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

FORM 10-K

(Mark One)

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended August 02, 2024

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____

Commission file number: 000-25225

Cracker Barrel Old Country Store, Inc.
(Exact name of registrant as specified in its charter)

Tennessee
(State or other jurisdiction of
incorporation or organization)
305 Hartmann Drive
Lebanon, Tennessee
(Address of principal executive offices)

62-0812904
(I.R.S. Employer
Identification Number)
37087-4779
(Zip code)

Registrant's telephone number, including area code: (615) 444-5533

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock (Par Value \$0.01)	CBRL	The Nasdaq Stock Market LLC (Nasdaq Global Select Market)

Rights to Purchase Series A Junior
Participating Preferred Stock (Par
Value \$0.01)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes No

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 (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes 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 Accelerated filer Non-accelerated filer
Smaller reporting company Emerging growth company

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

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Indicate by check mark whether the registrant has filed a report on and attestation to its management assessment of the effectiveness of internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Yes No

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

The aggregate market value of voting stock held by non-affiliates of the registrant as of January 26, 2024 (the last business day of the registrant's most recently completed second fiscal quarter) was \$1,696,655,108.

As of September 13, 2024, there were 22,204,312 shares of common stock outstanding.

Documents Incorporated by Reference

Document from which Portions
are Incorporated by Reference

Part of Form 10-K
into which incorporated

1. Proxy Statement for Annual Meeting of Shareholders to be held November 21, 2024 (the "2024 Proxy Statement")

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INTRODUCTION

General

Unless the context otherwise requires, references to “Company,” “we,” “us,” and “our” refer to Cracker Barrel Old Country Store, Inc. and its direct and indirect wholly owned subsidiaries. This report contains references to years that are the Company’s 52-week or 53-week fiscal year, which ends on the Friday nearest July 31st in the calendar year. The periods presented in our financial statements are the fiscal years ended August 02, 2024 (“2024”), July 28, 2023 (“2023”) and July 29, 2022 (“2022”), respectively. Each of these periods has 52 weeks except for 2024, which consisted of 53 weeks. All of the discussion in this report should be read with, and is qualified in its entirety by, the Consolidated Financial Statements and the notes thereto. All amounts other than share and certain statistical information (e.g., number of units) are in thousands unless the context clearly indicates otherwise. Similarly, references to a year or quarter are to our fiscal year or quarter unless expressly noted or the context clearly indicates otherwise.

Forward-Looking Statements/Risk Factors

Except for specific historical information, many of the matters discussed in this Annual Report on Form 10-K, as well as other documents incorporated herein by reference, may express or imply projections of items such as revenues or expenditures, estimated capital expenditures, compliance with debt covenants, plans and objectives for future operations, store economics, inventory shrinkage, growth or initiatives, expected future economic performance or the expected outcome or impact of pending or threatened litigation. These and similar statements regarding events or results that the Company expects will or may occur in the future are forward-looking statements concerning matters that involve risks, uncertainties and other factors which may cause our actual results and performance to differ materially from those expressed or implied by such forward-looking statements. All forward-looking information is provided pursuant to the safe harbor established under the Private Securities Litigation Reform Act of 1995 and should be evaluated in the context of these risks, uncertainties and other factors. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “trends,” “assumptions,” “target,” “guidance,” “outlook,” “opportunity,” “future,” “plans,” “goals,” “objectives,” “expectations,” “near-term,” “long-term,” “projection,” “may,” “will,” “would,” “could,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “potential,” “regular,” “should,” “projects,” “forecasts” or “continue” (or the negative or other derivatives of each of these terms) or similar terminology. We believe the assumptions underlying any forward-looking statements are reasonable; however, any of the assumptions could be inaccurate, and therefore, actual results may differ materially from those projected in or implied by the forward-looking statements. In addition to the risks of ordinary business operations, and those discussed or described in this report or in information incorporated by reference into this report, factors and risks that may result in actual results differing from this forward-looking information include, but are not limited to risks and uncertainties associated with inflationary conditions with respect to the price of commodities, ingredients, transportation, distribution and labor; disruptions to our restaurant or retail supply chain; our ability to manage retail inventory and merchandise mix; our ability to sustain or the effects of plans intended to improve operational or marketing execution and performance, including the Company’s strategic transformation plan; the effects of increased competition at our locations on sales and on labor recruiting, cost, and retention; consumer behavior based on negative publicity or changes in consumer health or dietary trends or safety aspects of our food or products or those of the restaurant industry in general, including concerns about outbreaks of infectious disease; the effects of our indebtedness and associated restrictions on our financial and operating flexibility and ability to execute or pursue our operating plans and objectives; changes in interest rates, increases in borrowed capital or capital market conditions affecting our financing costs and ability to refinance our indebtedness, in whole or in part; our reliance on a single distribution facility and certain significant vendors, particularly for foreign-sourced retail products; information technology disruptions and data privacy and information security breaches, whether as a result of infrastructure failures, employee or vendor errors, or actions of third parties; our compliance with privacy and data protection laws; changes in or implementation of additional governmental or regulatory rules, regulations and interpretations affecting tax, health and safety, animal welfare, pensions, insurance or other undeterminable areas; the actual results of pending, future or threatened litigation or governmental investigations; our ability to manage the impact of negative social media attention and the costs and effects of negative publicity; the impact of activist shareholders; our ability to enter successfully into new geographic markets that may be less familiar to us; changes in land, building materials and construction costs; the availability and cost of suitable sites for restaurant development and our ability to identify those sites; our ability to retain key personnel; the ability of and cost to us to recruit, train, and retain qualified hourly and management employees; uncertain performance of acquired businesses, strategic investments and other initiatives that we may pursue from time to time; the effects of business trends on the outlook for individual restaurant locations and the effect on the carrying value of those locations; general or regional economic weakness, business and societal conditions and the weather impact on sales and customer travel; discretionary income or personal expenditure activity of our customers; implementation of new or changes in interpretation of existing accounting principles generally accepted in the United States of America (“GAAP”), and those factors contained in Part I, Item 1A of this report below, as well as the factors described under “Critical Accounting Estimates” in Part II, Item 7 of this report below or, from time to time, in our filings with the Securities and Exchange Commission (“SEC”), press releases and other communications.

Readers are cautioned not to place undue reliance on forward-looking statements made in this report, since the statements speak only as of this report's date. Except as may be required by law, we have no obligation or intention to publicly update or revise any of these forward-looking statements to reflect events or circumstances occurring after the date of this report or to reflect the occurrence of unanticipated events. Readers are advised, however, to consult any future public disclosures that we may make on related subjects in reports that we file with or furnish to the SEC or in our other public disclosures.

PART I

ITEM 1. BUSINESS

OVERVIEW

Cracker Barrel Old Country Store, Inc. is principally engaged in the operation and development of the Cracker Barrel Old Country Store® concept ("Cracker Barrel"). Originally founded in 1969, we are headquartered in Lebanon, Tennessee and are organized under the laws of the State of Tennessee.

We maintain a website at crackerbarrel.com. We make available free of charge through our website our periodic and other reports filed with or furnished to the SEC pursuant to the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we file such material with, or furnish it to, the SEC. Information on our website is not deemed to be incorporated by reference into this Annual Report on Form 10-K or any other filings that we make from time to time with the SEC.

As of September 13, 2024, we operated 658 Cracker Barrel stores in 44 states and 68 Maple Street Biscuit Company stores in 10 states. The following description of our business should be read in conjunction with the information in Part II of this report under the caption "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data."

Cracker Barrel Old Country Store Concept

Our Cracker Barrel stores are intended to appeal to both the traveler and the local customer, and we believe they have consistently been a consumer favorite. We pride ourselves on our consistent quality, value and friendly service. As of September 13, 2024, no Cracker Barrel stores were franchised.

In 2024, we announced our strategic transformation plan. The strategic transformation plan is anchored on three overarching business imperatives: driving relevancy, delivering food and an experience guests love, and growing profitability. We have undertaken certain initiatives as part of these imperatives, including modifying capital allocation to support increased investment in the business to drive organic growth. We launched our loyalty program to leverage guest data to better understand consumer behavior and identify ways to drive frequency and engagement. As part of the plan, we are redefining our brand, including by improving our stores' designs and atmosphere. We are currently testing store remodel prototypes. Our store remodel program includes two categories: full remodels and store refreshes. We expect that 25-30 stores will be fully remodeled and we expect to complete 25-30 store refreshes in 2025.

