

MINNESOTA

We will comply with Minnesota Statute 80C.14 subdivisions 3, 4, and 5, which require (except in certain specific cases) that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement, and that consent to transfer of the franchise will not be unreasonably withheld.

Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400(J) may prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Notwithstanding the foregoing, this shall not bar enforcement of an arbitration clause.

In accordance with Minnesota Rule 2860.4400(J), to the extent required by law, the Disclosure Document and Franchise Agreement are modified so that we cannot require you to waive your rights to a jury trial or to consent to liquidated damages, termination penalties, or judgment notes.

Minnesota Rule 2860.4400(D) prohibits us from requiring you to assent to a general release of liability imposed by Minn. Stat. Chapter 80C; provided, this shall not bar the voluntary settlement of disputes. The Disclosure Document and Franchise Agreement are modified accordingly, to the extent required by Minnesota law.

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. To the extent required by Minnesota law, we will protect your right to use the primary trademark, service mark, trade name, logotype, or other commercial symbol from third parties or will indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit, or demand regarding your use of our primary trade name in accordance with the requirements of the Franchise Agreement and our standards.

The following paragraph is added at the end of Item 21 of the Disclosure Document.

Attached at the end of Exhibit F to the FDD and incorporated into this Minnesota Addendum to the Franchise Disclosure Document are the unaudited financial statements for our parent, Jack in the Box Inc. and subsidiaries, as of April 13, 2025.

Pursuant to Minn. Stat. Sec. 80C.17, Subd. 5, to the extent required by law, the Franchise Agreement and Item 17 of the Disclosure Document are amended to state that no action may be commenced pursuant to Minn. Stat. Sec. 80C.17 more than three years after the cause of action accrues.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

{See the last page of this Exhibit F for your Signature.}

UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	April 13, 2025	September 29, 2024
ASSETS		
Current assets:		
Cash	\$ 15,780	\$ 24,745
Restricted cash	29,812	29,422
Accounts and other receivables, net	114,675	83,567
Inventories	3,793	3,922
Prepaid expenses	8,297	13,126
Current assets held for sale	8,852	16,493
Other current assets	18,727	10,002
Total current assets	199,936	181,277
Property and equipment:		
Property and equipment, at cost	1,303,877	1,278,530
Less accumulated depreciation and amortization	(861,587)	(848,491)
Property and equipment, net	442,290	430,039
Other assets:		
Operating lease right-of-use assets	1,398,798	1,410,083
Intangible assets, net	10,086	10,515
Trademarks	105,600	283,500
Goodwill	136,026	161,209
Deferred tax assets	38,057	—
Other assets, net	248,751	259,006
Total other assets	1,937,318	2,124,313
	<u>\$ 2,579,544</u>	<u>\$ 2,735,629</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities:		
Current maturities of long-term debt	\$ 29,579	\$ 35,880
Current operating lease liabilities	159,002	162,017
Accounts payable	68,257	69,494
Accrued liabilities	167,742	166,868
Total current liabilities	424,580	434,259
Long-term liabilities:		
Long-term debt, net of current maturities	1,687,135	1,699,433
Long-term operating lease liabilities, net of current portion	1,269,405	1,286,415
Deferred tax liabilities	—	13,612
Other long-term liabilities	174,645	153,708
Total long-term liabilities	3,131,185	3,153,168
Stockholders' deficit:		
Preferred stock \$0.01 par value, 15,000,000 shares authorized, none issued	—	—
Common stock \$0.01 par value, 175,000,000 shares authorized, 82,999,428 and 82,825,851 issued and outstanding, respectively	830	828
Capital in excess of par value	538,624	533,818
Retained earnings	1,741,383	1,866,660
Accumulated other comprehensive loss	(56,433)	(57,475)
Treasury stock, at cost, 64,120,270 and 63,996,399 shares, respectively	(3,200,625)	(3,195,629)
Total stockholders' deficit	(976,221)	(851,798)
	<u>\$ 2,579,544</u>	<u>\$ 2,735,629</u>

See accompanying notes to condensed consolidated financial statements.

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

	Quarter		Year-to-date	
	April 13, 2025	April 14, 2024	April 13, 2025	April 14, 2024
Revenues:				
Company restaurant sales	\$ 142,492	\$ 167,098	\$ 343,898	\$ 391,138
Franchise rental revenues	86,307	85,826	202,853	199,022
Franchise royalties and other	53,939	55,084	127,973	128,414
Franchise contributions for advertising and other services	53,958	57,339	131,410	134,271
	<u>336,696</u>	<u>365,347</u>	<u>806,134</u>	<u>852,845</u>
Operating costs and expenses, net:				
Food and packaging	38,095	45,914	89,743	110,046
Payroll and employee benefits	50,273	54,054	120,546	127,108
Occupancy and other	29,382	32,355	68,528	74,408
Franchise occupancy expenses	59,558	57,091	138,391	129,715
Franchise support and other costs	4,903	3,860	10,101	9,054
Franchise advertising and other services expenses	55,746	59,523	134,744	139,757
Selling, general and administrative expenses	35,492	37,520	86,164	83,885
Depreciation and amortization	12,217	13,906	30,487	32,379
Pre-opening costs	632	602	2,108	1,067
Impairment of goodwill and intangible assets	203,230	—	203,230	—
Other operating expenses, net	4,216	5,267	7,735	10,437
(Gains) losses on the sale of company-operated restaurants	30	1,065	(2,776)	1,319
	<u>493,774</u>	<u>311,157</u>	<u>889,001</u>	<u>719,175</u>
Earnings (loss) from operations	(157,078)	54,190	(82,867)	133,670
Other pension and post-retirement expenses, net	1,341	1,579	3,130	3,685
Interest expense, net	18,368	18,603	42,793	43,089
Earnings (loss) before income taxes	(176,787)	34,008	(128,790)	86,896
Income tax expense (benefit)	(34,559)	9,028	(20,248)	23,233
Net earnings (loss)	<u>\$ (142,228)</u>	<u>\$ 24,980</u>	<u>\$ (108,542)</u>	<u>\$ 63,663</u>
Earnings (loss) per share:				
Basic	\$ (7.47)	\$ 1.27	\$ (5.70)	\$ 3.22
Diluted	\$ (7.47)	\$ 1.26	\$ (5.70)	\$ 3.19
Cash dividends declared per common share	\$ 0.44	\$ 0.44	\$ 0.88	\$ 0.88

