distributions with respect to our equity interests, such as cash dividends and share repurchases, based on a defined ratio, and sets forth negative covenants that restrict indebtedness, liens, investments, sales of assets, fundamental changes and other matters.

Convertible Senior Notes

On June 15, 2021, we issued \$345.0 million aggregate principal amount of convertible senior notes due 2026 ("Notes"). The net proceeds from the sale of the Notes were approximately \$334.9 million after deducting issuance costs related to the Notes.

The Notes are senior, unsecured obligations and are (i) equal in right of payment with our existing and future senior, unsecured indebtedness; (ii) senior in right of payment to our existing and future indebtedness that is expressly subordinated to the Notes; (iii) effectively subordinated to our existing and future secured indebtedness, to the extent of the value of the collateral securing that indebtedness; and (iv) structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent we are not a holder thereof) preferred equity, if any, of our subsidiaries. The Notes were issued pursuant to, and are governed by, an indenture (the "Base Indenture") between us and a trustee ("Trustee"), dated as of June 15, 2021, as supplemented by a first supplemental indenture (the "Supplemental Indenture," and the Base Indenture, as supplemented by the Supplemental Indenture, the "Indenture"), dated as of June 15, 2021, between the Company and the Trustee.

The Notes accrue interest at a rate of 0.375% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2021. The Notes will mature on June 15, 2026, unless earlier repurchased, redeemed or converted. Before February 17, 2026, noteholders will have the right to convert their Notes only upon the occurrence of certain events. From and after February 17, 2026, noteholders may convert their Notes at any time at their election until the close of business on the second scheduled trading day immediately before the maturity date. We will have the right to elect to settle conversions either entirely in cash or in a combination of cash and shares of our common stock. However, upon conversion of any Notes, the conversion value, which will be determined over an "Observation Period" (as defined in the Indenture) consisting of 30 trading days, will be paid in cash up to at least the principal amount of the Notes being converted. The initial conversion rate is 12.7551 shares of common stock per \$1,000 principal amount of Notes, which represents an initial conversion price of approximately \$ 78.40 per share of common stock. The conversion rate and conversion price will be subject to customary adjustments upon the occurrence of certain events. In addition, if certain corporate events that constitute a "Make-Whole Fundamental Change" (as defined in the Indenture) occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time. As of October 1, 2024, the conversion rate for the Notes was 13.7961 shares of common stock per \$1,000 principal amount of the Notes, which represents a conversion price of approximately \$72.48 per share of common stock. In connection with the cash dividend that was declared by our Board on October 23, 2024, on November 13, 2024 we will adjust the conversion rate (which is expected to increase) and the conversion price (which is expected to decrease) of the Notes in accordance with the terms.

The Notes are redeemable, in whole or in part (subject to certain limitations described below), at our option at any time, and from time to time, on or after June 20, 2024 and on or before the 30th scheduled trading day immediately before the maturity date, at a cash redemption price equal to the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, but only if the last reported sale price per share of our common stock exceeds 130% of the conversion price on (i) each of at least 20 trading days, whether or not consecutive, during the 30 consecutive trading days ending on, and including, the trading day immediately before the date we send the related redemption notice; and (ii) the trading day immediately before the date we send such notice. However, we may not redeem less than all of the outstanding Notes unless at least \$150.0 million aggregate principal amount of Notes are outstanding and not called for redemption as of the time we send the related redemption notice. In addition, calling any Note for redemption will constitute a Make-Whole Fundamental Change with respect to that Note, in which case the conversion rate applicable to the conversion of that Note will be increased in certain circumstances if it is converted after it is called for redemption.

If certain corporate events that constitute a "Fundamental Change" (as defined in the Indenture) occur, then, subject to a limited exception for certain cash mergers, noteholders may require us to repurchase their Notes at a cash repurchase price equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the fundamental change repurchase date. The definition of Fundamental Change includes certain business combination transactions involving us and certain de-listing events with respect to our common stock.

The Notes have customary provisions relating to the occurrence of "Events of Default" (as defined in the Indenture), which include the following: (i) certain payment defaults on the Notes (which, in the case of a default in the payment of interest on the Notes, will be subject to a 30-day cure period); (ii) our failure to send certain notices under the Indenture within specified periods of time; (iii) our failure to comply with certain covenants in the Indenture relating to our ability to consolidate with or merge with or into, or sell, lease or otherwise transfer, in one transaction or a series of transactions, all or substantially all of our assets and our subsidiaries, taken as a whole, to another person; (iv) a default by us in our other obligations or agreements under the Indenture or the Notes if such default is not cured or waived within 60 days after notice is given in accordance with the Indenture; (v) certain defaults by us or any of our significant subsidiaries with respect to indebtedness for borrowed money of at least \$20,000,000; (vi) the rendering of certain judgments against us or any of our significant subsidiaries for the payment of at least \$25,000,000, where such judgments are not discharged or stayed within 60 days after the date on which the right to appeal has expired or on which all rights to appeal have been extinguished; and (vii) certain events of bankruptcy, insolvency and reorganization involving us or any of our significant subsidiaries.

If an Event of Default involving bankruptcy, insolvency or reorganization events with respect to us (and not solely with respect to a significant subsidiary of ours) occurs, then the principal amount of, and all accrued and unpaid interest on, all of the Notes then outstanding will immediately become due and payable without any further action or notice by any person. If any other Event of Default occurs and is continuing, then, the Trustee, by notice to us, or noteholders of at least 25% of the aggregate principal amount of Notes then outstanding, by notice to us and the Trustee, may declare the principal amount of, and all accrued and unpaid interest on, all of the Notes then outstanding to become due and payable immediately. However, notwithstanding the foregoing, we may elect, at our option, that the sole remedy for an Event of Default relating to certain failures by us to comply with certain reporting covenants in the Indenture consists exclusively of the right of the noteholders to receive special interest on the Notes for up to 180 days at a specified rate per annum not exceeding 0.50% on the principal amount of the Notes.

As of October 1, 2024, the Notes had a gross principal balance of \$ 345.0 million and a balance of \$ 341.6 million, net of unamortized issuance costs of \$3.4 million. Total amortization expense was \$ 0.5 million and \$1.5 million during the thirteen and thirty-nine weeks ended October 1, 2024, respectively. Total amortization expense was \$0.5 million and \$1.5 million during thirteen and thirty-nine weeks ended October 3, 2023, respectively. The effective interest rate for the Notes was 0.96% as of October 1, 2024.

6. Leases

Components of lease expense were as follows (in thousands):

	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Operating	\$ 38,809	\$ 36,620	\$ 114,358	\$ 107,888
Variable	21,598	20,414	67,500	64,726
Short-term	38	32	119	111
Total	<u>\$ 60,445</u>	<u>\$ 57,066</u>	<u>\$ 181,977</u>	<u>\$ 172,725</u>

Supplemental information related to leases (in thousands):

	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 114,656	\$ 108,642
Right-of-use assets obtained in exchange for new operating lease liabilities	44,163	48,944

7. Commitments and Contingencies

Within the ordinary course of our business, we are subject to private lawsuits, government audits and investigations, administrative proceedings and other claims. These matters typically involve claims from customers, staff members and others related to operational and employment issues common to the foodservice industry. A number of these claims may exist at any given time, and some of the claims may be pled as class actions. From time to time, we are also involved in lawsuits with respect to infringements of, or challenges to, our registered trademarks and other intellectual property, both domestically and abroad. We could be affected by adverse publicity and litigation costs resulting from such allegations, regardless of whether they are valid or whether we are legally determined to be liable.

At this time, we believe that the amount of reasonably possible losses resulting from final disposition of any pending lawsuits, audits, investigations, proceedings and claims will not have a material adverse effect individually or in the aggregate on our financial position, results of operations or liquidity. It is possible, however, that our future results of operations for a particular quarter or fiscal year could be impacted by changes in circumstances relating to lawsuits, audits, proceedings or claims. Legal costs related to such claims are expensed as incurred.

8. Stockholders' Equity

Common Stock – Dividends and Share Repurchases

On July 25, 2024, our Board declared a quarterly cash dividend of \$ 0.27 per share, which was paid on August 27, 2024 to the stockholders of record of each share of our common stock at the close of business on August 14, 2024. Future decisions to pay or to increase or decrease dividends are at the discretion of the Board and will be dependent on our operating performance, financial condition, capital expenditure requirements, limitations on cash distributions pursuant to the terms and conditions of the Loan Agreement and applicable law, and such other factors that the Board considers relevant. (See Notes 5 and 12 for further discussion of our long-term debt and dividends declared subsequent to October 1, 2024, respectively.)