Store Format: The format of our stores consists of a trademarked rustic old country-store design offering a full-service restaurant menu that features home-style country food and a wide variety of decorative and functional items such as rocking chairs, holiday and seasonal gifts, toys, apparel, cookware and foods. All stores are freestanding buildings and consist of approximately 20% of gift shop space with the remainder dedicated to our restaurant, training and storage space. Our stores have stone fireplaces and are decorated with antique-style furnishings and other authentic and nostalgic items, reminiscent of and similar to those found and sold in the past in traditional old country stores. The front porch of each store features rows of the signature Cracker Barrel rocking chairs, which are a popular item sold by the gift shops and which we invite guests to use while waiting for a table in our dining room or after enjoying a meal.

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Products: Our restaurants, which generated approximately 80% of our total revenue in 2024, offer home-style country cooking featuring many of our own recipes that emphasize authenticity and quality. Our restaurants serve breakfast, lunch and dinner daily and offer dine-in, pick-up and delivery services. Menu items are moderately priced. Approximately 93% of our Cracker Barrel restaurants serve an assortment of beer and wine as of the end of 2024.

Breakfast items can be ordered at any time throughout the day and include juices, eggs, pancakes, meats, grits, and a variety of biscuit specialties, such as gravy and biscuits and country ham and biscuits. Lunch and dinner items include fried and grilled chicken, chicken and dumplings, chicken pot pie, meatloaf, country fried steak, pork chops, fish, country fried shrimp, steak, roast beef, ham, vegetable plates, sandwiches and salads. We also offer multi-serving takeout family meal baskets. Additionally, from time to time, we feature new items as off-menu specials or on test menus at certain locations to evaluate possible ways to enhance customer interest and identify potential future additions to the menu. We offer weekday lunch specials, which include some of our favorite entrées in lunch-sized portions. Our menu also features weekday and weekend dinner specials that showcase a popular dinner entrée. There is some variation in menu pricing and content in different regions of the country. The average check per guest during 2024 was \$14.05, which represents a 5.1% increase over the prior year. We served an average of approximately 5,500 restaurant guests per week in a typical store in 2024.

The following table highlights the price ranges for our meals in 2024:

	Price Range
Breakfast	\$ 6.99 to \$ 20.99
Lunch and Dinner	\$ 5.19 to \$ 25.19

The following table highlights each day-part's percentage of restaurant sales in 2024:

	Percentage of Restaurant Sales in 2024
Breakfast Day-Part (until 11:00 a.m.)	25%
Lunch Day-Part (11:00 a.m. to 4:00 p.m.)	37%
Dinner Day-Part (4:00 p.m. to close)	38%

We also offer for sale in our gift shops items that are featured on, or related to, the restaurant menu, such as pies, cornbread mix, coffee, syrups and pancake mix. Our gift shops offer a wide variety of decorative and functional items such as rocking chairs, seasonal gifts, apparel, toys, cookware and various other gift items, as well as various candies, preserves and other food items.

The following table highlights the five categories that accounted for the largest shares of our retail sales in 2024:

	Percentage of Retail Sales in 2024
Apparel and Accessories	32%
Food	18%
Décor	14%
Toys	13%
Media	7%

Our typical gift shop features approximately 4,300 stock keeping units. Certain food items are sold under the “Cracker Barrel Old Country Store” brand name. We believe that we achieve high retail sales per square foot of retail selling space (approximately \$515 per square foot in 2024) as compared to traditional retail stores both by offering appealing merchandise and by having a significant source of customers who are typically our restaurant guests.

Product Development and Merchandising: We maintain a product development department, which develops new and improved menu items either in response to shifts in customer preferences or to create customer interest. We use a formal development and testing process, which includes guest research and in-store market tests to ensure products brought to market have a greater likelihood of meeting our goals. Menu-driven growth is built through three areas: enhancements to our current core menu offerings, the addition of new core menu offerings and limited time offer seasonal events or promotions.

Our merchandising department selects and develops products for our gift shop. We are focused on driving retail sales by converting those customers who come to us for a restaurant visit. Our assortment includes both core and seasonal themes. Our seasonal themes are designed to create interest and excitement in our stores by providing our guests with additional choices that vary throughout the year.

Store Management: At each store, our store management typically consists of one general manager, three to four associate managers and one retail manager. To motivate managers to improve sales and operational performance, we maintain bonus plans designed to provide managers with incentives to meet and exceed the operational targets of their store. Each store is assigned to both a restaurant and a retail district manager who each report to a regional vice president.

Purchasing and Distribution: We negotiate directly with food vendors as to specification, price and other material terms of most food purchases. We have a contract with an unaffiliated distributor with custom distribution centers in Lebanon, Tennessee; McKinney, Texas; Gainesville, Florida; Elkton, Maryland; Kendallville, Indiana; Rock Hill, South Carolina; and Shafter, California. We purchase the majority of our food products and restaurant supplies on a cost-plus basis through this unaffiliated distributor. The distributor is responsible for placing food orders, warehousing and delivering food products to our stores. Deliveries are generally made once per week to individual stores. Produce is purchased through a national program and is delivered two to three times a week through a network of approximately fifty independent produce suppliers. Fluid dairy is delivered two to three times a week through approximately fifty regional dairies, the majority of which are under the ownership of two separate unaffiliated companies. Beer and wine are purchased and distributed through approximately 630 distributors with deliveries ranging from weekly to monthly.

The following table highlights the five food categories which accounted for the largest shares of our food purchasing expense in 2024:

	Percentage of Food Purchases in 2024
Fruits and vegetables	14%
Poultry	13%
Dairy (including eggs)	13%
Beef	13%
Pork	10%

Each of these categories includes several individual items. Boneless chicken breast is the single food item within these categories that accounted for the largest share of our food purchasing expense in 2024 at approximately 5% of total food purchases. Dairy, fruits and vegetables are purchased through numerous vendors, including local vendors. Eggs are purchased through five vendors. We purchase our pork through seven vendors, poultry through nine vendors and beef through six vendors. Should any food items from a particular vendor become unavailable, we generally believe that these food items could readily be obtained, or alternative products substituted, in sufficient quantities from other sources at competitive prices to allow us to avoid any material adverse effects that could be caused by such unavailability.

The majority of our retail items (approximately 80% in 2024) are warehoused at our retail distribution center in Lebanon, Tennessee. The distribution center fulfills retail item orders generated by our automated replenishment system and generally ships the retail orders once a week to the individual stores by two third-party dedicated freight lines. The remaining retail items are drop-shipped directly by our vendors to individual stores.

Approximately one-third of our 2024 retail items were purchased directly from vendors in the People's Republic of China. We have relationships with several foreign buying agencies to source product, monitor quality control and supplement product development.

Information Technology: We believe that an essential part of pleasing people is established through our ability to leverage technology. We use technology to enhance the experiences of our guests and our employees, and to assist management in all aspects of operating the business. Examples include a digital experience that drives our loyalty program, effectively enables our off-premise business, allows for mobile payments in store, and provides guests with a digital waitlist that can be accessed remotely through our own mobile application. Our in-store guest experience is supported by systems that manage the dining room seating, assist in facilitating customer orders of food and retail products, and routes food orders to our kitchen. Marketing uses digital technology to provide more relevancy in customer messaging. Our store employees use a range of systems to manage inventory, labor, forecasting and orders for retail and restaurants. In our distribution center, we manage retail merchandise planning, purchasing, warehousing, and distribution using various retail management solutions. Our data solutions provide management with daily reports used to operate stores in a cost-effective manner and assist in analytics and decision-making. Our help desk leverages technology solutions that enable an efficient and effective way to resolve technology concerns. We believe our technology is highly effective in supporting Cracker Barrel's daily operations, and we continue to enhance this technology in line with our Company's strategic vision.

Off-Premise Business: Approximately 20% of our restaurant sales are generated through our off-premise channels. Our off-premise business consists of three channels: Individual To Go, Third-Party Delivery and Catering and Occasion. Individual To Go includes to go orders that guests pick up from our stores. Third-Party Delivery includes to go orders that are placed through an aggregator, e.g., Door Dash and Uber Eats, and delivered to guests by an employee of the aggregator. Catering and Occasion includes offerings for large party sizes, which includes our popular Heat n' Serve offerings that are available for certain holidays. In 2024, Individual To Go, Third-Party Delivery and Catering and Occasion accounted for approximately 48%, 32% and 20% of total off-premise sales, respectively.

Guest Satisfaction: We are committed to providing our guests a home-style, country-cooked meal, and a variety of retail merchandise served and sold with genuine hospitality in a comfortable environment. Our commitment to offering guests a quality experience begins with our employees. Our mission statement, "Pleasing People," embraces guests and employees alike, and our employees are trained on the importance of that mission in a culture of mutual respect. We also are committed to staffing each store with an experienced management team to ensure attentive guest service and consistent food quality. Through the regular use of guest surveys and store visits by district managers and operational vice presidents, management receives valuable feedback that is used in our ongoing efforts to improve the stores and to demonstrate our continuing commitment to pleasing our guests. We have a guest-relations call center that takes comments and suggestions from guests and forwards them to operations or other management for information and follow up.