See accompanying notes to condensed consolidated financial statements.

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

	Quarter		Year-to-date	
	April 13, 2025	April 14, 2024	April 13, 2025	April 14, 2024
Net earnings (loss)	\$ (142,228)	\$ 24,980	\$ (108,542)	\$ 63,663
Other comprehensive income:				
Actuarial gains and prior service costs reclassified to earnings	607	493	1,415	1,150
Tax effect	(160)	(131)	(373)	(304)
Other comprehensive income, net of taxes	447	362	1,042	846
Comprehensive income (loss)	<u>\$ (141,781)</u>	<u>\$ 25,342</u>	<u>\$ (107,500)</u>	<u>\$ 64,509</u>

See accompanying notes to condensed consolidated financial statements.

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

	Year-to-date	
	April 13, 2025	April 14, 2024
Cash flows from operating activities:		
Net earnings (loss)	\$ (108,542)	\$ 63,663
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	30,487	32,379
Amortization of franchise tenant improvement allowances and incentives	3,484	2,538
Deferred finance cost amortization	2,572	2,610
Excess tax deficiency (benefit) from share-based compensation arrangements	1,435	(49)
Deferred income taxes	(55,452)	(2,326)
Share-based compensation expense	4,685	8,661
Pension and post-retirement expense	3,130	3,685
Loss (gains) on cash surrender value of company-owned life insurance	2,242	(7,949)
(Gains) losses on the sale of company-operated restaurants	(2,776)	1,319
Gains on acquisition of restaurants	(6)	(2,357)
Losses on the disposition of property and equipment, net	1,385	1,148
Impairment charges	205,094	1,580
Changes in assets and liabilities:		
Accounts and other receivables	(28,655)	815
Inventories	129	(170)
Prepaid expenses and other current assets	(4,007)	9,299
Operating lease right-of-use assets and lease liabilities	(9,580)	9,392
Accounts payable	550	(396)
Accrued liabilities	1,927	(123,532)
Pension and post-retirement contributions	(3,833)	(3,288)
Franchise tenant improvement allowance and incentive disbursements	(3,586)	(1,460)
Other	28,207	(1,583)
Cash flows provided by (used in) operating activities	68,890	(6,021)
Cash flows from investing activities:		
Purchases of property and equipment	(47,769)	(49,086)
Purchases of assets intended for sale or leaseback	(8,827)	(11,985)
Proceeds from the sale of property and equipment	15,110	1,500
Proceeds from the sale and leaseback of assets	—	1,728
Proceeds from the sale of company-operated restaurants	5,712	1,989
Other	3,303	—
Cash flows used in investing activities	(32,471)	(55,854)
Cash flows from financing activities:		
Repayments of borrowings on revolving credit facilities	(6,000)	—
Principal repayments on debt	(14,930)	(14,818)
Dividends paid on common stock	(16,614)	(17,167)
Proceeds from issuance of common stock	2	2
Repurchases of common stock	(4,999)	(40,000)
Payroll tax payments for equity award issuances	(2,453)	(3,072)
Cash flows used in financing activities	(44,994)	(75,055)
Net decrease in cash and restricted cash	(8,575)	(136,930)
Cash and restricted cash at beginning of period	54,167	185,907
Cash and restricted cash at end of period	\$ 45,592	\$ 48,977

See accompanying notes to condensed consolidated financial statements.

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

	Number of Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at September 29, 2024	82,826	\$ 828	\$ 533,818	\$ 1,866,660	\$ (57,475)	\$ (3,195,629)	\$ (851,798)
Shares issued under stock plans, including tax benefit	145	1	—	—	—	—	1
Share-based compensation	—	—	3,689	—	—	—	3,689
Dividends declared	—	—	61	(8,369)	—	—	(8,308)
Purchases of treasury stock	—	—	—	—	—	(4,996)	(4,996)
Net earnings	—	—	—	33,686	—	—	33,686
Other comprehensive income	—	—	—	—	595	—	595
Balance at January 19, 2025	82,971	\$ 829	\$ 537,568	\$ 1,891,977	\$ (56,880)	\$ (3,200,625)	\$ (827,131)
Shares issued under stock plans, including tax benefit	28	1	—	—	—	—	1
Share-based compensation	—	—	996	—	—	—	996
Dividends declared	—	—	60	(8,366)	—	—	(8,306)
Net loss	—	—	—	(142,228)	—	—	(142,228)
Other comprehensive income	—	—	—	—	447	—	447
Balance at April 13, 2025	82,999	\$ 830	\$ 538,624	\$ 1,741,383	\$ (56,433)	\$ (3,200,625)	\$ (976,221)