Under authorization by our Board to repurchase up to 61.0 million shares of our common stock, we have cumulatively repurchased 57.0 million shares at a total cost of \$ 1,829.2 million, excluding excise tax, through October 1, 2024, with 29,450 and 0.5 million shares repurchased at a cost of \$1.1 million and \$17.5 million, excluding excise tax, during the thirteen and thirty-nine weeks ended October 1, 2024, respectively. Our objectives with regard to share repurchases have been to offset the dilution to our shares outstanding that results from equity compensation grants and to supplement our earnings per share growth.

Our share repurchase program does not have an expiration date, does not require us to purchase a specific number of shares and may be modified, suspended or terminated at any time. Share repurchases may be made from time to time in open market purchases, privately-negotiated transactions, accelerated share repurchase programs, issuer self-tender offers or otherwise. Future decisions to repurchase shares are at the discretion of the Board and are based on several factors, including current and forecasted operating cash flows, capital needs associated with new restaurant development and maintenance of existing locations, dividend payments, debt levels and cost of borrowing, obligations associated with the FRC acquisition agreement, our share price and current market conditions. The timing and number of shares repurchased are also subject to legal constraints and covenants under the Loan Agreement that limit share repurchases based on a defined ratio. (See Note 5 for further discussion of our long-term debt.)

9. Stock-Based Compensation

We maintain stock-based incentive plans under which incentive stock options, non-qualified stock options, stock appreciation rights, restricted shares and restricted share units may be granted to staff members, consultants and non-employee directors. The following table presents information related to stock-based compensation, net of forfeitures (in thousands):

	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Labor expenses	\$ 2,829	\$ 2,365	\$ 7,890	\$ 7,153
Other operating costs and expenses	97	76	253	227
General and administrative expenses	4,095	4,182	13,353	11,470
Total stock-based compensation	7,021	6,623	21,496	18,850
Income tax benefit	1,755	1,653	5,369	4,706
Total stock-based compensation, net of taxes	\$ 5,266	\$ 4,970	\$ 16,127	\$ 14,144
Capitalized stock-based compensation ⁽¹⁾	\$ 58	\$ 44	\$ 163	\$ 131

- (1) It is our policy to capitalize the portion of stock-based compensation costs for our internal development department that relates to capitalizable activities such as the design and construction of new restaurants, remodeling existing locations and equipment installation. Capitalized stock-based compensation is included in property and equipment, net on the consolidated balance sheets.

Stock Options

We did not issue any stock options during the third quarters of fiscal 2024 and fiscal 2023. Stock option activity during the thirty-nine weeks ended October 1, 2024 was as follows:

	Shares (In thousands)	Weighted- Average Exercise Price (Per share)	Weighted- Average Remaining Contractual Term (In years)	Aggregate Intrinsic Value ⁽¹⁾ (In thousands)
Outstanding at January 2, 2024	1,550	\$ 45.75	3.8	\$ 0
Granted	81	34.91		
Exercised	—	—		
Forfeited or cancelled	(156)	50.26		
Outstanding at October 1, 2024	1,475	\$ 44.68	3.8	\$ 1,007
Exercisable at October 1, 2024	1,235	\$ 45.90	3.1	\$ 395

- (1) Aggregate intrinsic value is calculated as the difference between our closing stock price at fiscal period end and the exercise price, multiplied by the number of in-the-money options and represents the pre-tax amount that would have been received by the option holders, had they all exercised their options on the fiscal period-end date.

There were no options exercised during the thirteen and thirty-nine weeks ended October 1, 2024. There were no options exercised during the thirteen and thirty-nine weeks ended October 3, 2023. As of October 1, 2024, total unrecognized stock-based compensation expense related to unvested stock options was \$1.6 million, which we expect to recognize over a weighted-average period of approximately 2.1 years.

Restricted Shares and Restricted Share Units

Restricted share and restricted share unit activity during the thirty-nine weeks ended October 1, 2024 was as follows:

	Shares (In thousands)	Weighted-Average Fair Value (Per share)
Outstanding at January 2, 2024	2,886	\$ 40.28
Granted	895	35.19
Vested	(522)	46.76
Forfeited	(104)	45.78
Outstanding at October 1, 2024	3,155	\$ 37.89

Fair value of our restricted shares and restricted share units is based on our closing stock price on the date of grant. The weighted average fair value for restricted shares and restricted share units issued during the third quarter of fiscal 2024 and 2023 was \$36.69 and \$36.81, respectively. The fair value of shares that vested during the thirteen and thirty-nine weeks ended October 1, 2024 was \$1.9 million and \$24.4 million, respectively. The fair value of shares that vested during the thirteen and thirty-nine weeks ended October 3, 2023 was \$3.3 million and \$19.9 million, respectively. As of October 1, 2024, total unrecognized stock-based compensation expense related to unvested restricted shares and restricted share units was \$61.7 million, which we expect to recognize over a weighted-average period of approximately 3.0 years.

10. Net Income Per Share

Basic net income per share is computed by dividing net income by the weighted-average number of common shares outstanding during the period, reduced by unvested restricted stock awards. As of October 1, 2024 and October 3, 2023, 3.2 million and 2.8 million shares, respectively, of restricted stock and restricted stock units issued were unvested and, therefore, excluded from the calculation of basic earnings per share for the fiscal periods ended on those dates.

Diluted net income per share is computed by dividing net income by the weighted-average number of common stock equivalents outstanding for the period. Common stock equivalents for the Notes are determined by application of the if-converted method, and common stock equivalents for outstanding stock options, restricted stock and restricted stock units are determined by the application of the treasury stock method.

	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
	(In thousands, except per share data)			
Net income	\$ 29,994	\$ 17,945	\$ 115,629	\$ 88,670
Basic weighted-average shares outstanding	47,750	48,281	47,734	48,489
Dilutive effect of equity awards ⁽¹⁾	1,196	704	1,017	708
Diluted weighted-average shares outstanding	48,946	48,985	48,751	49,197
Basic net income per share	\$ 0.63	\$ 0.37	\$ 2.42	\$ 1.83
Diluted net income per share	\$ 0.61	\$ 0.37	\$ 2.37	\$ 1.80

- (1) Shares of common stock equivalents related to outstanding stock options, restricted stock and restricted stock units of 2.7 million and 2.8 million for October 1, 2024 and October 3, 2023, were excluded from the diluted calculation due to their anti-dilutive effect. No shares of common stock equivalents related to the Notes were included in the diluted calculation due to their anti-dilutive effect.

11. Segment Information

Our operating segments, the businesses for which our management reviews discrete financial information for decision-making purposes, are comprised of The Cheesecake Factory, North Italia, Flower Child, the other FRC brands and our bakery division. Based on quantitative thresholds set forth in Accounting Standards Codification ("ASC") 280, Segment Reporting, The Cheesecake Factory, North Italia and the other FRC brands are the only businesses that meet the criteria of a reportable operating segment. The remaining operating segments (Flower Child and our bakery division) along with our businesses that do not qualify as operating segments are combined in Other. Unallocated corporate expenses, capital expenditures and assets are also combined in Other.