We use internet and interactive voice response systems to monitor operational performance and guest satisfaction at all stores on an ongoing basis. We have public notices in our menus, on our website and posted in our stores informing customers and employees about how to contact us by internet or toll-free telephone number with questions, complaints or concerns regarding services or products. We conduct training on how to gather information and investigate and resolve customer concerns. This is accompanied by comprehensive training for all store employees on our public accommodations policy and commitment to “Pleasing People.”

Marketing: We employ multiple media channels to reach and engage our guests. Outdoor advertising (e.g., billboards and state department of transportation signs) is one of our largest advertising vehicles we use to reach our traveling and local guests. In 2024, we had over 1,300 billboards and this expenditure accounted for approximately one-fourth of our total advertising spend for the year. We continue to optimize our non-billboard advertising mix which includes television (increasingly digital), digital display and video, mobile, social media, and search marketing. Our digital marketing efforts have also expanded to focus on improving brand preference, guest engagement and sales. We have a presence on multiple social media sites and several food delivery apps, an e-commerce platform that integrates individual-to-go and catering shopping, and a customer relationship management (CRM) program that employs email, text messages, push notifications and personalization. Our event activations drive awareness for the brand and build cultural relevance and affinity with our guests. Additionally, in the first quarter of 2024, we launched our customer loyalty program, Cracker Barrel Rewards.

Store Development: We opened two new Cracker Barrel stores in 2024. Currently, we plan to open two new stores during 2025. As of September 13, 2024, approximately 83% of our stores are located along interstate highways. Our remaining stores are located off-interstate or near tourist destinations.

Of the 658 stores open as of September 13, 2024, we own the land and buildings for 358, while the other 300 properties are either ground leases or ground and building leases. Building, site improvement, furniture, equipment and related development costs for stores opened during 2024 averaged approximately \$5,700 and pre-opening costs averaged \$835 per store in 2024.

Our current store prototype is approximately 8,900 square feet, including approximately 1,900 square feet of retail selling space and dining room seating for approximately 170 guests. Our capital investment in new stores may differ in the future due to changes in our store prototype, building design specifications, site location and site characteristics.

Maple Street Biscuit Company

We also operate Maple Street Biscuit Company (“MSBC”) locations. MSBC is a breakfast and lunch fast casual concept. Like Cracker Barrel, MSBC values genuine hospitality and made-from-scratch cooking including biscuit-inspired entrées as well as freshly roasted coffee with a proprietary blend and a limited selection of beer and wine in certain locations. MSBC operates in a smaller footprint than our Cracker Barrel Old Country Store concept and has operating hours limited to the breakfast and lunch day parts. As of September 13, 2024, 68 MSBC locations were open, an increase from 59 at the same time last year — all are currently leased properties in Alabama, Florida, Georgia, Kentucky, Ohio, North Carolina, South Carolina, Tennessee, Texas and Virginia. As of September 13, 2024, no MSBC locations were franchised. We believe that MSBC will serve as a long-term growth vehicle that complements Cracker Barrel while providing increased exposure to urban and suburban markets. Currently, we plan to open three to four MSBC locations in 2025.

HUMAN CAPITAL

As of August 02, 2024, we employed approximately 77,600 people, of whom 350 were in advisory and supervisory capacities, 3,385 were in-store management positions and 45 were officers. Many store personnel are employed on a part-time basis. Our employees are not represented by any union, and management considers its employee relations to be good. People are at the core of our business and an essential part of our Company.

Diversity, Equity & Inclusion

Since 1969, our corporate mission has been Pleasing People. As an organization, we have a responsibility to live up to our mission of Pleasing People each day, ensuring that every member of our team and every guest feels at home, feels cared for like family, and feels like they belong. Our teams work hard to create a culture of hospitality that's welcoming, respectful and inclusive to everyone who walks through our doors – whether as an employee or as a guest. Also guiding our way is the sense of belonging we strive to deliver as part of our People Promise. This includes embracing openness for all people, ideas, and perspectives. Our food and décor celebrate warm memories of the past, and we believe our inclusive culture and beliefs are vital to reinforcing these positive feelings in our employees and guests, and are thus critical to the strength of our brand and our corporate strategy. Our firmly held organization-wide policy is that discrimination, overt or through unconscious bias, has no place at Cracker Barrel Old Country Store.

As of August 02, 2024, 34% of our employee population is racially and/or ethnically diverse and 70% of our employee population is female.

We provide opportunities for our employees to drive our Diversity, Equity & Inclusion strategy by creating programs that raise awareness and allow for a more inclusive culture. Our Business Resource Groups allow employees to come together with common interests, perspectives, and experiences around topics such as race, ethnicity, gender identity, and other special interests. These employee-led organizations provide opportunities to network, to obtain and develop leadership skills, and to inform and influence on all aspects of the Cracker Barrel brand.

Currently, there are seven Business Resource Groups in Cracker Barrel:

- AMPT (“Advancing Modern Professionals for Tomorrow”): Aims to connect and empower modern professionals by promoting a community of inclusive, ambitious, and diverse members that unify through Cracker Barrel to equip our community and leaders for the future;
- Be Bold: Cultivates and develops Black leaders within the Cracker Barrel organization utilizing allyship, mentorship, and education to create a path to continued excellence as well as a vibrant and diverse community;
- B-WELL: Improving the employee experience by sponsoring health and wellness activities that nurture employees’ physical, emotional, financial and intellectual wellbeing;
- HOLA (“Hispanic Organization for Leadership and Advancement”): Promoting Hispanic and Latino culture through hiring, developing and retaining talent within Cracker Barrel;
- LGBTQ+ Alliance: Promoting LGBTQ+ Awareness and Building Workplace Inclusion;
- SERVE: Advocating for leadership and development opportunities for veterans, fostering an environment of networking and volunteerism and focusing on recruitment, retention and advancement; and
- Women’s Connect: Inspiring women leaders.

Employee Development / Training

Because of the importance of our employees’ ability to deliver the service levels that are a vital part of the hospitality that drives our brand appeal to guests, we emphasize employee development and training. To ensure that individual stores operate at a high level of quality, we focus significant attention on the training of store managers. We believe that our training programs are key in developing our managers’ leadership skills and commitment to operational excellence, which we believe are important to delivering a positive employee and guest experience. We provide our managers and hourly employees with ongoing training through various development courses taught through a blended learning approach, including a mix of hands-on, traditional classroom, written and cloud-based training. Each store is equipped with dedicated training computers and cloud-based proprietary eLearning instruction programs.

We are increasing our focus on leadership development and mentorship programs to better secure strong, diverse talents across all facets of our organization. This commitment is exemplified by our D.E.L.T.A program (“Diverse Employee Leadership Talent Advancement”). This leadership program identifies diverse managers who have exhibited all the skills we value in our top-performing managers, brings them together to learn from each other, positions them to advance to their next role, while continuing to advance our business and strategic goals in the process.

Our new, robust diversity training includes education throughout all levels of the Company about unconscious and implicit bias and focuses on creating an inclusive culture and fostering a sense of belonging for all.

Employee Benefits / Compensation

Cracker Barrel is committed to providing comprehensive and competitive benefits to meet our employees’ needs. We offer a robust set of benefits to help our employees and their families stay healthy and effectively manage spend related to health and financial well-being. These benefits include programs such as medical, dental, vision, prescription drug, and life insurance coverage, as well as short and long term disability insurance coverage. Additionally, Cracker Barrel is pleased to offer our Employee Assistance Program to all employees and family members. This confidential program is available 24/7 for personal or professional consultations.

In addition, we provide all of our employees with access to paid parental leave and adoption benefits, a 401(k) savings plan, an employee discount policy at our Cracker Barrel stores, an employee stock purchase plan, and a competitive vacation policy.

Our compensation and performance evaluation systems are carefully designed to maintain pay equity by focusing pay decisions on experience and performance to ensure the Company retains a highly productive workforce to operate our business while providing a high level of service to our guests.

Quality Assurance and Food Safety

Cracker Barrel incorporates robust quality assurance and food safety processes to ensure the safety of all our food and retail products delivered to our guests including the following:

- Comprehensive food safety training for store employees and store managers;
- Extensive requirements for food supplier approval;
- Ongoing third-party food safety audits of food production and distribution centers;
- Periodic food product audits conducted by Cracker Barrel quality assurance team;
- Rigid processes to ensure new or alternative source suppliers deliver food products to exact specifications;
- Third-party testing of retail non-food products to ensure compliance with all specifications and Federal regulations;
- Regular unannounced food safety audits conducted on all Cracker Barrel locations several times per year by a nationally recognized third party food safety organization;
- Ensuring a pest free environment in our locations through a stringent pest control process;
- Monitoring of all national and local food safety regulations pertaining to both food products and store operations;
- Monitoring of all health department inspections of all Cracker Barrel locations; and
- Monitoring and responding to:
 - Food borne illness outbreaks,
 - Food and product recalls, and
 - Pandemic situations, e.g., COVID-19.