	Number of Shares	Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance at October 1, 2023	82,646	\$ 826	\$ 520,076	\$ 1,937,598	\$ (51,790)	\$ (3,125,037)	\$ (718,327)
Shares issued under stock plans, including tax benefit	107	1	—	—	—	—	1
Share-based compensation	—	—	4,820	—	—	—	4,820
Dividends declared	—	—	74	(8,726)	—	—	(8,652)
Purchases of treasury stock	—	—	—	—	—	(25,166)	(25,166)
Net earnings	—	—	—	38,683	—	—	38,683
Other comprehensive income	—	—	—	—	484	—	484
Balance at January 21, 2024	82,753	\$ 827	\$ 524,970	\$ 1,967,555	\$ (51,306)	\$ (3,150,203)	\$ (708,157)
Shares issued under stock plans, including tax benefit	23	1	—	—	—	—	1
Share-based compensation	—	—	3,841	—	—	—	3,841
Dividends declared	—	—	76	(8,591)	—	—	(8,515)
Purchases of treasury stock	—	—	—	—	—	(15,133)	(15,133)
Net earnings	—	—	—	24,980	—	—	24,980
Other comprehensive income	—	—	—	—	362	—	362
Balance at April 14, 2024	82,776	\$ 828	\$ 528,887	\$ 1,983,944	\$ (50,944)	\$ (3,165,336)	\$ (702,621)

See accompanying notes to condensed consolidated financial statements.

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

1. BASIS OF PRESENTATION

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

As of April 13, 2025, there were 146 company-operated and 2,037 franchise-operated Jack in the Box restaurants and 117 company-operated and 474 franchise-operated Del Taco restaurants.

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

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

These financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the Company’s Annual Report on Form 10-K for the fiscal year ended September 29, 2024 (“2024 Form 10-K”). The accounting policies used in preparing these condensed consolidated financial statements are the same as those described in our 2024 Form 10-K.

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

Reclassification — Certain amounts in the prior periods’ financial statements and related footnote disclosures have been reclassified to conform to the current presentation with no impact on previously reported net income or stockholders’ equity.

Fiscal year — The Company’s fiscal year is 52 or 53 weeks ending the Sunday closest to September 30. Both fiscal years 2025 and 2024 include 52 weeks. Our first quarter includes 16 weeks and all other quarters include 12 weeks. All comparisons between 2025 and 2024 refer to the 12 weeks (“quarter”) and 28 weeks (“year-to-date”) ended April 13, 2025 and April 14, 2024, respectively, unless otherwise indicated.

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

Advertising costs — The Company administers marketing funds at each of its restaurant brands that include contractual contributions. In 2025 and 2024, marketing fund contributions from Jack in the Box franchise and company-operated restaurants were approximately 5.0% of sales, and marketing fund contributions from Del Taco franchise and company-operated restaurants were approximately 4.0% of sales.

Contributions made by the Company are included in “Selling, general and administrative expenses” in the accompanying condensed consolidated statements of earnings (loss). In 2025 and 2024, consolidated advertising costs were \$18.4 million and \$18.2 million, respectively.

Allowance for credit losses — The Company closely monitors the financial condition of our franchisees and estimates the allowance for credit losses based on the lifetime expected loss on receivables. These estimates are based on historical collection experience with our franchisees as well as other factors, including current market conditions and events. Credit quality is monitored through the timing of payments compared to predefined aging criteria and known facts regarding the financial condition of the franchisee or customer. Account balances are charged off against the allowance after recovery efforts have ceased. The Company’s allowance for doubtful accounts has not historically been material.

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

	Year-to-date	
	April 13, 2025	April 14, 2024
Balance as of beginning of period	\$ (4,512)	\$ (4,146)
(Provision) reversal for expected credit losses	(1,397)	(233)
Write-offs charged against the allowance	142	6
Balance as of end of period	<u>\$ (5,767)</u>	<u>\$ (4,373)</u>

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

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

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

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

Our impairment analyses first includes a qualitative assessment to determine whether events or circumstances indicate that it is more likely than not that the fair value of the reporting unit is less than its carrying value. Significant factors considered in this assessment include, but are not limited to, macro-economic conditions, market and industry conditions, cost considerations, the competitive environment, share price fluctuations, overall financial performance, and results of past impairment tests. If the qualitative factors indicate that it is more likely than not that the fair value is less than the carrying value, we perform a quantitative impairment test. Refer also to Note 5, *Goodwill and Intangible Assets*, in the notes to the condensed consolidated financial statements for results of these tests and for additional information.

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 Disclosure*, which updates reportable segment disclosure requirements. The ASU primarily requires enhanced disclosures about significant segment expenses and information used to assess segment performance and is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024 with early adoption permitted. The Company will adopt this pronouncement in its Form 10-K for fiscal year ended September 28, 2025, but does not expect this pronouncement to have a significant impact.