Segment information is presented below (in thousands):

	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Revenues:				
The Cheesecake Factory restaurants	\$ 647,754	\$ 628,140	\$ 1,992,245	\$ 1,936,621
North Italia	71,878	62,417	218,266	191,654
Other FRC	66,984	58,642	214,850	193,010
Other	78,855	81,011	235,375	241,209
Total	<u>\$ 865,471</u>	<u>\$ 830,210</u>	<u>\$ 2,660,736</u>	<u>\$ 2,562,494</u>
Income from operations:				
The Cheesecake Factory restaurants	\$ 87,822	\$ 67,637	\$ 274,928	\$ 231,700
North Italia	4,408	4,081	13,085	15,314
Other FRC	(1,372)	1,036	8,510	15,826
Other	(57,158)	(53,724)	(164,838)	(162,413)
Total	<u>\$ 33,700</u>	<u>\$ 19,030</u>	<u>\$ 131,685</u>	<u>\$ 100,427</u>
Depreciation and amortization:				
The Cheesecake Factory restaurants	\$ 16,142	\$ 15,702	\$ 49,242	\$ 47,955
North Italia	2,360	1,578	6,653	4,713
Other FRC	3,031	1,891	8,246	5,627
Other	3,766	3,666	10,874	10,829
Total	<u>\$ 25,299</u>	<u>\$ 22,837</u>	<u>\$ 75,015</u>	<u>\$ 69,124</u>
Impairment of assets and lease termination (income)/expenses:				
The Cheesecake Factory restaurants	\$ (3,858)	\$ 29	\$ (1,732)	\$ 160
North Italia	—	—	—	—
Other FRC	—	—	—	55
Other	386	19	155	1,422
Total	<u>\$ (3,472)</u>	<u>\$ 48</u>	<u>\$ (1,577)</u>	<u>\$ 1,637</u>
Preopening costs:				
The Cheesecake Factory restaurants	\$ 1,483	\$ 3,861	\$ 5,615	\$ 8,401
North Italia	1,765	1,068	5,179	2,132
Other FRC	2,900	1,764	6,810	4,483
Other	857	49	2,256	784
Total	<u>\$ 7,005</u>	<u>\$ 6,742</u>	<u>\$ 19,860</u>	<u>\$ 15,800</u>
Capital expenditures:				
The Cheesecake Factory restaurants	\$ 22,036	\$ 22,973	\$ 52,619	\$ 54,729
North Italia	9,705	6,573	25,068	19,583
Other FRC	13,393	4,459	23,672	15,629
Other	9,080	3,258	19,153	9,982
Total	<u>\$ 54,214</u>	<u>\$ 37,263</u>	<u>\$ 120,512</u>	<u>\$ 99,923</u>

	<u>October 1, 2024</u>	<u>January 2, 2024</u>
Total assets:		
The Cheesecake Factory restaurants	\$ 1,495,877	\$ 1,571,943
North Italia	405,487	346,810
Other FRC	405,295	399,038
Other	629,129	522,592
Total	<u>\$ 2,935,788</u>	<u>\$ 2,840,383</u>

12. Subsequent Events

On October 23, 2024, our Board declared a quarterly cash dividend of \$ 0.27 per share to be paid on November 26, 2024 to the stockholders of record of each share of our common stock at the close of business on November 13, 2024.

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

Forward-Looking Statements

Certain information included in this Form 10-Q and other materials we have filed or may file with the Securities and Exchange Commission ("SEC"), as well as information included in oral or written statements made by us or on our behalf, may contain forward-looking statements about our current and presently expected performance trends, growth plans, business goals and other matters.

These statements may be contained in our filings with the SEC, in our press releases, in other written communications, and in oral statements made by or with the approval of one of our authorized officers. These statements are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as codified in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (together with the Securities Act, the "Acts"). This includes, without limitation, statements regarding corporate social responsibility ("CSR") and in our CSR report, the effects of geopolitical and macroeconomic factors on our financial condition and our results of operations, financial guidance and projections, as well as expectations of our future financial condition, results of operations, sales, target growth rates, cash flows, quarterly dividends, share repurchases, corporate strategy, potential price increases, plans, targets, goals, objectives, performance, growth potential, competitive position and business, and statements regarding our ability to: leverage our competitive strengths, including developing and investing in new restaurant concepts and expanding The Cheesecake Factory® brand to other retail opportunities; maintain our aggregate sales volumes; deliver comparable sales growth; provide a differentiated experience to customers; outperform the casual dining industry and increase our market share; leverage sales increases and manage flow through; manage cost pressures, including, increasing wage rates and insurance costs, and increase margins; grow earnings; remain relevant to consumers; attract and retain qualified management and other staff; increase shareholder value; find suitable sites and manage increasing construction costs; profitably expand our concepts domestically and in Canada, and work with our licensees to expand The Cheesecake Factory internationally; support the growth of North Italia, Flower Child and Other FRC restaurants; and utilize our capital effectively. These forward-looking statements may be affected by various factors including: economic, public health and political conditions that impact consumer confidence and spending, including changes in interest rates, periods of heightened inflation and market instability, and armed conflicts; supply chain disruptions; demonstrations, political unrest, potential damage to or closure of our restaurants and potential reputational damage to us or any of our brands; pandemics and related containment measures, including the potential for quarantines or restriction on in-person dining; acceptance and success of The Cheesecake Factory in international markets; acceptance and success of North Italia, Flower Child and Other FRC concepts; the risks of doing business abroad through Company-owned restaurants and/or licensees; foreign exchange rates, tariffs and cross border taxation; changes in unemployment rates; increases in minimum wages and benefit costs; the economic health of our landlords and other tenants in retail centers in which our restaurants are located, and our ability to successfully manage our lease arrangements with landlords; the economic health of suppliers, licensees, vendors and other third parties providing goods or services to us; the timing of our new unit development and related permitting; compliance with debt covenants; strategic capital allocation decisions including with respect to share repurchases or dividends; the ability to achieve projected financial results; the resolution of uncertain tax positions with the Internal Revenue Service and the impact of tax reform legislation; changes in laws impacting our business; adverse weather conditions in regions in which our restaurants are located; factors that are under the control of government agencies, landlords and other third parties; the risks, costs and uncertainties associated with opening new restaurants; and other risks and uncertainties detailed from time to time in our filings with the SEC. Such forward-looking statements include all other statements that are not historical facts, as well as statements that are preceded by, followed by or that include words or phrases such as "believe," "plan," "will likely result," "expect," "intend," "will continue," "is anticipated," "estimate," "project," "may," "could," "would," "should" and similar expressions. These statements are based on our current expectations and involve risks and uncertainties which may cause results to differ materially from those set forth in such statements.

In connection with the "safe harbor" provisions of the Acts, we have identified and are disclosing important factors, risks and uncertainties that could cause our actual results to differ materially from those projected in forward-looking statements made by us, or on our behalf. (See Part II, Item 1A of this report, "Risk Factors," and Part I, Item 1A, "Risk Factors," included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2024.) These cautionary statements are to be used as a reference in connection with any forward-looking statements. The factors, risks and uncertainties identified in these cautionary statements are in addition to those contained in any other cautionary statements, written or oral, which may be made or otherwise addressed in connection with a forward-looking statement or contained in any of our subsequent filings with the SEC. Because of these factors, risks and uncertainties, we caution against placing undue reliance on forward-looking statements. Although we believe that the assumptions underlying forward-looking statements are currently reasonable, any of the assumptions could be incorrect or incomplete, and there

can be no assurance that forward-looking statements will prove to be accurate. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to publicly update or revise any forward-looking statements or to make any other forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by law.

The below discussion and analysis, which contains forward-looking statements, should be read in conjunction with our interim unaudited condensed consolidated financial statements and related notes in Part I, Item 1 of this report and with the following items included in our Annual Report on Form 10-K for the fiscal year ended January 2, 2024: the audited consolidated financial statements and related notes in Part IV, Item 15; “Risk Factors” included in Part I, Item 1A; “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in Part II, Item 7; and the cautionary statements included throughout this Form 10-Q. The inclusion of supplementary analytical and related information herein may require us to make estimates and assumptions to enable us to fairly present, in all material respects, our analysis of trends and expectations with respect to our results of operations and financial position.

Geopolitical and Other Macroeconomic Impacts to our Operating Environment

Beginning in 2021, our operating results were impacted by geopolitical and other macroeconomic events, causing supply chain challenges and significantly increased commodity and wage inflation. While we have seen improvements in many of these areas, some of these factors continue to impact our operating results in fiscal 2024, contributing to significantly increased commodity and other costs. We have also encountered delays in opening new restaurants primarily due to delays in permitting and landlord readiness, as well as supply chain challenges.

The ongoing impact of geopolitical and macroeconomic events could lead to further shifts in consumer behavior, wage inflation, staffing challenges, product and services cost inflation, disruptions in the supply chain and delay in new restaurant openings. Climate change may further exacerbate a number of these factors. For more information regarding the risks to our business relating to the geopolitical and macroeconomic events, see “Risk Factors” in Item 1A of our Annual Report on Form 10-K for the fiscal year ended January 2, 2024.

General

The Cheesecake Factory Incorporated is a leader in experiential dining. We are culinary forward and relentlessly focused on hospitality. We currently own and operate 344 restaurants throughout the United States and Canada under brands including The Cheesecake Factory® (215 locations), North Italia® (40 locations), Flower Child® (35 locations) and additional brands within our FRC portfolio (47 locations). Internationally, 34 The Cheesecake Factory® restaurants operate under licensing agreements. Our bakery division operates two facilities that produce quality cheesecakes and other baked products for our restaurants, international licensees and third-party bakery customers.