COMPETITION

The restaurant and retail industries are intensely competitive with respect to the type and quality of food, retail merchandise, price, service, location, personnel, concept, attractiveness of facilities, availability of carryout and home delivery, internet and mobile ordering capabilities and effectiveness of advertising and marketing. We compete with a significant number of national and regional restaurant and retail chains, some of which have greater resources than us, as well as locally owned restaurants and retail stores. We also face growing competition from the supermarket industry, which offers “convenient meals” in the form of improved entrées and side dishes from the deli section; fast casual restaurants; quick-service restaurants; and highly promotional casual and family dining restaurants. In addition, improving product offerings at fast casual restaurants and quick-service restaurants and expansion of home delivery services, together with negative economic conditions, could cause consumers to choose less expensive alternatives. We expect competition to continue in all of these areas. The restaurant and retail businesses are also often affected by changes in consumer taste and preference; national, regional or local economic conditions; demographic trends; traffic and weather patterns; the type, number and location of competing restaurants and retailers; and consumers’ discretionary purchasing power. Factors such as inflation, increased food, labor and benefits costs and the lack of experienced management and hourly employees may adversely affect the restaurant and retail industries in general and our stores in particular. We believe we compete effectively and have successfully differentiated ourselves from many of our competitors in the restaurant and retail industries through a unique brand and guest experience, which offers a diversified full-service menu and a large variety of nostalgic and unique retail items. For further information regarding competition, see Item 1A. Risk Factors.

RAW MATERIALS SOURCES AND AVAILABILITY

Essential restaurant supplies and raw materials are generally available from a number of sources. Generally, we are not dependent upon single sources of supplies or raw materials. However, in our stores, certain branded items are single source products or product lines. Our ability to maintain consistent quality throughout our store system depends in part upon our ability to acquire food products and related items from reliable sources. When the supply of certain products is uncertain or prices are expected to rise significantly, we may enter into purchase contracts or purchase bulk quantities for future use.

Adequate alternative sources of supply, as well as the ability to adjust menus if needed, are believed to exist for substantially all of our restaurant products. Our retail supply chain generally involves longer lead-times and, often, more remote sources of product, including the People’s Republic of China, and most of our retail product is distributed to our stores through a single distribution center. Although disruption of our retail supply chain could be difficult to overcome, we continuously evaluate the potential for disruptions and ways to mitigate such disruptions should they occur.

GOVERNMENT REGULATION

We are subject to various federal, state and local laws affecting our business, including areas of food safety, minimum wage increases, health care, zoning requirements, preparation and sale, among others, of food and alcoholic beverages, information security, and environmental matters. Each of our stores must comply with licensing requirements and regulations by a number of governmental authorities and we have not been significantly affected by any delay in obtaining these licenses. Federal, state and local environmental laws and regulations have not historically had a significant impact on our operations; however, we cannot predict the effect of possible future environmental legislation or regulations on our operations.

TRADEMARKS

We deem the various Cracker Barrel and MSBC trademarks and service marks that we own to be of substantial value. Our policy is to obtain federal registration of trademarks and other intellectual property whenever possible and to pursue vigorously any infringement of our trademarks and service marks.

RESEARCH AND DEVELOPMENT

While research and development is important to us, these expenditures have not been material due to the nature of the restaurant and retail industries.

SEASONAL ASPECTS

Historically, our revenue and profits have been lower in the first and third fiscal quarters and higher in the second and fourth fiscal quarters. We attribute these variations primarily to the holiday shopping season and the summer vacation and travel season. Our gift shop sales, which are made substantially to our restaurant guests, historically have been highest in our second quarter, which includes the holiday shopping season. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby generally contributing to higher profits in the Company's fourth quarter. We also generally open additional new stores throughout the year. Additionally, the fourth quarter of 2024 consisted of 14 weeks. Therefore, the results of operations for any interim period cannot be considered indicative of the operating results for an entire year.

WORKING CAPITAL

In the restaurant industry, substantially all payments received on sales are made by credit card, debit card or cash. Therefore, like many restaurant companies, we are able to, and often do, operate with negative working capital. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while other restaurant inventories purchased locally generally are financed through trade credit at terms of 30 days or less. Because of our gift shops, which have a lower product turnover than our restaurants, we carry larger inventories than many other companies in the restaurant industry. Retail inventories are generally financed through trade credit at terms of 60 days or less. These various trade terms are aided by rapid product turnover of the restaurant inventory. Employees generally are paid once every week or every two weeks except for bonuses that are paid either quarterly or annually in arrears. Many other operating expenses have normal trade terms and certain expenses, such as certain taxes and some benefits, are deferred for longer periods of time.

ITEM 1A. RISK FACTORS

Investing in our securities involves a degree of risk. Persons buying our securities should carefully consider the risks described below and the other information contained in this Annual Report on Form 10-K and other filings that we make from time to time with the SEC, including our consolidated financial statements and accompanying notes. If any of the following risks actually occurs, our business, financial condition, results of operations or cash flows could be materially adversely affected. In any such case, the trading price of our securities could decline and you could lose all or part of your investment.

Risks Related to Macroeconomic and Industry Conditions

We are currently experiencing, and have in the past experienced, inflationary conditions with respect to a variety of costs, including the cost for food, ingredients, retail merchandise, transportation, distribution, labor and utilities, and we may not be able to increase prices or implement operational improvements sufficient to fully offset inflationary pressures on such costs, which may have a material adverse effect on our results of operations.

The strength of our revenues and results of operations are dependent upon, among other things, the price and availability of food, ingredients, retail merchandise, transportation, distribution, labor and utilities. We have experienced and continue to experience inflationary pressures with respect to these costs. Fluctuations in economic conditions, weather, supply chain disruptions, freight efficiency, demand and other factors also affect the availability, quality and cost of the ingredients and retail merchandise that we buy. Changes in global demand for corn, wheat and dairy products have caused and could continue to cause volatility in the feed costs for poultry and livestock. Operating margins for our restaurants are subject to changes in the price and availability of food commodities, including beef, pork, chicken, dairy and produce. The effect of, introduction of, or changes to tariffs or exchange rates on imported retail products or food products could increase our costs and possibly affect the supply of those products. Changes in demand for over-the-road transportation and distribution services could cause volatility, increase our costs and adversely affect our operating margins. In addition, the prices of our retail merchandise are similarly impacted by economic and inflationary pressures, which have caused and may continue to cause higher costs and lower margins. Our attempts to offset cost pressures, such as through menu price increases and operational improvements, may not be successful. We seek to provide a moderately priced product, and, as a result, we may not seek to or be able to pass along price increases to our customers sufficient to completely offset cost increases without adversely affecting our customers' demand. Consumers may be less willing to pay our menu prices and may increasingly visit lower-priced competitors or may limit their restaurant or retail purchases. The extent to which price increases are not sufficient to offset higher costs adequately or in a timely manner, and/or result in significant decreases in revenue volume, may have a material adverse effect on our revenues and results of operations.

Labor is a primary component in our operating costs, and increases in labor costs due to increased minimum wages, competition, unemployment rates, or health care and other benefit costs may have a material adverse effect on our results of operations. We operate in many states and localities where the minimum wage is significantly higher than the federal minimum wage. Our distributors and suppliers could also be affected by higher minimum wage, benefit standards and compliance costs, which could result in higher costs for goods and services supplied to us. The market for labor in the United States is competitive, which has resulted in upward pressure on wages and may continue to do so in the future.

Our operating margins are also affected, whether as a result of general inflation or otherwise, by fluctuations in the price of utilities such as natural gas and electricity, on which our locations depend for much of their energy supply. Our failure to anticipate and respond effectively to one or more adverse changes in any of these factors could have a material adverse effect on our results of operations. Inflationary pressures and other fluctuations impacting the cost of these items could have a negative impact on our business in 2025.

Risks Related to Our Business

Pandemics, epidemics, endemics, and other public health concerns, or government regulation relating to the consumption of food products and widespread infectious diseases could reduce consumer traffic and could have a material adverse effect on our results of operations.