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

In November 2024, the FASB issued ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*. ASU 2024-03 requires public companies to disclose, in the notes to financial statements, specified information about certain costs and expenses at each interim and annual reporting period. Additionally, companies will need to disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. ASU 2024-03 should be applied prospectively to financial statements issued for reporting periods beginning after the effective date but entities may elect to apply the ASU retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating the impact of this guidance on its consolidated financial statements.

2. REVENUE

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

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

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

Disaggregation of revenue — The following table disaggregates revenue by segment and primary source for the periods ended April 13, 2025 (*in thousands*):

	Quarter			Year-to-date		
	Jack in the Box	Del Taco	Total	Jack in the Box	Del Taco	Total
Company restaurant sales	\$ 95,095	\$ 47,397	\$ 142,492	\$ 228,850	\$ 115,048	\$ 343,898
Franchise rental revenues	77,935	8,372	86,307	183,716	19,137	202,853
Franchise royalties	43,305	7,560	50,865	105,130	17,585	122,715
Marketing fees	43,139	6,453	49,592	104,600	14,933	119,533
Technology and sourcing fees	3,808	558	4,366	10,260	1,617	11,877
Franchise fees and other services	2,449	625	3,074	4,239	1,019	5,258
Total revenue	<u>\$ 265,731</u>	<u>\$ 70,965</u>	<u>\$ 336,696</u>	<u>\$ 636,795</u>	<u>\$ 169,339</u>	<u>\$ 806,134</u>

The following table disaggregates revenue by segment and primary source for the periods ended April 14, 2024 (*in thousands*):

	Quarter			Year-to-date		
	Jack in the Box	Del Taco	Total	Jack in the Box	Del Taco	Total
Company restaurant sales	\$ 98,927	\$ 68,171	\$ 167,098	\$ 230,984	\$ 160,154	\$ 391,138
Franchise rental revenues	79,618	6,208	85,826	185,196	13,826	199,022
Franchise royalties	45,414	7,314	52,728	106,737	16,768	123,505
Marketing fees	45,423	6,028	51,451	106,643	13,759	120,402
Technology and sourcing fees	4,757	1,131	5,888	10,899	2,970	13,869
Franchise fees and other services	2,123	233	2,356	4,143	766	4,909
Total revenue	<u>\$ 276,262</u>	<u>\$ 89,085</u>	<u>\$ 365,347</u>	<u>\$ 644,602</u>	<u>\$ 208,243</u>	<u>\$ 852,845</u>

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

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

	Year-to-date	
	April 13, 2025	April 14, 2024
Deferred franchise and development fees at beginning of period	\$ 51,990	\$ 50,474
Revenue recognized	(3,122)	(3,240)
Additions	1,721	3,162
Deferred franchise and development fees at end of period	<u>\$ 50,589</u>	<u>\$ 50,396</u>

As of April 13, 2025, approximately \$9.0 million of development fees related to unopened restaurants are included in deferred revenue. Timing of revenue recognition for development fees related to unopened restaurants is dependent upon the timing of restaurant openings and are recognized over the franchise term at the date of opening.

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

The following table reflects the estimated franchise fees to be recognized in the future related to performance obligations that are unsatisfied as of April 13, 2025 (*in thousands*):

Remainder of 2025	\$ 2,451
2026	5,038
2027	4,708
2028	4,095
2029	3,477
Thereafter	21,823
	<u>\$ 41,592</u>

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

3. SUMMARY OF REFRANCHISINGS AND ASSETS HELD FOR SALE

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

	Quarter		Year-to-date	
	April 13, 2025	April 14, 2024	April 13, 2025	April 14, 2024
Restaurants sold to Del Taco franchisees	—	13	13	13
Proceeds from the sale of company-operated restaurants (1)	\$ —	\$ 250	\$ 5,712	\$ 1,989
Net assets sold (primarily property and equipment)	(33)	(608)	(1,827)	(608)
Goodwill related to the sale of company-operated restaurants	—	(105)	(461)	(105)
Franchise fees	—	(454)	(364)	(454)
Sublease liabilities, net	—	(140)	—	(140)
Lease termination	—	—	(217)	—
Other (2)	3	(8)	(67)	(2,001)
Gain (loss) on the sale of company-operated restaurants	<u>\$ (30)</u>	<u>\$ (1,065)</u>	<u>\$ 2,776</u>	<u>\$ (1,319)</u>

(1) Amounts in 2024 reflect proceeds from sale of restaurants as well as additional proceeds received in connection with the extension of franchise and lease agreements from the sale of restaurants in prior years.

(2) Amount in 2024 includes a \$2.2 million impairment of assets related to a Del Taco refranchising transaction that closed in the second quarter of 2024.

Assets held for sale — Assets classified as held for sale on our condensed consolidated balance sheets as of April 13, 2025 and September 29, 2024 have carrying amounts of \$8.9 million and \$16.5 million, respectively. These amounts relate to i) company-owned restaurants to be refranchised, ii) operating restaurant properties which we intend to sell to franchisees and/or sell and leaseback with a third party, and iii) closed restaurant properties which we are marketing for sale.

4. FRANCHISE ACQUISITIONS

Franchise acquisitions — During the first quarter of 2024, the Company acquired 9 Del Taco franchise restaurants for \$86 thousand as part of two separate transactions, and recognized related gains of \$2.4 million. This amount is recorded in “Other operating expenses, net” in the accompanying condensed consolidated statements of earnings (loss). The Company did not acquire any Jack in the Box or Del Taco franchise restaurants in the first or second quarter of 2025. For further information, see Note 8, *Other Operating Expenses, Net*, in the notes to the condensed consolidated financial statements.