Overview

Our strategy is driven by our commitment to customer satisfaction and is focused primarily on menu innovation, service and operational execution to continue to differentiate ourselves from other restaurant concepts, as well as to drive competitively strong performance that is sustainable. Financially, we are focused on prudently managing expenses at our restaurants, bakery facilities and corporate support center, and leveraging our size to make the best use of our purchasing power.

Investing in new Company-owned restaurant development is our top long-term capital allocation priority, with a focus on opening our concepts in premier locations within both new and existing markets. We plan to continue expanding The Cheesecake Factory, North Italia concepts, Flower Child and in addition, our FRC subsidiary serves as an incubation engine, innovating new food, dining and hospitality experiences to create fresh, exciting concepts.

Our overall revenue growth is primarily driven by revenues from new restaurant openings and increases in comparable restaurant sales.

For The Cheesecake Factory concept, our strategy is to increase comparable restaurant sales by growing average check and maintaining customer traffic through (1) continuing to offer innovative, high quality menu items that offer customers a wide range of options in terms of flavor, price and value, (2) focusing on service and hospitality with the goal of delivering an exceptional customer experience and (3) continuing to provide our customers with convenient options for off-premise dining. We are continuing our efforts on a number of initiatives, including menu innovation, a greater focus on increasing customer throughput in our restaurants, leveraging our gift card program, working with a third party to provide delivery services for our restaurants, increasing customer awareness of our online ordering capabilities, improving the pick-up experience, augmenting our marketing programs, including our Cheesecake Rewards® program, enhancing our training programs and leveraging our customer satisfaction measurement platform.

Average check variations are driven by menu price increases and/or changes in menu mix. We generally update The Cheesecake Factory menus twice each year, and our philosophy is to use price increases to help offset key operating cost increases in a manner that balances support of both our margin objectives and customer traffic levels, utilizing a market-based strategy to help mitigate cost pressure in higher-wage geographies. Prior to fiscal 2022, we targeted menu price increases of approximately 2% to 3% annually. Beginning in 2022, we have implemented menu price increases above our historical levels to help offset significant inflationary cost pressures. Current and future near-term pricing actions may also be at levels above historical norms to keep pace with any significant cost increases. In addition, on a regular basis, we carefully consider opportunities to adjust our menu offerings or ingredients to help manage product availability and cost.

Margins are subject to fluctuations in commodity costs, labor, restaurant-level occupancy expenses, general and administrative ("G&A") expenses and preopening expenses. Our objective is to recapture our pre-COVID-19 pandemic margins and longer-term to drive margin expansion, by leveraging incremental sales to increase restaurant-level margins at The Cheesecake Factory concept, leveraging our bakery operations, international and consumer packaged goods royalty revenue streams and G&A expense over time, and optimizing our restaurant portfolio.

We plan to employ a balanced capital allocation strategy comprised of investing in new restaurants that are expected to meet our targeted returns, repaying borrowings under our Revolving Facility and returning capital to shareholders through our dividend and share repurchase programs, the latter of which offsets dilution from our equity compensation program and supports our earnings per share growth. Future decisions to pay or to increase or decrease dividends or to repurchase shares are at the discretion of the Board and will be dependent on a number of factors, including limitations pursuant to the terms and conditions of the Loan Agreement and applicable law.

Longer-term, we believe our domestic revenue growth (comprised of our targeted annual unit growth of 7%, in aggregate across concepts, and comparable sales growth), combined with margin expansion, planned debt repayments and an anticipated capital return program will support our long-term financial objective of 13% to 14% total return to shareholders, on average. We define our total return as earnings per share growth plus our dividend yield.

Results of Operations

The following table presents, for the periods indicated, information from our condensed consolidated statements of income expressed as percentages of revenues. The results of operations for the interim periods presented are not necessarily indicative of the results to be expected for any other interim period or for the full fiscal year.

	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Revenues	100.0 %	100.0 %	100.0 %	100.0 %
Costs and expenses:				
Food and beverage costs	22.6	23.5	22.6	23.5
Labor expenses	35.9	36.3	35.7	35.9
Other operating costs and expenses	27.7	27.6	26.9	26.7
General and administrative expenses	6.5	6.5	6.4	6.4
Depreciation and amortization expenses	2.9	2.8	2.8	2.7
Impairment of assets and lease termination (income)/expenses	(0.4)	0.0	(0.1)	0.1
Acquisition-related contingent consideration, compensation and amortization expenses	0.1	0.2	0.1	0.2
Preopening costs	0.8	0.8	0.7	0.6
Total costs and expenses	96.1	97.7	95.1	96.1
Income from operations	3.9	2.3	4.9	3.9
Interest and other expense, net	(0.2)	(0.3)	(0.2)	(0.2)
Income before income taxes	3.7	2.0	4.7	3.7
Income tax provision/(benefit)	0.2	(0.2)	0.4	0.2
Net income	3.5 %	2.2 %	4.3 %	3.5 %

Thirteen Weeks Ended October 1, 2024 Compared to Thirteen Weeks Ended October 3, 2023

Revenues

Revenues increased 4.3% to \$865.5 million for the fiscal quarter ended October 1, 2024 compared to \$830.2 million for the comparable prior year period, primarily due to additional revenue related to new restaurant openings and an increase in comparable restaurant sales.

The Cheesecake Factory sales increased 3.1% to \$647.8 million for the third quarter of fiscal 2024 compared to \$628.1 million for the third quarter of fiscal 2023. Average sales per restaurant operating week increased 1.4% to \$231,011 in the third quarter of fiscal 2024 from \$227,917 in the third quarter of fiscal 2023. Total operating weeks at The Cheesecake Factory restaurants increased 1.7% to 2,804 in the third quarter of fiscal 2024 compared to 2,756 in the prior year. The Cheesecake Factory comparable sales increased by 1.6%, or \$9.6 million, from the third quarter of fiscal 2023. This increase was primarily driven by an increase in average check of 2.4% (based on an increase of 4.5% in menu pricing and partially offset by 2.1% negative impact from mix), partially offset by decreased customer traffic of 0.8%. We implemented effective menu price increases of approximately 2.5% and 2.0% in the first and third quarters of fiscal 2024, respectively. Sales through the off-premise channel comprised approximately 21% of our restaurant sales during the third quarter of both fiscal 2024 and fiscal 2023. We account for each off-premise order as one customer for traffic measurement purposes. Therefore, average check is generally higher for off-premise orders as most are for more than one customer.

North Italia sales increased 15.2% to \$71.9 million for the third quarter of fiscal 2024, compared to \$62.4 million for the third quarter of fiscal 2023. Average sales per restaurant operating week decreased 2.6% to \$141,771 in the third quarter of fiscal 2024 from \$145,494 in the third quarter of fiscal 2023. Total operating weeks at North Italia increased 18.2% to 507 in the third quarter of fiscal 2024 compared to 429 in the prior year. North Italia comparable sales increased approximately 2% from the third quarter of fiscal 2023. This increase was primarily driven by an increase in average check of 4% (based on an increase of 6% in menu pricing, partially offset by a 2% negative impact from mix), partially offset by decreased customer traffic of 2%. We implemented effective menu price

increases of approximately 2.2% and 3.7% in the second quarter of fiscal 2024 and the fourth quarter of fiscal 2023, respectively. We are in the process of implementing approximately a 2.3% price increase in the fourth quarter of fiscal 2024.

Flower Child sales increased 13.7% to \$36.6 million for the third quarter of fiscal 2024, compared to \$32.2 million for the third quarter of fiscal 2023. Flower Child sales per restaurant operating week increased 6.5% to \$85,225 in the third quarter of fiscal 2024 as compared to \$80,006 in the third quarter of fiscal 2023. Total operating weeks at Flower Child increased 6.7% to 430 in the third quarter of fiscal 2024 compared to 403 in the prior year.

Other FRC sales increased 14.3% to \$67.0 million for the third quarter of fiscal 2024, compared to \$58.6 million for the third quarter of fiscal 2023. Other FRC average sales per restaurant operating week decreased 4.4% to \$116,493 in the third quarter of fiscal 2024 from \$121,916 in the third quarter of fiscal 2023. Average sales per restaurant operating week were impacted by new restaurant openings, as well as the concept mix and a decline in comparable sales. Total operating weeks at Other FRC increased 19.5% to 575 in the third quarter of fiscal 2024 compared to 481 in the prior year.