The United States and other countries have experienced, and may experience in the future, outbreaks of viruses, such as COVID-19, norovirus, the bird/avian flu or other diseases. We cannot predict whether such infectious diseases, including future variants of COVID-19, may impact sales and traffic at our stores, create staffing issues, increase commodity costs or result in store closures, which could subsequently damage or could reduce consumer traffic and could have a material adverse effect on our results of operations. In recent years there has been publicity concerning E. coli bacteria, hepatitis A, "mad cow" disease, "foot-and-mouth" disease, salmonella, African swine fever, peanut and other food allergens, and other public health concerns affecting the food supply, including beef, chicken, pork, dairy and eggs. Food safety concerns, widespread outbreaks of livestock and poultry diseases, and product recalls, all of which are out of our control, and, in many instances, unpredictable, could also increase our costs and possibly affect the supply of livestock and poultry products.

Additionally, we rely on our suppliers to comply with applicable laws and industry standards, and if our suppliers are unable to comply with such laws or do not otherwise meet our quality standards, we may face a disruption in our supply chain that could have a material adverse effect on our business. If we are unable to respond effectively, food safety concerns could have a negative impact on our business and our reputation.

The sale of food and prepared food products for human consumption involves the risk of injury to our customers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, other agents, or residues introduced during the growing, storage, handling and transportation phases. Additionally, many of the food items on our menu contain beef and chicken. The preferences of our customers toward beef and chicken could be affected by changes in consumer health or dietary trends and preferences regarding meat consumption or health concerns and publicity concerning food quality, illness and injury generally. Changes in consumer dietary preferences may impact our menu offerings. Further, consumers may change their dining-in preferences, such as during the COVID-19 pandemic, when consumers often chose to order food to go or for delivery. In addition, government regulations or the likelihood of government regulation could increase the costs of obtaining or preparing food products. Failure to respond and adapt to changing consumer preferences could have a material adverse effect on our results of operation and financial condition. A decrease in guest traffic to our stores, a change in our mix of products sold or an increase in costs as a result of these health concerns either in general or specific to our operations, could result in a decrease in sales or higher costs to our stores that would materially harm our business.

In 2024, we announced a strategic transformation plan to enhance our menu and retail offerings, support our brand, improve operating margins and improve the efficiencies and effectiveness of our operations. Failure to achieve or sustain these plans could adversely affect our results of operations.

Our strategic transformation plan is in various stages of testing, evaluation and implementation, aimed to improve guest experience and increase profitability. These initiatives are generally aimed at enhancing menu and retail options, reducing our costs, improving margins and increasing brand awareness, including through expanding our footprint and investing in strategic relationships. Implementation of these initiatives across our store base is inherently risky even when initiatives have been tested successfully on a more limited scale, and customers may not be receptive to these changes, which may negatively impact our financial condition and results of operations. Successful system-wide implementation across hundreds of stores and involving tens of thousands of employees relies on consistency of training, stability of workforce, ease of execution and the absence of offsetting factors that can adversely influence results. Failure to achieve successful implementation of our initiatives may adversely affect our business, financial condition and results of operations.

We face intense competition, and if we are unable to continue to compete effectively, our business, financial condition and results of operations may be adversely affected.

The restaurant and retail industries are intensely competitive, and we face many well-established competitors. We compete with national and regional restaurant and retail chains and locally owned restaurants and retailers within each market. Competition from other regional or national restaurant and retail chains typically represent the more important competitive influence, principally because of their significant marketing and financial resources. We face competition as a result of the convergence of grocery, deli, retail and restaurant services, particularly in the supermarket industry. We also face competition from various off-premise meal replacement offerings including, but not limited to, home meal kits delivery, third-party meal delivery and catering and the rapid growth of these channels by our competitors. Moreover, our competitors can harm our business even if they are not successful in their own operations by taking away customers or employees through aggressive and costly advertising, promotions or hiring practices. We compete primarily on the quality, variety and perceived value of menu and retail items. We also compete with other restaurant chains and other retail businesses for quality site locations, management and hourly employees, and other competitive pressures may affect both the availability and cost of these important resources. The number and location of stores, the growth of e-commerce, type of concept, quality and efficiency of service, attractiveness of facilities and effectiveness of advertising and marketing programs also are important factors.

We anticipate that intense competition will continue with respect to all of these factors. If we are unable to continue to compete effectively, our business, financial condition and results of operations would be adversely affected.

Unfavorable publicity could harm our business. In addition, our failure to recognize, respond to and effectively manage the impact of social media could materially impact our business.

Multi-unit businesses such as ours can be adversely affected by publicity resulting from complaints or litigation alleging poor food quality, poor service, guest discrimination, food-borne illness, viruses, product defects, personal injury, adverse health effects (including obesity), employee relations or other concerns stemming from one or a limited number of our stores. Even when the allegations or complaints are not accurate or valid, unfavorable publicity relating to one or more of our stores, or only to a single store, may adversely affect public perception of the entire brand before we have the opportunity to respond to and address such allegations. Additionally, social media can be utilized to target specific companies or brands as a result of a variety of actual or perceived actions or inactions that are disfavored by our customers, local culture, employees, or interest groups, which can materially and immediately impact consumer behavior. Social media allows users to organize collective actions and engage in other brand-damaging behaviors that, if targeted at us, could impact our business. Adverse publicity and its effect on overall consumer perceptions of food safety or customer service could have a material adverse effect on our business, financial condition and results of operations.

Additionally, social media uses and platforms are constantly evolving, and as a result, we need to innovate and develop our social media and digital marketing strategies to maintain brand relevance to increase brand recognition and reach a broader audience. If our social media initiatives or strategies are not successful, our brand awareness may decline or we may otherwise suffer reputational harm. In addition, a variety of risks are associated with the use of social media, including the public dissemination of proprietary or confidential information, negative comments about us, personally identifiable information, or out-of-date or false information. The inappropriate use of social media by our guests or employees could increase our costs, lead to litigation or result in negative publicity that could damage our reputation.

Failure to maximize or to successfully assert our intellectual property rights could adversely affect our business and results of operations.

We rely on trademark, unfair competition, trade secret and copyright laws to protect our intellectual property rights. We have registered certain trademarks and service marks with appropriate governmental authorities. We cannot guarantee that these intellectual property rights will be maximized or that they can be successfully asserted. There is a risk that we will not be able to obtain and perfect our own, or, where appropriate, license intellectual property rights necessary to support new product introductions or other brand extensions. We cannot be sure that these rights, if obtained, will not be invalidated, circumvented or challenged in the future. Additionally, we cannot guarantee that third parties will not claim our trademarks or menu offerings will infringe on their intellectual property rights, regardless of merit. Our failure to protect or successfully assert our intellectual property rights could make us less competitive and could have an adverse effect on our business and results of operations.

Risks Related to our Capital Structure

The performance of our business as affected by the level of our indebtedness could prevent us from meeting the obligations under our revolving credit facility or the indenture governing the \$300 million aggregate principal amount of 0.625% Convertible Senior Notes due 2026 (the "Notes"), maintaining sufficient liquidity to operate our business or service our debt obligations, and we cannot provide any guarantee of future cash dividend payments or that we will be able to actively repurchase our common stock pursuant to a share repurchase program.

Our consolidated indebtedness and restrictions in our revolving credit facility may have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing borrowing costs. Given the significant uncertainty relating to the macroeconomic environment, there are potential scenarios under which we could fail to comply with these covenants, which would result in an event of default that, if not waived, could have a material adverse effect on our financial condition, results of operations or ability to continue to service our debt obligations. A default under our credit agreement or under the indenture governing the Notes may also significantly affect our ability to obtain additional or alternative financing. For example, the lenders' ongoing obligation to extend credit under the revolving credit facility is dependent upon our compliance with these covenants and restrictions.

Our ability to make scheduled interest payments or to refinance our obligations with respect to indebtedness will depend on our operating and financial performance, which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. Our inability to refinance our indebtedness when necessary or to do so upon attractive terms may have a material adverse effect on our liquidity and results of operations.

Depending on the impact of macroeconomic environment, we may seek other sources of liquidity and other ways of preserving liquidity. No assurance can be made that sources of additional liquidity will be readily available or that we will be successful in obtaining additional liquidity or preserving liquidity. Further, no assurance can be made that sources of additional liquidity will be available on terms that are favorable to us.

As part of our strategic transformation plan, we announced a reduction in quarterly dividends. Any future determination to pay cash dividends on our common stock, or to pay cash dividends in an amount comparable to historical cash dividends on our common stock, will be based primarily upon our financial condition, prospects, results of operations and business requirements and our Board of Directors' conclusion that the declaration of cash dividends is in the best interest of our shareholders and is in compliance with all laws and agreements applicable to the payment of dividends. Furthermore, there can be no assurance that we will be able to actively repurchase our common stock, and we may discontinue plans to repurchase common stock at any time.

We may be unable to raise the funds necessary to repurchase the Notes for cash following a fundamental change, or to pay the cash amounts due upon conversion, and our other indebtedness may limit our ability to repurchase the Notes or pay cash upon their conversion.