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

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

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

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

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

5. GOODWILL AND INTANGIBLE ASSETS, NET

The changes in the carrying amount of goodwill during the year-to-date period ended April 13, 2025 was as follows (*in thousands*):

	Jack in the Box	Del Taco	Total
Goodwill	\$ 135,827	\$ 188,006	\$ 323,833
Accumulated impairment losses	—	(162,624)	(162,624)
Balance at September 29, 2024	135,827	\$ 25,382	\$ 161,209
Impairment of goodwill	—	(25,330)	(25,330)
Reclassified from (to) assets held for sale	199	(52)	147
Goodwill	136,026	187,954	323,980
Accumulated impairment losses	—	(187,954)	(187,954)
Balance at April 13, 2025	\$ 136,026	\$ —	\$ 136,026

During the third quarter of 2024, the Company had previously identified triggering events that indicated the goodwill allocated to the Del Taco reporting unit might be impaired. As a result, the Company performed a quantitative test over the Del Taco reporting unit, noting that the fair value of the reporting unit was less than the carrying value, which resulted in an impairment of goodwill of \$162.6 million at that time.

During the second quarter of 2025, the Company had identified additional triggering events that indicated the goodwill allocated to the Del Taco reporting unit might be further impaired, including i) continued negative trend in Del Taco same store sales, ii) unfavorable changes in the economic environment specifically impacting our industry, including inflation and interest rates, iii) the potential for a divestment of Del Taco, and iv) a sustained lower share price. As a result, the Company performed a quantitative test over the Del Taco reporting unit, noting that the fair value of the reporting unit was less than the carrying value, which resulted in an impairment of goodwill of \$25.3 million for the quarter. The Company determined that there was no such triggering event for the Jack in the Box reporting unit.

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

The valuation used a blended approach with a discounted cash flow analysis in conjunction with a market approach. Assumptions and estimates used in determining fair value include future revenues, operating costs, new store openings, capital expenditures, a discount rate that approximates the Company's weighted average cost of capital and a selection of comparable companies. The Company also performed a quantitative analysis over its indefinite-lived intangible trademark asset and as a result, during the second quarter of 2025, the Company also recorded impairment on the Del Taco trademark asset as noted below. The Company also performed a quantitative analysis over its definite-lived intangible assets to determine whether any impairment would need to be recognized, noting none. The Company also performed a quantitative analysis over its long-lived assets, noting impairment of \$1.1 million, which was recorded in the second quarter.

The changes in the carrying amount of the Del Taco indefinite-lived trademark during the year-to-date period ended April 13, 2025 was as follows (*in thousands*):

Balance at September 29, 2024	\$ 283,500
Impairment of trademark	(177,900)
Balance at April 13, 2025	<u>\$ 105,600</u>

The net carrying amounts of definite-lived intangible assets are as follows (*in thousands*):

	April 13, 2025			September 29, 2024		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Definite-lived intangible assets:						
Sublease assets	\$ 2,671	\$ (750)	\$ 1,921	\$ 2,671	\$ (620)	\$ 2,051
Franchise contracts	9,700	(1,679)	8,021	9,700	(1,389)	8,311
Reacquired franchise rights	464	(320)	144	464	(311)	153
	<u>\$ 12,835</u>	<u>\$ (2,749)</u>	<u>\$ 10,086</u>	<u>\$ 12,835</u>	<u>\$ (2,320)</u>	<u>\$ 10,515</u>

The following table summarizes, as of April 13, 2025, the estimated amortization expense for each of the next five fiscal years and thereafter (*in thousands*):

Remainder of 2025	\$ 367
2026	794
2027	807
2028	753
2029	692
Thereafter	6,673
	<u>\$ 10,086</u>

6. LEASES

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

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

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

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

	Quarter		Year-to-date	
	April 13, 2025	April 14, 2024	April 13, 2025	April 14, 2024
Operating lease income - franchise	\$ 60,337	\$ 59,445	\$ 141,154	\$ 137,694
Variable lease income - franchise	25,736	26,123	61,149	60,721
Amortization of sublease assets and liabilities, net	234	258	550	607
Franchise rental revenues	<u>\$ 86,307</u>	<u>\$ 85,826</u>	<u>\$ 202,853</u>	<u>\$ 199,022</u>
Operating lease income - closed restaurants and other (1)	<u>\$ 1,837</u>	<u>\$ 1,859</u>	<u>\$ 4,392</u>	<u>\$ 4,171</u>

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

7. FAIR VALUE MEASUREMENTS

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

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair value measurements as of April 13, 2025:				
Non-qualified deferred compensation plan (1)	\$ 15,890	\$ 15,890	\$ —	\$ —
Total liabilities at fair value	<u>\$ 15,890</u>	<u>\$ 15,890</u>	<u>\$ —</u>	<u>\$ —</u>
Fair value measurements as of September 29, 2024:				
Non-qualified deferred compensation plan (1)	\$ 18,481	\$ 18,481	\$ —	\$ —
Total liabilities at fair value	<u>\$ 18,481</u>	<u>\$ 18,481</u>	<u>\$ —</u>	<u>\$ —</u>