Restaurants become eligible to enter the comparable sales base in their 19th month of operation. As of October 1, 2024, there were seven The Cheesecake Factory restaurants and six North Italia restaurants not yet in their respective comparable sales bases. International licensed locations and restaurants that are no longer in operation, including those which we have relocated, are excluded from comparable sales calculations.

Food and Beverage Costs

Food and beverage costs consist of raw materials and ingredients used in the food and beverage products sold in our restaurants and to our third-party bakery customers. As a percentage of revenues, food and beverage costs were 22.6% and 23.5% in the third quarters of fiscal 2024 and 2023, respectively, primarily due to menu price increases in excess of inflation across most categories (0.7%) and a shift in sales mix (0.2%).

Labor Expenses

As a percentage of revenues, labor expenses, which include restaurant-level labor costs and bakery production labor, including associated fringe benefits, were 35.9% and 36.3% in the third quarters of fiscal 2024 and 2023, respectively. This decrease is primarily driven by menu price increases in excess of wage rate inflation and improved productivity (1.0%), partially offset by higher group medical costs due to large claim activity (0.5%).

Other Operating Costs and Expenses

Other operating costs and expenses consist of all other restaurant-level operating costs, the major components of which are occupancy expenses (rent, common area expenses, insurance, licenses, taxes and utilities), dining room and to-go supplies, repairs and maintenance, janitorial expenses, credit card processing fees, marketing including delivery commissions, incentive compensation and bakery production overhead. As a percentage of revenues, other operating costs and expenses were 27.7% and 27.6% in the third quarters of fiscal 2024 and 2023, respectively. This variance was primarily driven by increased restaurant-level incentive compensation expense (0.2%), partially offset by a shift in sales mix (0.2%).

G&A Expenses

G&A expenses consist of the restaurant management recruiting and training program, restaurant field supervision, corporate support and bakery administrative organizations and gift card commissions to third-party distributors. As a percentage of revenues, G&A expenses were 6.5% in both the third quarter of fiscal 2024 and 2023. This was primarily due to the timing of operational leadership meetings (0.3%), partially offset by higher legal fees (0.2%).

Impairment of Assets and Lease Termination (Income)/Expenses

During the third quarter of fiscal 2024, we recorded impairment of assets and lease terminations income of \$3.5 million primarily related to lease termination income, net for two The Cheesecake Factory restaurants and one Social Monk location. During the third quarter of fiscal 2023, we recorded impairment of assets and lease terminations expense of \$48,000.

Preopening Costs

Preopening costs were \$7.0 million and \$6.7 million in the third quarters of fiscal 2024 and 2023, respectively. We opened one Flower Child and three Other FRC locations in the third quarter of fiscal 2024 compared to two The Cheesecake Factory locations in the third quarter of fiscal 2023. Restaurant-level preopening costs include all costs to relocate and compensate restaurant management staff members during the preopening period, costs to recruit and train hourly restaurant staff members, and wages, travel and lodging costs for our opening training team and other support staff members. Also included in preopening costs are expenses for maintaining a roster of trained managers for pending openings, the associated temporary housing and other costs necessary to relocate managers in alignment with future restaurant opening and operating needs. Preopening costs can fluctuate significantly from period to period based on the number, mix and timing of restaurant openings and the specific preopening costs incurred for each restaurant.

Income Tax Provision/(Benefit)

Our effective income tax rate was 5.8% and (5.5%) for the third quarters of fiscal 2024 and 2023, respectively. The increase was primarily due to leverage on higher annual forecasted income before taxes, predominantly related to employment credits, (6.2%), a larger cumulative benefit recorded in fiscal 2023 resulting from a decline in the effective tax rate from the second quarter to the third quarter (5.3%) and a smaller reduction to our reserve for uncertain tax positions (1.6%). These factors were offset by a higher amount of non-taxable gains on our investments in variable life insurance contracts used to support our non-qualified deferred compensation plan (1.2%).

Thirty-Nine Weeks Ended October 1, 2024 Compared to Thirty-Nine Weeks Ended October 3, 2023

Revenues

Revenues increased 3.8% to \$2,660.7 million for the first nine months ended October 1, 2024 compared to \$2,562.5 million for the comparable prior year period, primarily due to additional revenue related to new restaurant openings and an increase in comparable restaurant sales.

The Cheesecake Factory sales increased 2.9% to \$1,992.2 million for the first nine months of fiscal 2024 compared to \$1,936.6 million for the first nine months of fiscal 2023. Average sales per restaurant operating week increased 0.5% to \$236,637 in the first nine months of fiscal 2024 from \$235,398 in the first nine months of fiscal 2023. Total operating weeks at The Cheesecake Factory restaurants increased 2.3% to 8,419 in the first nine months of fiscal 2024 compared to 8,227 in the prior year. The Cheesecake Factory comparable sales increased by 0.8%, or \$14.9 million, from the first nine months of fiscal 2023. This increase was primarily driven by an increase in average check of 1.6% (based on an increase of 4.7% in menu pricing and partially offset by 3.1% negative impact from mix), partially offset by decreased customer traffic of 0.8%. Sales through the off-premise channel comprised approximately 21% of our restaurant sales during the first nine months of fiscal 2024 as compared to 22% in the first nine months of fiscal 2023.

North Italia sales increased 13.9% to \$218.3 million for the first nine months of fiscal 2024, compared to \$191.7 million for the first nine months of fiscal 2023. Average sales per restaurant operating week decreased 1.4% to \$146,881 in the first nine months of fiscal 2024 from \$148,915 in the first nine months of fiscal 2023. Total operating weeks at North Italia increased 15.5% to 1,486 in the first nine months of fiscal 2024 compared to 1,287 in the prior year. North Italia comparable sales increased approximately 2% from the first nine months of fiscal 2023. This increase was primarily driven by an increase in average check of 3% (based on an increase of 7% in menu pricing, partially offset by a 4% negative impact from mix), partially offset by decreased customer traffic of 1%.

Flower Child sales increased 10.1% to \$106.8 million for the first nine months of fiscal 2024, compared to \$97.0 million for the first nine months of fiscal 2023. Flower Child sales per restaurant operating week increased 4.7% to \$84,929 in the first nine months of fiscal 2024 from \$81,136 in the first nine months of fiscal 2023. Total operating weeks at Flower Child increased 5.2% to 1,258 in the first nine months of fiscal 2024 compared to 1,196 in the prior year.

Other FRC sales increased 11.3% to \$214.9 million for the first nine months of fiscal 2024, compared to \$193.0 million for the first nine months of fiscal 2023. Other FRC average sales per restaurant operating week decreased 6.2% to \$129,897 in the first nine months of fiscal 2024 from \$138,458 in the first nine months of fiscal 2023. Average sales per restaurant operating week were

impacted by new restaurant openings, as well as the concept mix and a decline in comparable sales. Total operating weeks at Other FRC increased 18.7% to 1,654 in the first nine months of fiscal 2024 compared to 1,394 in the prior year.

Food and Beverage Costs

As a percentage of revenues, food and beverage costs were 22.6% and 23.5% in the first nine months of fiscal 2024 and 2023, respectively, primarily due to menu price increases in excess of inflation across most categories (0.5%) and a shift in sales mix (0.3%).

Labor Expenses

As a percentage of revenues, labor expenses were 35.7% and 35.9% in the first nine months of fiscal 2024 and 2023, respectively. This decrease is primarily due to menu price increases in excess of wage rate inflation (0.5%), partially offset by increased management labor due to improved staffing levels (0.2%) and higher group medical costs due to large claim activity (0.2%).

Other Operating Costs and Expenses

As a percentage of revenues, other operating costs and expenses were 26.9% and 26.7% in the first nine months of fiscal 2024 and 2023, respectively. This variance was primarily driven by increased restaurant-level incentive compensation expense (0.2%), partially offset by a shift in sales mix (0.2%).

G&A Expenses

As a percentage of revenues, G&A expenses were 6.4% in both the first nine months of fiscal 2024 and fiscal 2023.