Noteholders may require us to repurchase their Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, all conversions of Notes will be settled partially or entirely in cash. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our other indebtedness may restrict our ability to repurchase the Notes or pay the cash amounts due upon conversion.

Our failure to repurchase Notes or to pay the cash amounts due upon conversion when required will constitute a default under the indenture governing the Notes. A default under the indenture governing the Notes or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have or be able to secure financing for sufficient funds to satisfy all amounts due under the other indebtedness and the Notes.

Provisions in the indenture governing the Notes could delay or discourage a takeover of us.

Certain provisions in the Notes and the indenture governing the Notes could make a third party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change, then noteholders will have the right to require us to repurchase their Notes for cash. In addition, if a takeover constitutes a make-whole fundamental change, then we may be required to temporarily increase the conversion rate for the Notes. In either case, and in other cases, our obligations under the Notes and the indenture governing the Notes could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that noteholders or holders of our common stock may view as favorable.

The convertible note hedge and warrant transactions may affect the value of the notes and our common stock.

In connection with the issuance of the Notes, we entered into convertible note hedge transactions with the hedge counterparties. The convertible note hedge transactions cover, subject to customary anti-dilution adjustments, the number of shares of common stock that initially underlie the Notes. We also entered into warrant transactions with the hedge counterparties collectively relating to the same number of shares of our common stock, subject to customary anti-dilution adjustments, and for which we received premiums to partially offset the cost of entering into the hedge transactions.

The convertible note hedge transactions are expected generally to reduce or offset potential dilution to our common stock upon any conversion of the Notes and/or offset any cash payments we may be required to make in excess of the principal amount of converted Notes, as the case may be. However, the warrant transactions could separately have a dilutive effect to the extent that the market value per share of our common stock exceeds the strike price of the warrants. In connection with establishing and maintaining their initial hedges of the convertible note hedge and warrant transactions, we understand that the hedge counterparties or their respective affiliates may modify their hedge positions with respect to the convertible note hedge transactions and the warrant transactions from time to time by purchasing or selling shares of our common stock or the Notes in privately negotiated transactions or open-market transactions or by entering into or unwinding various over-the-counter derivative transactions with respect to our common stock.

The effect, if any, of these activities on the trading price of our common stock will depend on a variety of factors, including market conditions, and is uncertain at this time. Any of these activities could, however, adversely affect the trading price of our common stock.

We are subject to counterparty risk with respect to the convertible note hedge transactions.

The hedge counterparties are financial institutions, and we are subject to the risk that one or more of the hedge counterparties might default under their respective convertible note hedge transactions. Our exposure to the credit risk of the hedge counterparties is not secured by any collateral. Global economic conditions have from time to time resulted in the actual or perceived failure or financial difficulties of many financial institutions. If a hedge counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under our transactions with such hedge counterparty.

Our exposure will depend on many factors, but, generally, the increase in our exposure will be correlated to the increase in the market price and in the volatility of our common stock. In addition, upon a default by any hedge counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of any of the hedge counterparties.

Conversion of the Notes or exercise of the warrants evidenced by the warrant transactions may dilute the ownership interest of existing shareholders, including noteholders who have previously converted their Notes.

At our election, if applicable, we may settle Notes tendered for conversion partly in shares of our common stock. Furthermore, the warrants evidenced by the warrant transactions are expected to be settled on a net-share basis. As a result, the conversion of some or all of the Notes or the exercise of some or all of such warrants may dilute the ownership interests of existing shareholders. Any sales in the public market of the shares of our common stock issuable upon such conversion of the Notes or such exercise of the warrants could adversely affect prevailing market prices of our common stock. In addition, the existence of the Notes may encourage short selling by market participants because the conversion of the Notes could depress the price of our common stock.

Risks Related to Supply Chains

Our reliance on certain significant vendors, particularly for foreign-sourced retail products, subjects us to numerous risks, including possible interruptions in supply, which could adversely affect our business.

Our ability to maintain consistent quality throughout our operations depends in part upon our ability to acquire specified food and retail products and supplies in sufficient quantities. Partly because of our size, finding qualified vendors and accessing food, retail products, supplies and certain outsourced services in a timely and efficient manner is a significant challenge that typically is more difficult with respect to goods or services sourced outside the United States. We use a number of products that are or may be manufactured in a number of foreign countries, which subjects us to certain risks, including possible long lead times to source products; tariffs, trade barriers, sanctions, import limitations and other trade restrictions by the U.S. government on products or components shipped from foreign sources (particularly, the People's Republic of China); fluctuating currency exchange rates or control regulations; foreign government regulations; product testing regulations; foreign political and economic instability; and disruptions due to labor stoppages, strikes or slowdowns, or other disruptions, involving our vendors or the transportation and handling industries.

In some cases, we may have only one supplier for a product or service, which subjects us to the possible risks of shortages, interruptions and price fluctuations, and possible litigation when we change vendors because of performance issues. Global economic factors and the weak economic recovery continue to put significant pressure on suppliers, with some suppliers facing financial distress and others attempting to rebuild profitability, all of which tends to make the supply environment more expensive. If any of these vendors is unable to fulfill its obligations, or if we are unable to find replacement suppliers in the event of a supply disruption, we could encounter supply shortages and/or incur higher costs to secure adequate supplies, either of which could materially harm our business.

Our ability to manage our retail inventory levels and changes in merchandise mix may adversely affect our business.

The long lead times required for a substantial portion of our retail merchandise and the risk of product damages or non-compliance with required specifications could affect the amount of inventory we have available for sale. Additionally, our success depends on our ability to anticipate and respond in a timely manner to changing consumer demand and preferences for merchandise. If we misjudge the market, we may overstock unpopular products and be forced to take significant markdowns, which could reduce our gross margin. Conversely, if we underestimate demand for our merchandise we may experience inventory shortages resulting in lost revenues. Inventory shrinkage may also result in lost revenues. Any of these factors could have an adverse effect on our results of operations, cash flows from operations and our financial condition.

Our risks are heightened because of our single retail distribution facility and our potential inability or failure to execute on a comprehensive business continuity plan following a major disaster at or near our corporate facility could adversely affect our business.

The majority of our retail inventory is shipped into, stored at and shipped out of a single warehouse located in Lebanon, Tennessee. All of the decorative fixtures used in our stores are shipped into, stored at and shipped out of a separate warehouse that is also located in Lebanon, Tennessee. A natural disaster or public health crisis (such as the COVID-19 pandemic) affecting either of these warehouses or their personnel and operations could materially adversely affect our business. Additionally, our corporate systems and processes and support for our restaurant and retail operations are centralized on one campus in Tennessee. We have disaster recovery procedures and business continuity plans in place to address most events, back up and offsite locations for recovery of electronic and other forms of data and information. However, if we are unable to implement our disaster recovery and business continuity plans, we may experience delays in recovery of data, failure to support field operations, tardiness in required reporting and compliance and the inability to perform vital corporate functions which could adversely affect our business.

Risks Related to IT Systems, Cybersecurity and Data Privacy

A material disruption in our information technology, network infrastructure and telecommunication systems could have a material adverse effect on our business and results of operations.

We rely extensively on our information technology across our operations, including, but not limited to, point of sales processing, supply chain management, retail merchandise allocation and distribution, labor productivity and expense management. Our business depends significantly on the reliability, security and capacity of our information technology systems to process these transactions, summarize results, manage and report on our business and our supply chain. From time to time, we experience unauthorized infiltration attempts and cyber-attacks, which have not yet, but could in the future, materially impact our operations. Cyber-attacks are increasingly common and sophisticated, including through use of developing technologies such as artificial intelligence to identify and exploit weaknesses in business security systems, and we cannot guarantee such attacks will not materially impact our business in the future.

Our information technology systems are subject to damage or interruption from power outages, computer, network, cable system, internet and telecommunications failures, computer viruses, security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by our employees. If our information technology and telecommunication systems are damaged or cease to function properly, we may have to make a significant investment to repair or replace them, and we could suffer loss of critical data and interruptions or delays in our operations in the interim. In addition, from time to time, our systems may become obsolete or require attention and could result in interruptions in our services and non-compliance with certain laws or regulations. Any material interruption in our information technology and telecommunication systems, including due to a cyber-attack or unauthorized infiltration attempt, could have a material adverse effect on our business or results of operations. In addition, some of these essential technology-based business systems are outsourced to third parties. While we make efforts to ensure that our outsourced providers are observing proper standards and controls, we cannot guarantee that breaches, disruptions or failures caused by these providers will not occur.

If we fail or our vendors fail to comply with privacy and data protection laws or our systems are compromised, our operations could be negatively impacted and we could be subject to litigation and adverse publicity.