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

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

The following table presents the carrying value and estimated fair value of our Class A-2 Notes as of April 13, 2025 and September 29, 2024 (*in thousands*):

	April 13, 2025		September 29, 2024	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Series 2019 Class A-2 Notes	\$ 696,000	\$ 668,362	\$ 699,625	\$ 684,875
Series 2022 Class A-2 Notes	\$ 1,034,000	\$ 945,438	\$ 1,045,000	\$ 975,507

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

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

In connection with our impairment reviews performed during 2025 and 2024, the Company impaired certain Del Taco assets. For further information, see Note 3, *Summary of Refranchisings and Assets Held For Sale*, Note 5, *Goodwill and Intangible Assets, Net*, and Note 8, *Other Operating Expenses, Net* in the notes to the condensed consolidated financial statements.

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

8. OTHER OPERATING EXPENSES, NET

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

	Quarter		Year-to-date	
	April 13, 2025	April 14, 2024	April 13, 2025	April 14, 2024
Integration and strategic initiatives (1)	\$ 276	\$ 4,268	\$ 1,691	\$ 9,889
Costs of closed restaurants and other (2)	1,927	773	2,768	1,632
Operating restaurant impairment charges (3)	1,129	—	1,877	—
Accelerated depreciation	20	88	20	125
Gains on acquisition of restaurants (4)	—	—	(6)	(2,357)
Losses on disposition of property and equipment, net (5)	864	138	1,385	1,148
Other operating expenses, net	<u>\$ 4,216</u>	<u>\$ 5,267</u>	<u>\$ 7,735</u>	<u>\$ 10,437</u>

- (1) Integration and strategic initiatives are related to the integration of Del Taco, as well as strategic consulting fees.
(2) Costs of closed restaurants and other generally includes ongoing costs associated with closed restaurants and cancelled project costs.
(3) Restaurant impairment charges in 2025 are related to underperforming Del Taco and Jack in the Box restaurants.
(4) The 2024 amount relates to the gains on acquisition of 9 Del Taco restaurants. Refer also to Note 4, *Franchise Acquisitions*, in the notes to the condensed consolidated financial statements for more information.
(5) In 2024, loss on disposition of property and equipment primarily related to the lease termination and early closures of Del Taco restaurants. In 2025, the amount is primarily related to retirements in connection with reimage projects.

9. SEGMENT REPORTING

The Company's principal business consists of developing, operating and franchising our Jack in the Box and Del Taco restaurant brands, each of which is considered a reportable operating segment. The company also utilizes a shared-services model whereby each brand's results of operations are assessed separately and do not include costs related to certain corporate functions which support both brands. The segment reporting structure reflects the Company's current management structure, internal reporting method and financial information used in deciding how to allocate Company resources. Based upon certain quantitative thresholds, each operating segment is considered a reportable segment. This segment reporting is in line with our reporting units for goodwill.

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

Beginning in 2025, the Company's measure of segment profit was updated to exclude all of the following items: depreciation and amortization, net other operating expenses, net company-owned life insurance ("COLI") losses (gains), (gains) losses on the sale of company-operated restaurants, net amortization of favorable and unfavorable leases and subleases, amortization of franchise tenant improvement allowances and other, and amortization of cloud-computing costs. Amounts in fiscal year 2024 have been adjusted to reflect the current presentation.

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

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

	Quarter		Year-to-date	
	April 13, 2025	April 14, 2024	April 13, 2025	April 14, 2024
Revenues by segment:				
Jack in the Box restaurant operations	\$ 265,731	\$ 276,262	\$ 636,795	\$ 644,602
Del Taco restaurant operations	70,965	89,085	169,339	208,243
Consolidated revenues	<u>\$ 336,696</u>	<u>\$ 365,347</u>	<u>\$ 806,134</u>	<u>\$ 852,845</u>
Segment profit reconciliation:				
Jack in the Box segment profit	\$ 78,803	\$ 86,793	\$ 194,767	\$ 205,890
Del Taco segment profit	5,999	10,878	15,325	23,393
Shared services and unallocated costs	(18,342)	(21,974)	(46,387)	(51,896)
Total segment profit	<u>\$ 66,460</u>	<u>\$ 75,697</u>	<u>\$ 163,705</u>	<u>\$ 177,387</u>
Depreciation and amortization	12,217	13,906	30,487	32,379
Other operating expense, net	4,216	5,267	7,735	10,437
Net COLI losses (gains)	1,407	(1,232)	2,798	(6,066)
Impairment of goodwill and intangible assets	203,230	—	203,230	—
(Gains) losses on the sale of company-operated restaurants	30	1,065	(2,776)	1,319
Amortization of favorable and unfavorable leases and subleases, net	120	107	123	231
Amortization of franchise tenant improvement allowances and other	1,829	1,120	3,484	2,538
Amortization of cloud-computing costs	489	1,274	1,491	2,879
Earnings (loss) from operations	<u>\$ (157,078)</u>	<u>\$ 54,190</u>	<u>\$ (82,867)</u>	<u>\$ 133,670</u>

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

10. INCOME TAXES

For the second quarter and year-to-date fiscal year 2025, the Company recorded income tax benefits of \$34.6 million and \$20.2 million, respectively, resulting in effective tax rates of 19.5% and 15.7%, respectively. The effective tax rates for such periods differed from the U.S. statutory tax rate primarily due to non-deductible goodwill impairment and non-deductible losses from the market performance of insurance products used to fund certain non-qualified retirement plans.