Impairment of Assets and Lease Termination (Income)/Expenses

During the first nine months of fiscal 2024, we recorded impairment of assets and lease terminations income of \$1.6 million primarily related to lease termination income, net for two The Cheesecake Factory restaurants, one Grand Lux Cafe location, one Flower Child location and one Social Monk location. During the first nine months of fiscal 2023, we recorded impairment of assets and lease terminations expense of \$1.6 million primarily related to lease termination costs for one Grand Lux Cafe location.

Preopening Costs

Preopening costs were \$19.9 million and \$15.8 million in the first nine months of fiscal 2024 and 2023, respectively. We opened one The Cheesecake Factory, three North Italia, four Flower Child and six Other FRC locations in the first nine months of fiscal 2024 compared to three The Cheesecake Factory, one Flower Child and three Other FRC locations in the first three quarters of fiscal 2023.

Income Tax Provision

Our effective income tax rate was 8.0% and 6.0% for the first nine months of fiscal 2024 and 2023, respectively. The increase was primarily due to leverage on higher annual forecasted income before taxes, predominantly related to employment credits, (4.1%). This was partially offset by a higher amount of non-taxable gains on our investments in variable life insurance contracts used to support our non-qualified deferred compensation plan (1.2%).

Non-GAAP Measures

Adjusted net income and adjusted diluted net income per share are supplemental measures of our performance that are not required by or presented in accordance with GAAP. These non-GAAP measures may not be comparable to similarly-titled measures used by other companies and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. We calculate these non-GAAP measures by eliminating from net income and diluted net income per share the impact of items we do not consider indicative of our ongoing operations. We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. Our inclusion of these adjusted measures should not be construed as an indication that our future results will be unaffected by unusual or infrequent items. In the future, we may incur expenses or generate income similar to the adjusted items.

Following is a reconciliation from net income and diluted net income per share to the corresponding adjusted measures (in thousands, except per share data):

	Thirteen Weeks Ended October 1, 2024	Thirteen Weeks Ended October 3, 2023	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Net income	\$ 29,994	\$ 17,945	\$ 115,629	\$ 88,670
Impairment of assets and lease termination (income)/expenses	(3,472)	48	(1,577)	1,637
Acquisition-related contingent consideration, compensation and amortization expenses	1,020	1,414	3,287	3,890
Tax effect of adjustments ⁽¹⁾	638	(380)	(445)	(1,437)
Adjusted net income	<u>\$ 28,180</u>	<u>\$ 19,027</u>	<u>\$ 116,894</u>	<u>\$ 92,760</u>
Diluted net income per share	\$ 0.61	\$ 0.37	\$ 2.37	\$ 1.80
Impairment of assets and lease termination (income)/expenses	(0.07)	0.00	(0.03)	0.03
Acquisition-related contingent consideration, compensation and amortization expenses	0.02	0.03	0.07	0.08
Tax effect of adjustments ⁽¹⁾	0.01	(0.01)	(0.01)	(0.03)
Adjusted diluted net income per share ⁽²⁾	<u>\$ 0.58</u>	<u>\$ 0.39</u>	<u>\$ 2.40</u>	<u>\$ 1.89</u>

(1) Based on the federal statutory rate and an estimated blended state tax rate, the tax effect on all adjustments assumes a 26% tax rate.

(2) Adjusted net income per share may not add due to rounding.

Fiscal 2024 Outlook

Based on recent trends and assuming no material operating or consumer disruptions, we anticipate total revenue for fiscal 2024 to be approximately \$3.57 billion.

During fiscal 2024, we currently estimate total inflation across our commodities, total labor (factoring in the latest trends in wage rates and channel mix, as well as in other components such as payroll taxes and benefits) and other operating costs and expenses to be in the low to mid-single digit range. We estimate G&A expenses to be slightly higher than fiscal 2023 as a percent of sales and preopening costs of approximately \$28 million. Based on these factors, we expect fiscal 2024 net income margin of approximately 4.5% based on the estimated revenue provided.

We plan to open as many as 22 new restaurants in fiscal 2024, including as many as three The Cheesecake Factory restaurants, six North Italia restaurants, six to seven Flower Child locations and eight restaurants within our Other FRC business. We anticipate approximately \$180 to \$200 million in cash capital expenditures to support this level of unit development, as well as required maintenance on our restaurants. Estimate includes new restaurant construction expenses which are classified as operating lease assets in the statement of cash flows. Restaurant opening dates may be impacted by supply chain challenges and permit approval delays.

Total revenues for the fourth quarter of fiscal 2024 are expected to be between \$905 million and \$915 million. We anticipate commodity inflation to be in the low-single digit range and expect labor inflation to be in the low to mid-single digit range. Based on these factors, we expect fourth quarter fiscal 2024 net income margin of 4.8% to 4.9% based on the estimated revenue range provided.

Fiscal 2025 Outlook

Based on our fiscal 2024 year-to-date performance and assuming no material operating or consumer disruptions, we anticipate total revenue for fiscal 2025 to be approximately \$3.75 billion. We anticipate commodity and net labor inflation to be in the low to mid-single digit range. We expect G&A expenses to be slightly better than fiscal 2024 as a percent of sales, depreciation expense of approximately \$106 million and preopening costs of approximately \$30 million. Based on these factors, we expect fiscal 2025 net income margin of approximately 4.75% at the mid-point of the estimated revenue provided.

Our development expectations for 2025 are to continue accelerating unit growth, with as many as 24 new restaurant openings. We anticipate approximately \$190 million to \$210 million in cash capital expenditures to support this level of unit development, required maintenance on our restaurants and our preliminary capital estimate for the initial phase of development for the third bakery facility.

Liquidity and Capital Resources

Our corporate financial objectives are to maintain a sufficiently strong and conservative balance sheet to support our operating initiatives and unit growth while maintaining financial flexibility to provide the financial resources necessary to protect and enhance the competitiveness of our restaurant and bakery brands and to provide a prudent level of financial capacity to manage the risks and uncertainties of conducting our business operations under various economic and industry cycles. Typically, cash flows generated from operating activities are our principal source of liquidity, which we use to finance our restaurant expansion plans, ongoing maintenance of our restaurants and bakery facilities and investment in our corporate and information technology infrastructures.

Similar to many restaurant and retail chain store operations, we utilize operating lease arrangements for all of our restaurant locations. Accordingly, our lease arrangements reduce, to some extent, our capacity to utilize funded indebtedness in our capital structure. We are not limited to the use of lease arrangements as our only method of opening new restaurants. However, we believe the operating lease arrangements continue to provide appropriate leverage for our capital structure in a financially efficient manner.

During the first nine months of fiscal 2024, our cash and cash equivalents decreased by \$4.1 million to \$52.2 million. The following table presents, for the periods indicated, a summary of our key cash flows from operating, investing and financing activities (in millions):

	Thirty-Nine Weeks Ended October 1, 2024	Thirty-Nine Weeks Ended October 3, 2023
Cash provided by operating activities	\$ 174.3	\$ 150.5
Additions to property and equipment	(120.5)	(99.9)
Acquisition-related deferred consideration and compensation	—	(24.2)
Common stock dividends paid	(39.8)	(40.1)
Treasury stock purchases, inclusive of excise tax	(17.5)	(36.3)

Cash Provided by Operating Activities

Cash flows from operations increased by \$23.8 million from the first nine months of fiscal 2023 primarily due higher net income and an increase in accounts payables due to a lower balance in fiscal 2023, partially offset by an increase in inventory levels and a payment of deferred consideration and compensation related to the FRC acquisition in excess of acquisition-date fair value. Typically, our requirement for working capital has not been significant since our restaurant customers pay for their food and beverage purchases in cash or cash equivalents at the time of sale, and we are able to sell many of our restaurant inventory items before payment is due to the suppliers of such items.

Property and Equipment

Capital expenditures for new restaurants, including locations under development, were \$76.1 million and \$61.6 million for the first nine months of fiscal 2024 and 2023, respectively. Capital expenditures also included \$38.1 million and \$34.2 million for our existing restaurants and \$6.3 million and \$4.1 million for bakery and corporate capacity and infrastructure investments in the first nine months of fiscal 2024 and 2023, respectively.

We opened 14 restaurants in the first nine months of fiscal 2024 comprised of one The Cheesecake Factory, three North Italia, four Flower Child and six Other FRC locations compared to three The Cheesecake Factory, one Flower Child and three Other FRC locations in the first nine months of fiscal 2023. We expect to open as many as 22 new restaurants in fiscal 2024 across our portfolio of concepts. We anticipate approximately \$180 to \$200 million in capital expenditures to support this level of unit development, as well as required maintenance on our restaurants. Estimate includes new restaurant construction expenses which are classified as operating lease assets in the statement of cash flows.