The protection of customer, employee and company data is critical to us. We are subject to laws relating to information security, privacy, cashless payments, consumer credit, and fraud. Additionally, an increasing number of government and industry groups have established laws and standards for the protection of personal and health information. As a merchant and service provider of point-of-sale services, we are also subject to the Payment Card Industry Data Security Standard issued by the Payment Card Industry Council. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements. Compliance with these requirements may result in cost increases due to necessary system changes and the development of new administrative processes.

In addition, customers and employees have a high expectation that we will adequately protect their personal information, including confidential card information. Third parties may have the technology or know-how to breach the security of this customer information, and our security measures and those of our technology vendors may not effectively prevent others from obtaining improper access to this information. If we fail to comply with the laws and regulations regarding privacy and security or experience a security breach, we could be exposed to risks of data loss, regulatory investigations and/or penalties, a loss of the ability to process credit and debit card payments, substantial inconvenience or harm to our guests, litigation and serious disruption of our operations. Additionally, any resulting negative publicity could significantly harm our reputation and damage our relations with our guests.

We outsource certain business processes to third-party vendors that subject us to risks, including disruptions in business and increased costs; our use of third-party technologies has increased and if we are unable to maintain our rights to these technologies our business may be harmed.

Some of our business processes are currently outsourced to third parties. Such processes include distribution of food and retail products to our store locations and customers, credit and debit card authorization and processing, gift card tracking and authorization, payroll payments, payroll taxes processing, employee payroll card services, health care and workers' compensation insurance claims processing, wage and related tax credit documentation and approval, guest satisfaction survey programs, employee engagement surveys and externally hosted business software applications. We cannot ensure that all providers of outsourced services are observing proper internal control practices, such as redundant processing facilities, and there are no guarantees that failures will not occur. Failure of third parties to provide adequate services could have an adverse effect on our financial condition and results of operations.

We maintain relationships with various third-party delivery apps and services such as DoorDash® and Uber Eats. Our sales may be negatively affected if these platforms are damaged or interrupted through technological failures or otherwise. The drivers fulfilling third-party delivery orders may make errors or fail to make timely deliveries such that our food or brands are poorly represented. This could cause reputational harm or adversely impact sales and customer satisfaction. Our sales through these services may also depend on the availability of delivery drivers, who are generally independent contractors.

We use third parties to authorize and process credit and debit card payments, which requires the collection and retention of customer data, including sensitive financial data and other personally identifiable information. Such personal information is maintained by third parties who provide payment processing services. A weakness in such third party's systems or software products (or in the systems or software products in the service providers of those third parties) may lead to a data breach or pose cybersecurity risks. If we, or one of our third party service providers experience a cyber attack or security data breach, our results of operations and brand may suffer. Additionally, we may have to make a significant investment to remedy or replace such systems.

We rely on certain technology licensed from third parties and may be required to license additional technology in the future for use in managing our internet sites and providing services to our guests and employees. These third-party technology licenses may not continue to be available to us on acceptable terms or at all. The inability to enter into and maintain these technology licenses could adversely affect our business.

Legal and Regulatory Risks

We are subject to a number of risks relating to federal, state and local regulation of our business, including the areas of health care reform and environmental matters, and an insufficient or ineffective response to government regulation may increase our costs and decrease our profit margins.

The restaurant industry is subject to extensive federal, state and local laws and regulations, including those relating to food safety, and other labor issues (such as unionization), health care, animal health and welfare, menu labeling and building and zoning requirements and those relating to the preparation and sale of food and alcoholic beverages as well as certain retail products. The development and operation of our stores depend to a significant extent on the selection and acquisition of suitable sites, which are subject to zoning, land use, environmental, traffic and other regulations and requirements. We are also subject to licensing and regulation by state and local authorities relating to health, sanitation, safety and fire standards and the sale of alcoholic beverages, federal and state laws governing our relationships with employees (including the Fair Labor Standards Act of 1938, the Immigration Reform and Control Act of 1986, the Patient Protection and Affordable Care Act, the Health Care and Education Reconciliation Act of 2010 and applicable requirements concerning minimum wage, overtime, healthcare coverage, family leave, medical privacy, tip credits, working conditions, safety standards and immigration status), and federal and state laws which prohibit discrimination and other laws regulating the design and operation of facilities, such as the Americans With Disabilities Act of 1990. In addition, we are subject to a variety of federal, state and local laws and regulations relating to the use, storage, discharge, emission and disposal of hazardous materials. We also face risks from new and changing laws and regulations relating to gift cards, nutritional content, nutritional labeling, product safety and menu labeling. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings.

There also has been increasing focus by U.S. and foreign governmental authorities on environmental matters, such as climate change, the reduction of greenhouse gases and water consumption. This increased focus may lead to new initiatives directed at regulating an as yet unspecified array of environmental matters. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in taxes, the cost of raw materials, transportation and utilities, which could decrease our operating profits and necessitate future investments in facilities and equipment.

The impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations could increase our compliance and other costs of doing business and therefore have an adverse effect on our results of operations. Failure to comply with the laws and regulatory requirements of federal, state and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Compliance with these laws and regulations can be costly and can increase our exposure to litigation or governmental investigations or proceedings. Also, the failure to obtain and maintain required licenses, permits and approvals could have a material adverse effect on our results of operations. Typically, licenses must be renewed annually and may be revoked, suspended or denied renewal for cause at any time if governmental authorities determine that our conduct violates applicable regulations, which could have a material adverse effect on our business and results of operations.

Our advertising is heavily dependent on billboards, which are highly regulated, and our evolving marketing strategy involves increased advertising and marketing costs that could adversely affect our results of operations.

Historically, we have relied upon billboards as our principal method of advertising. A number of states in which we operate restrict highway signage and billboards. Because many of our stores are located on the interstate highway system, our business is highly related to highway travel. Thus, signage or billboard restrictions or loss of existing signage or billboards could adversely affect our visibility and ability to attract customers. Additionally, as we continue to evolve our marketing strategy, we are increasingly utilizing more traditional and higher cost methods of advertising, such as national cable television, radio, online and digital media and our loyalty program. These types of advertising, their effects upon our revenues and, in turn, our profits, are uncertain. Additionally, if our competitors increased their spending on advertising and promotions, we could be forced to substantially increase our advertising, media or marketing expenses. If we did so or if our current advertising and promotion programs become less effective, we could experience a material adverse effect on our results of operations.

Litigation may adversely affect our business, financial condition and results of operations.

Our business is subject to the risk of litigation by employees, guests, suppliers, shareholders, governmental agencies, competitors or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation. These actions and proceedings may involve allegations of illegal, unfair or inconsistent employment practices, guest discrimination; food safety issues; personal injury claims; violation of “dram shop” laws; trademark and patent infringement; violation of the federal securities laws; or other concerns. The outcome of litigation, particularly class action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend future litigation may be significant. There may also be adverse publicity associated with litigation that could decrease guest or consumer acceptance of our brand, regardless of whether the allegations are valid or we ultimately are found liable. Litigation could adversely impact our operations and our ability to expand our brand in other ways, such as by diverting management’s attention away from operations. As a result, litigation may adversely affect our business, financial condition and results of operations.

Our business could be negatively affected as a result of actions of activist shareholders.

Activist shareholders have nominated candidates for election to our Board of Directors at our annual meetings of shareholders multiple times, resulting in proxy contests, and called publicly for special meetings of shareholders to consider other proposals relating to corporate policies of the Company, including on matters such as our dividend policy, capital structure and strategic alternatives. The Lion Fund II, L.P., Biglari Capital Corp., First Guard Insurance Company, Southern Pioneer Property and Casualty Insurance Company, Biglari Holdings Inc., Biglari Reinsurance Ltd. and Biglari Insurance Group Inc. are affiliates of Sardar Biglari (“Biglari”), and are the beneficial owners of approximately 9.3% of our outstanding common stock as of August 20, 2024. We recently received notice from Biglari nominating five candidates for election to our Board of Directors at our 2024 Annual Meeting of shareholders. If a proxy contest ensues, or if we become engaged in a proxy contest with another activist shareholder in the future, our business could be adversely affected because:

- responding to public proposals and director nominations, special meeting requests and other actions by activist shareholders can disrupt our operations, be costly and time-consuming, and divert the attention of our management and employees;
- perceived uncertainties as to our future direction may result in the loss of potential business opportunities, and may make it more difficult to attract and retain qualified personnel and business partners;
- claims made by activist shareholders in connection with a proxy contest or otherwise may harm our reputation, damage our relations with customers, employees and business relations such as suppliers, or otherwise impair our business; and
- pursuit of an activist shareholder’s agenda may adversely affect our ability to effectively implement our business strategy and create additional value for our shareholders.