For the second quarter and year-to-date fiscal year 2024, the Company recorded income tax expenses of \$9.0 million and \$23.2 million, respectively, resulting in effective tax rates of 26.5% and 26.7%, respectively. The effective tax rates for such periods differed from the U.S. statutory tax rate primarily due to non-deductible goodwill attributable to refranchising transactions and non-deductible officers' compensation substantially offset by non-taxable gains from the market performance of insurance products used to fund certain non-qualified retirement plans.

11. RETIREMENT PLANS

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

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

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

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

	Quarter		Year-to-date	
	April 13, 2025	April 14, 2024	April 13, 2025	April 14, 2024
Defined benefit pension plans:				
Interest cost	\$ 4,062	\$ 4,380	\$ 9,478	\$ 10,219
Expected return on plan assets	(3,469)	(3,458)	(8,094)	(8,067)
Actuarial losses (1)	786	701	1,834	1,634
Amortization of unrecognized prior service costs (1)	—	3	—	8
Net periodic benefit cost	<u>\$ 1,379</u>	<u>\$ 1,626</u>	<u>\$ 3,218</u>	<u>\$ 3,794</u>
Post-retirement healthcare plans:				
Interest cost	\$ 142	\$ 164	\$ 331	\$ 383
Actuarial gains (1)	(180)	(211)	(419)	(492)
Net periodic benefit credit	<u>\$ (38)</u>	<u>\$ (47)</u>	<u>\$ (88)</u>	<u>\$ (109)</u>

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

Future cash flows — The Company’s policy is to fund our plans at or above the minimum required by law. As of the date of our last actuarial funding valuation, there was no minimum contribution funding requirement for the Qualified Plan. Details regarding 2025 contributions are as follows (*in thousands*):

	SERP	Post-Retirement Healthcare Plans
Net year-to-date contributions	\$ 3,055	\$ 778
Remaining estimated net contributions during fiscal 2025	\$ 2,070	\$ 361

The Company continues to evaluate contributions to our Qualified Plan based on changes in pension assets as a result of asset performance in the current market and the economic environment. The Company does not anticipate making any contributions to our Qualified Plan in fiscal 2025.

12. STOCKHOLDERS EQUITY AND REPURCHASES OF COMMON STOCK

Repurchases of common stock — The Company repurchased 0.1 million shares of its common stock in the year-to-date period ended April 13, 2025 for an aggregate cost of \$5.0 million, including applicable excise tax. As of April 13, 2025, there was \$175.0 million remaining under share repurchase programs authorized by the Board of Directors which does not expire.

Dividends — Through April 13, 2025, the Board of Directors declared two cash dividends of \$0.44 per common share totaling \$16.7 million. Future dividends are discontinued and the Company will direct a majority of those funds toward debt reductions.

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

13. WEIGHTED AVERAGE SHARES OUTSTANDING

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

	Quarter		Year-to-date	
	April 13, 2025	April 14, 2024	April 13, 2025	April 14, 2024
Weighted-average shares outstanding – basic	19,043	19,653	19,047	19,790
Effect of potentially dilutive securities:				
Nonvested stock awards and units	—	119	—	146
Performance share awards	—	13	—	13
Weighted-average shares outstanding – diluted	19,043	19,785	19,047	19,949
Excluded from diluted weighted-average shares outstanding:				
Antidilutive	551	31	441	20
Performance conditions not satisfied at the end of the period	172	136	172	136

14. COMMITMENTS AND CONTINGENCIES

Legal matters — The Company assesses contingencies, including litigation contingencies, to determine the degree of probability and range of possible loss for potential accrual in our financial statements. An estimated loss contingency is accrued in the financial statements if it is probable that a liability has been incurred and the amount of the loss can be reasonably estimated. As of April 13, 2025, the Company had accruals of \$18.2 million for all of its legal matters in aggregate, presented within “Accrued liabilities” on our condensed consolidated balance sheet. Because litigation is inherently unpredictable, assessing contingencies is highly subjective and requires judgments about future events. When evaluating litigation contingencies, we may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the availability of appellate remedies, insurance coverage related to the claim or claims in question, the presence of complex or novel legal theories, and the ongoing discovery and development of information important to the matter. In addition, damage amounts claimed in litigation against us may be unsupported, exaggerated, or unrelated to possible outcomes, and as such are not meaningful indicators of our potential liability or financial exposure. The Company regularly reviews contingencies to determine the adequacy of the accruals and related disclosures. The ultimate amount of loss may differ from these estimates. Any estimate is not an indication of expected loss, if any, or of the Company’s maximum possible loss exposure and the ultimate amount of loss may differ materially from these estimates in the near term.