Acquisition-Related Deferred Consideration and Compensation

During the first nine months of 2023, we made payments of \$24.2 million for deferred consideration and compensation related to the FRC acquisition. During the first nine months of 2024, we made payments of \$6.5 million for deferred consideration and compensation related to the FRC acquisition that was included in cash provided by operating activities.

Convertible Senior Notes

On June 15, 2021, we issued \$345.0 million in aggregate principal amount of convertible senior notes ("Notes"), which will mature on June 15, 2026, unless earlier repurchased, redeemed or converted. The net proceeds from the sale of the Notes were approximately \$334.9 million after deducting issuance costs related to the Notes. As of October 1, 2024, the conversion rate for the Notes was 13.7961 shares of common stock per \$1,000 principal amount of the Notes, which represents a conversion price of approximately \$72.48 per share of common stock. In connection with the cash dividend that was declared by our Board on October 23, 2024, on November 13, 2024 we will adjust the conversion rate (which is expected to increase) and the conversion price (which is expected to decrease) of the Notes in accordance with the terms. (See Note 5 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this report for further discussion of the Notes.)

Credit Facility

On October 6, 2022, we entered into a Fourth Amended and Restated Loan Agreement (the "Loan Agreement" and the revolving credit facility provided thereunder, the "Revolver Facility"). The Loan Agreement amends and restates in its entirety our prior credit agreement. The Revolver Facility, which terminates on October 6, 2027, provides us with revolving loan commitments that total \$400 million, of which \$50 million may be used for issuances of letters of credit. The Revolver Facility contains a commitment increase feature that, subject to certain conditions precedent, could provide for an additional \$200 million in revolving loan commitments. Our obligations under the Revolver Facility are unsecured. Certain of our material subsidiaries have guaranteed our obligations under the Revolver Facility. As of October 1, 2024, we had net availability for borrowings of \$236.5 million, based on a \$130.0 million outstanding debt balance and \$33.5 million in standby letters of credit under the Revolver Facility.

Under the Revolver Facility, we are subject to financial covenants, as well as to customary events of default that, if triggered, could result in acceleration of the maturity of the Revolver Facility. Subject to certain exceptions, the Revolver Facility also limits distributions with respect to our equity interests, such as cash dividends and share repurchases, based on a defined ratio, and sets forth negative covenants that restrict indebtedness, liens, investments, sales of assets, fundamental changes and other matters. (See Note 5 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this report for further discussion of our long-term debt.)

Common Stock Dividends

Common stock dividends of \$39.8 million and \$40.1 million were paid in the first nine months of fiscal 2024 and 2023, respectively. As further discussed in Note 12 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this report, in October 2024, our Board declared a quarterly dividend to be paid in November 2024. Future decisions to pay or to increase or decrease dividends are at the discretion of the Board and will be dependent on our operating performance, financial condition, capital expenditure requirements, limitations on cash distributions pursuant to the terms and conditions of the Loan Agreement and applicable law, and other such factors that the Board considers relevant.

Share Repurchases

Under authorization by our Board to repurchase up to 61.0 million shares of our common stock, we have cumulatively repurchased 57.0 million shares at a total cost of \$1,829.2 million, excluding excise tax through October 1, 2024. We repurchased 0.5 million shares at a cost of \$17.5 million, excluding excise tax during the first nine months of fiscal 2024 compared to 1.1 million shares at a cost of \$36.3 million, excluding excise tax during the comparable fiscal 2023 period.

Our objectives with regard to share repurchases have been to offset the dilution to our shares outstanding that results from equity compensation grants and to supplement our earnings per share growth. Our share repurchase program does not have an expiration date, does not require us to purchase a specific number of shares and may be modified, suspended or terminated at any time. Future decisions to repurchase shares are at the discretion of the Board and are based on several factors, including current and forecasted operating cash flows, capital needs associated with new restaurant development and maintenance of existing locations, dividend payments, debt levels and cost of borrowing, obligations associated with the FRC acquisition, our share price and current market conditions. The timing and number of shares repurchased are also subject to legal constraints and financial covenants under our Loan Agreement that limit share repurchases based on a defined ratio. (See Note 8 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this report for further discussion of our repurchase authorization.)

Cash Flow Outlook

We believe that our cash and cash equivalents, combined with expected cash flows provided by operations and available borrowings under the Revolving Facility, will provide us with adequate liquidity for the next 12 months and the foreseeable future.

As of October 1, 2024, we had no financing transactions, arrangements or other relationships with any unconsolidated entities or related parties. Additionally, we had no financing arrangements involving synthetic leases or trading activities involving commodity contracts.

Critical Accounting Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions for the reporting periods covered by the financial statements. These estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosure of contingent liabilities. Actual results could differ from these estimates. Our critical accounting estimates have not changed materially from those previously reported in our Annual Report on Form 10-K for the fiscal year ended January 2, 2024.

Recent Accounting Pronouncements

See Note 1 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this report for a summary of new accounting standards.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The following discussion of market risks contains forward-looking statements and should be read in conjunction with our interim unaudited condensed consolidated financial statements and related notes in Part I, Item 1 of this report and with the following items in our Annual Report on Form 10-K for the fiscal year ended January 2, 2024: the audited consolidated financial statements and related notes in Part IV, Item 15; the "Risk Factors" in Part I, Item 1A; the "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7; and the cautionary statements included throughout the report. Actual results may differ materially from the following discussion based on general conditions in the commodity and financial markets.

The cost of products and services used in our operations is subject to volatility due to the relative availability of labor and distribution, weather, natural disasters, inventory levels and other supply and/or demand impacting events such as geopolitical events, economic conditions or other unforeseen circumstances. Climate change may further exacerbate a number of these factors. Beginning in fiscal 2021, our operating results were impacted by geopolitical and other macroeconomic events, causing supply chain challenges and significantly increased commodity and wage inflation. While we have seen improvements in many of these areas, some of these factors continue to impact our operating results in fiscal 2024, contributing to significantly increased commodity and other costs.

We attempt to negotiate short-term and long-term agreements for some of our principal commodity, supply and equipment requirements, such as certain dairy products and poultry, depending on market conditions and expected demand. While we are in the process of contracting for certain key food and non-food supplies for fiscal 2025, these efforts may not be successful or yield our intended benefits. We continue to evaluate the possibility of entering into similar arrangements for other commodities and periodically evaluate hedging vehicles, such as direct financial instruments, to assist us in managing risk and variability associated with such commodities. As of October 1, 2024, we had no hedging contracts in place.

Commodities for which we have not entered into contracts can be subject to unforeseen supply and cost fluctuations, which at times may be significant. Additionally, the cost of commodities subject to governmental regulation, such as dairy and corn, can be especially susceptible to price fluctuation. Goods we purchase on the international market may be subject to even greater fluctuations in cost and availability, which could result from a variety of factors, including the value of the U.S. dollar relative to other currencies, international trade disputes, tariffs, geopolitical unrest and varying global demand. We may not have the ability to increase menu prices or vary menu items in response to food commodity price increases. For the third quarters of fiscal 2024 and 2023, a hypothetical increase of 1% in food costs would have negatively impacted cost of sales by \$2.0 million and \$1.9 million, respectively.

We are exposed to market risk from interest rate changes on our funded debt. This exposure relates to the component of the interest rate on our Loan Agreement that is indexed to market rates. Based on outstanding borrowings at both October 1, 2024 and January 2, 2024, a hypothetical 1% rise in interest rates would have increased interest expense by \$1.3 million, on an annual basis. (See Note 5 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this report for further discussion of our long-term debt.)

We are also subject to market risk related to our investments in variable life insurance contracts used to support our non-qualified plans to the extent these investments are not equivalent to the related liability. In addition, because changes in these investments are not taxable, gains and losses result in tax benefit and tax expense, respectively, and directly affect net income through the income tax provision. Based on balances at October 1, 2024 and January 2, 2024, a hypothetical 10% decline in the market value of our deferred compensation asset and related liability would not have impacted income before income taxes. However, under such a scenario, net income would have declined by \$2.8 million and \$2.4 million at October 1, 2024 and January 2, 2024, respectively.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

We have established and maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only a reasonable assurance of achieving the desired control objectives, and management was necessarily required to apply its judgment in evaluating the cost-benefit relationship

of possible controls and procedures. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of October 1, 2024.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) during the fiscal quarter ended October 1, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings.

See Note 7 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this report.

Item 1A. Risk Factors.

A description of the risk factors associated with our business is contained in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended January 2, 2024 ("Annual Report"). These cautionary statements are to be used as a reference in connection with any forward-looking statements. The factors, risks and uncertainties identified in these cautionary statements are in addition to those contained in any other cautionary statements, written or oral, which may be made or otherwise addressed in connection with a forward-looking statement or contained in any of our subsequent filings with the SEC.

Except as set forth below, there have been no material changes in our risk factors since the filing of our Annual Report.

If any of our third-party vendors experiences a failure that affects a significant aspect of our business, we may experience data loss, increased costs, operational disruption or other harm, any of which could materially adversely affect our financial performance.

In order to leverage our internal resources and information technology infrastructure, and to support our business continuity and disaster recovery planning efforts, we rely on third-party vendors to provide some of our essential business processes. For example, we rely on a network of third-party distribution warehouses to deliver ingredients and other materials to our restaurants. In some instances, these processes rely on technology and may be outsourced to the vendor in their entirety and in other instances we utilize these vendors' externally-hosted business applications. Our vendors' systems have experienced cybersecurity incidents, including credential stuffing attacks in which compromised user credentials were used to breach the systems, and are vulnerable to a variety of risks, including, without limitation, theft, casualties such as fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external cybersecurity threats, including from diverse threat actors, such as state-sponsored organizations, opportunistic hackers and hacktivists, as well as through diverse attack vectors, such as malfeasance by insiders, human or technological error, malicious code embedded in open-source software, or misconfigurations, "bugs" or other vulnerabilities in commercial software that is integrated into our (or our suppliers' or service providers') network infrastructure, products or services, security breaches, denial of service attacks, viruses, worms, malware, ransomware, social engineering/phishing, breaches of the algorithms used to encrypt and protect data and other malicious, or disruptive or unauthorized events that jeopardize the confidentiality, integrity or availability of information systems or information residing therein, including confidential information and personal information (each, a "Cybersecurity Incident" and collectively, "Cybersecurity Incidents"). For example, in July 2024, we experienced disruptions to our information technology systems as part of the CrowdStrike software update that resulted in global information technology outages, including disruptions to our ability to process customer payments at certain of our restaurants. While we experienced this disruption for a limited period of time, the incident did not have a significant impact on our business. We also rely on third party services to effectively operate our restaurants including, for example, gift card distribution and transaction processing services, point-of-sale system services, online ordering services and food delivery services, and our Cheesecake Rewards® program. We derive substantial revenue from these aspects of our business, which could suffer in the event of any factor that adversely impacts our vendors' ability to provide such services. Such factors include, without limitation, loss of, or significant change in contractual terms of, key vendor contracts, vendor or processor failures, technology failures, changes in applicable laws or regulations, Security

Incidents, damage to the reputation of any key vendor and mandated employment relationships between companies that facilitate third-party delivery services and their service personnel. (See the risk factor titled "Changes in, or any failure to comply with, applicable laws or regulations could materially adversely affect our ability to operate our restaurants and/or increase our cost to do so, which could materially adversely affect our financial performance" in Item 1A of our Annual Report on Form 10-K for fiscal year ended January 2, 2024.)

We continue to review options to expand the use of third-party providers in other areas. Our general practice is to seek to work with service providers that are leading performers in their industries and with technology vendors that we understand employ up-to-date and appropriate data security practices and internal control practices. However, we cannot guarantee that failures will not occur. The failure of third-party vendors to provide adequate services, including, as result of any Security Incident, or to generally fail to employ up-to-date and appropriate data security and internal control practices, could significantly harm our operations and reputation, which could materially adversely affect our financial performance.

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

The following table presents our purchases of our common stock during the fiscal quarter ended October 1, 2024:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
July 3 — August 6, 2024	29,164	\$ 37.35	0	3,953,098
August 7 — September 3, 2024	286	38.36	0	3,952,812
September 4 — October 1, 2024	—	—	—	3,952,812
Total	29,450		0	

(1) The total number of shares purchased include 29,450 shares withheld upon vesting of restricted share awards to satisfy tax withholding obligations.

(2) The dollar value of shares repurchased excludes excise tax due under the Inflation Reduction Act of 2022.

Under authorization by our Board to repurchase up to 61.0 million shares of our common stock, we have cumulatively repurchased 57.0 million shares at a total cost of \$1,829.2 million, excluding excise tax, through October 1, 2024 with 29,450 shares repurchased at a cost of \$1.1 million, excluding excise tax during the third quarter of fiscal 2024. Our share repurchase program does not have an expiration date, does not require us to purchase a specific number of shares and may be modified, suspended or terminated at any time. The timing and number of shares repurchased are subject to legal constraints and financial covenants under our Loan Agreement that limit share repurchases based on a defined ratio. (See Note 8 of Notes to Condensed Consolidated Financial Statements in Part I, Item 1 of this report for further discussion of our repurchase authorization.)

Item 5. Other Information.

During the fiscal quarter ended October 1, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" (in each case, as defined in Item 408 of Regulation S-K).

Item 6. Exhibits

Exhibit No.	Item	Form	File Number	Incorporated by Reference from Exhibit Number	Filed/ Furnished with SEC
3.1	Restated Certificate of Incorporation of The Cheesecake Factory Incorporated	8-K	000-20574	3.1	6/4/24
3.2	Certificate of Designations of The Cheesecake Factory Incorporated, dated April 20, 2020	8-K	000-20574	3.1	4/20/20
3.3	Bylaws of The Cheesecake Factory Incorporated, amended and restated on October 26, 2022	8-K	000-20574	3.1	11/1/22
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Principal Executive Officer	—	—	—	Filed herewith
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Principal Financial Officer	—	—	—	Filed herewith
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Executive Officer	—	—	—	Furnished herewith
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 of the Principal Financial Officer	—	—	—	Furnished herewith
101.1	The following materials from The Cheesecake Factory Incorporated's Quarterly Report on Form 10-Q for the quarter ended October 1, 2024, formatted in Inline eXtensible Business Reporting Language (iXBRL): (i) condensed consolidated balance sheets, (ii) condensed consolidated statements of income, (iii) condensed consolidated statements of comprehensive income, (iv) condensed consolidated statement of stockholders' equity, (v) condensed consolidated statements of cash flows, and (vi) the notes to the condensed consolidated financial statements	—	—	—	Filed herewith
104.1	The cover page of The Cheesecake Factory Incorporated's Quarterly Report on Form 10-Q for the quarter ended October 1, 2024, formatted in iXBRL (included with Exhibit 101.1)	—	—	—	Filed herewith

SIGNATURES

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

Date: November 4, 2024

THE CHEESECAKE FACTORY INCORPORATED

By: /s/ DAVID OVERTON

David Overton

Chairman of the Board and Chief Executive Officer

(Principal Executive Officer)

By: /s/ MATTHEW E. CLARK

Matthew E. Clark

Executive Vice President and Chief Financial Officer

(Principal Financial Officer)

THE CHEESECAKE FACTORY INCORPORATED
CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, David Overton, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Cheesecake Factory Incorporated;
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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

/s/ DAVID OVERTON

David Overton

Chairman of the Board and Chief Executive Officer
(Principal Executive Officer)

THE CHEESECAKE FACTORY INCORPORATED
CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULES 13a-14(a) AND 15d-14(a)
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Matthew E. Clark, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The Cheesecake Factory Incorporated;
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(s) 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(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 4, 2024

/s/ MATTHEW E. CLARK

Matthew E. Clark
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

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

In connection with the Quarterly Report of The Cheesecake Factory Incorporated (the "Company") on Form 10-Q for the period ended October 1, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Overton, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

November 4, 2024

/s/ DAVID OVERTON

David Overton

Chairman of the Board and Chief Executive Officer

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.

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

In connection with the Quarterly Report of The Cheesecake Factory Incorporated (the "Company") on Form 10-Q for the period ended October 1, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Matthew E. Clark, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

November 4, 2024

/s/ MATTHEW E. CLARK

Matthew E. Clark

Executive Vice President and Chief Financial Officer

Pursuant to Securities and Exchange Commission Release 33-8238, dated June 5, 2003, this certification is being furnished and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or incorporated by reference in any registration statement of the Company filed under the Securities Act of 1933, as amended.