Gessele v. Jack in the Box Inc. — In August 2010, five former Jack in the Box employees instituted litigation in federal court in Oregon alleging claims under the federal Fair Labor Standards Act and Oregon wage and hour laws. The plaintiffs alleged that Jack in the Box failed to pay non-exempt employees for certain meal breaks and improperly made payroll deductions for shoe purchases and for workers’ compensation expenses, and later added additional claims relating to timing of final pay and related wage and hour claims involving employees of a franchisee. In 2016, the court dismissed the federal claims and those relating to franchise employees. In June 2017, the court granted class certification with respect to state law claims of improper deductions and late payment of final wages. The parties participated in a voluntary mediation on March 16, 2020, but the matter did not settle. On October 24, 2022, a jury awarded plaintiffs approximately \$6.4 million in damages and penalties. The Company continues to dispute liability and the damage award and both parties have filed appeals of the verdict. As of April 13, 2025, the Company has accrued the verdict amount above, as well as estimated prejudgment and post-judgment interest and fee award, for an additional \$9.7 million. These amounts are included within “Accrued liabilities” on our condensed consolidated balance sheet as of April 13, 2025. The Company will continue to accrue for post-judgment interest until the matter is resolved.

J&D Restaurant Group — On April 17, 2019, the trustee for a bankrupt former franchisee filed a complaint generally alleging the Company wrongfully terminated the franchise agreements and unreasonably denied two prospective purchasers the former franchisee presented. The parties participated in a mediation in April 2021, and again in December 2022, but the matter did not settle. The trial commenced on January 9, 2023 and on February 8, 2023, the jury returned a verdict finding the Company had not breached any contracts in terminating the franchise agreements or denying the proposed buyers. However, while the jury also found the Company had not violated the California Unfair Practices Act, it found for the plaintiff on the claim for breach of implied covenant of good faith and fair dealing, and awarded \$8.0 million in damages. On May 9, 2023, the court granted the Company’s post-trial motion, overturning the jury verdict and ordering the plaintiff take nothing on its claims. As a result, the Company reversed the prior \$8.0 million accrual. The Plaintiff has appealed the trial court’s post-trial rulings. As part of the appeal, the parties participated in a mediation on March 18, 2025. The matter did not settle, and as of April 13, 2025, the Company has accrued \$1.0 million as part of its attempt to resolve the claims on its condensed consolidated balance sheet. The parties are currently awaiting the appellate court’s ruling.

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

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

Lease guarantees — We remain contingently liable for certain leases relating to our former Qdoba business which we sold in fiscal 2018. Under the Qdoba Purchase Agreement, the buyer has indemnified the Company of all claims related to these guarantees. As of April 13, 2025, the maximum potential liability of future undiscounted payments under these leases is approximately \$19.0 million. The lease terms extend for a maximum of approximately 13 more years and we would remain a guarantor of the leases in the event the leases are extended for any established renewal periods. In the event of default, we believe the exposure is limited due to contractual protections and recourse available in the lease agreements, as well as the Qdoba Purchase Agreement, including a requirement of the landlord to mitigate damages by re-letting the properties in default, and indemnity from the Buyer. The Company has not recorded a liability for these guarantees as we believe the likelihood of making any future payments is remote.

15. SUPPLEMENTAL CONSOLIDATED CASH FLOW INFORMATION (in thousands)

	Year-to-date	
	April 13, 2025	April 14, 2024
Non-cash investing and financing transactions:		
(Decrease) increase in obligations for purchases of property and equipment	\$ (1,314)	\$ 8,133
Increase in dividends accrued or converted to common stock equivalents	\$ 121	\$ 150
Right-of use assets obtained in exchange for operating lease obligations	\$ 85,202	\$ 113,647

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

16. SUPPLEMENTAL CONSOLIDATED BALANCE SHEET INFORMATION (in thousands)

	April 13, 2025	September 29, 2024
Accounts and other receivables, net:		
Trade	\$ 102,076	\$ 71,306
Notes receivable, current portion	2,897	2,036
Income tax receivable	766	819
Other	14,703	13,918
Allowance for doubtful accounts	(5,767)	(4,512)
	<u>\$ 114,675</u>	<u>\$ 83,567</u>
Property and equipment, net:		
Land	\$ 94,500	\$ 93,950
Buildings	962,739	963,699
Restaurant and other equipment	200,774	171,436
Construction in progress	45,864	49,445
	<u>1,303,877</u>	<u>1,278,530</u>
Less accumulated depreciation and amortization	<u>(861,587)</u>	<u>(848,491)</u>
	<u>\$ 442,290</u>	<u>\$ 430,039</u>
Other assets, net:		
Company-owned life insurance policies	\$ 124,139	\$ 129,685
Franchise tenant improvement allowance	39,784	41,502
Deferred rent receivable	40,038	41,284
Notes receivable, less current portion	10,220	11,249
Other	34,570	35,286
	<u>\$ 248,751</u>	<u>\$ 259,006</u>
Accrued liabilities:		
Income tax liabilities	\$ 3,854	\$ 778
Payroll and related taxes	32,695	38,112
Legal accruals	18,220	16,220
Insurance	27,976	27,982
Sales and property taxes	10,569	26,107
Deferred rent income	12,460	—
Advertising	969	4,698
Deferred franchise and development fees	6,569	6,674
Other	54,430	46,297
	<u>\$ 167,742</u>	<u>\$ 166,868</u>
Other long-term liabilities:		
Defined benefit pension plans	\$ 50,412	\$ 51,973
Deferred franchise and development fees	44,020	45,316
Other	80,213	56,419
	<u>\$ 174,645</u>	<u>\$ 153,708</u>

17. SUBSEQUENT EVENTS

Company store repurchase — Subsequent to the end of the second quarter of 2025, the Company signed agreements to reacquire 18 Del Taco restaurants in Colorado from a franchisee for \$6.4 million.