Provisions in our charter, Tennessee law and our shareholder rights agreement may discourage potential acquirers of the Company.

Our charter documents contain provisions that may have the effect of making it more difficult for a third party to acquire or attempt to acquire control of the Company. In addition, we are subject to certain provisions of Tennessee law that limit, in some cases, our ability to engage in certain business combinations with significant shareholders. In addition, our Board of Directors adopted a shareholder rights agreement, which provides, among other things, that when specified events occur, our shareholders will be entitled to purchase from us shares of junior preferred stock. If approved at the 2024 Annual Meeting, the shareholder rights agreement will expire on February 27, 2027. If the shareholder rights agreement is not approved at the 2024 Annual Meeting, the shareholders rights agreement will expire promptly following the 2024 Annual Meeting.

The preferred stock purchase rights are triggered ten days after the date of a public announcement that a person or group acting in concert has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of our outstanding common stock. The preferred stock purchase rights would cause dilution to a person or group that attempts to acquire the Company on terms that do not satisfy the requirements of a qualifying offer under the shareholder rights agreement or are otherwise not approved by our Board of Directors.

These provisions, either alone or in combination with each other, give our current directors and executive officers a substantial ability to influence the outcome of a proposed acquisition of the Company. These provisions would apply even if an acquisition or other significant corporate transaction was considered beneficial by some of our shareholders. If a change in control or change in management is delayed or prevented by these provisions, the market price of our securities could decline.

Risks Related to Our Business Strategy

Failure to adequately address environmental, social and governance (“ESG”) matters, could adversely affect our brand, business, results of operations and financial condition.

There has been increasing public focus by investors, environmental activists, the media and governmental and regulatory agencies on ESG matters, including packaging and waste, animal health and welfare, human rights, climate change, greenhouse gases and land, energy and water use. In response to shareholders’ heightened level of expectation for expanded ESG disclosure, we publish an ESG Report annually describing our ESG efforts and goals. Execution of the strategies and achievement of the goals outlined in the ESG Report are subject to risks and uncertainties, including our ability to meet our goals within the currently projected costs and the expected timeframes; unforeseen design, operational and technological difficulties; the outcome of research efforts and future technology developments; and the actions of competitors and competitive pressures. There is no assurance that we will be able to successfully execute our strategies and achieve our goals. Failure, or perceived failure, to achieve these goals could damage our reputation and relationships with customers, government agencies and investors. Such conditions could have an adverse effect on our business, results of operations and financial condition.

Other federal, state and local legislative and regulatory efforts to combat other ESG concerns could also result in new or more stringent forms of oversight and mandatory reporting, diligence and disclosure requirements, which could increase our reporting costs. Any failure or perceived failure by us to manage ESG issues or comply with regulations could have a material adverse effect on our reputation and on our business, results of operations, financial condition or stock price, including the sustainability of our business over time.

We are dependent upon attracting and retaining qualified employees while also controlling labor costs.

Our performance is dependent on attracting and retaining a large number of qualified store employees. Many staff members are in entry-level or part-time positions, typically with high rates of turnover. High turnover of store management and staff may cause us to incur higher direct costs associated with recruiting, training and retaining replacement personnel. Management turnover as well as general shortages in the labor pool can cause our stores to operate with reduced staff, which negatively affects our ability to provide appropriate service levels to our customers. Competition for qualified employees exerts upward pressure on wages and benefits paid to attract such personnel, resulting in higher labor costs, including greater recruiting and training expenses.

Our ability to meet our labor needs while controlling our costs is subject to external factors such as unemployment levels, minimum wage legislation, health care legislation, payroll taxes and changing demographics. Many of our employees are hourly workers whose wages are affected by increases in the federal or state minimum wage or changes to tip credits. Tip credits are the amounts an employer is permitted to assume an employee receives in tips when the employer calculates the employee’s hourly wage for minimum wage compliance purposes. Increases in minimum wage levels and changes to the tip credit have been made and continue to be proposed at both federal and state levels.

As minimum wage rates increase, we may need to increase not only the wages of our minimum wage employees but also the wages paid to employees at wage rates that are above minimum wage. Our ability to respond to minimum wage increases by increasing menu prices will depend on the responses of our competitors and customers. Our distributors and suppliers also may be affected by higher minimum wage and benefit standards and tracking costs, which could result in higher costs for goods and services supplied to us. If competitive pressures or other factors prevent us from offsetting increased labor costs by increases in prices, our profitability may decline.

The loss of key executives or difficulties in recruiting and retaining qualified personnel could jeopardize our future growth and success.

We have assembled a senior management team which has substantial background and experience in the restaurant and retail industries. Our future growth and success depend substantially on the contributions and abilities of our senior management and other key personnel, and we design our compensation programs to attract and retain key personnel and facilitate our ability to develop effective succession plans. If we fail to attract or retain senior management or other key personnel, our succession planning and operations could be materially and adversely affected. We must continue to recruit, retain and motivate management and other employees sufficiently to maintain our current business and support our projected growth. We have experienced and may continue to experience challenges in recruiting and retaining team members in various locations.

We may pursue strategic investments or initiatives now or in the future, which may not yield their expected benefits, resulting in a loss of some or all of our investment.

We may, from time to time, evaluate and pursue other opportunities for growth, including through strategic investments, joint ventures, other acquisitions, and other initiatives. These initiatives involve various inherent risks, including, without limitation, general business risk, integration and synergy risk, market acceptance risk and risks associated with the potential distraction of management. It may be difficult to predict the success of any endeavor, and such transactions and initiatives may not ultimately create value for us or our shareholders and may harm our reputation and materially adversely affect our business, financial condition and results of operations. Additionally, failure to maximize or successfully execute our customer loyalty program could adversely impact growth.

Individual store locations are affected by local conditions that could change and adversely affect the carrying value of those locations.

The success of our business depends on the success of individual locations, which in turn depends on stability of or improvements in operating conditions at and around those locations. Our revenues and expenses can be affected significantly by the number and timing of the opening of new stores and the closing, relocating and remodeling of existing stores. We incur substantial pre-opening expenses each time we open a new store and other expenses when we close, relocate or remodel existing stores, which may be higher than anticipated. An increase in such expenses could have an adverse effect on our results of operations. Also, as demographic and economic patterns (e.g., highway or roadway traffic patterns, concentrations of general retail or hotel activity, local population densities or increased competition) change, current locations may not continue to be attractive or profitable. Possible declines in neighborhoods where our stores are located or adverse economic conditions in areas surrounding those neighborhoods could result in reduced revenues in those locations. The occurrence of one or more of these events could have a material adverse effect on our revenues and results of operations as well as the carrying value of our individual locations.

If we fail to execute our business strategy, which includes our ability to find new store locations and open new stores that are profitable, our business could suffer.

One of the means of achieving our growth objectives is opening and operating new and profitable stores. This strategy involves numerous risks, and we may not be able to open all of our planned new stores and the new stores that we open may not be profitable or as profitable as our existing stores.

A significant risk in executing our business strategy is locating, securing and profitably operating an adequate supply of suitable new store sites. Competition for suitable store sites and operating personnel in our target markets is intense, and there can be no assurance that we will be able to find sufficient suitable locations, or negotiate suitable purchase or lease terms, for our planned expansion in any future period. Economic conditions may also reduce commercial development activity and limit the availability of attractive sites for new stores. New stores typically experience an adjustment period before sales levels and operating margins normalize, and even sales at successful newly opened stores generally do not make a significant contribution to profitability in their initial months of operation. Our ability to open and operate new stores successfully also depends on numerous other factors, some of which are beyond our control, including, among other items discussed in other risk factors, the following: our ability to control construction and development costs of new stores; our ability to manage the local, state or other regulatory approvals and permits, zoning and licensing processes in a timely manner; our ability to recruit and appropriately train employees and staff the stores; consumer acceptance of our stores in new markets; and our ability to manage construction delays related to the opening of a new store. Delays or failures in opening new stores, or achieving lower than expected sales in new stores, or drawing a greater than expected proportion of sales in new stores from existing stores, could materially adversely affect our business strategy and could have an adverse effect on our business and results of operations.

Some of our new store locations may be located in areas where we have lower market presence and, as a result, less or no meaningful business experience than in our traditional, existing markets. Those new markets may have different competitive conditions, consumer tastes and discretionary spending patterns than our traditional, existing markets, which may cause our new store locations to be less successful than restaurants in our existing markets. An additional risk of expanding into new markets is the potential for lower or lacking market awareness of our brand in those areas.

General Risk Factors

General economic, business and societal conditions as well as those specific to the restaurant or retail industries that are largely out of our control may have a material adverse effect on our business, financial condition and results of operations.

Our business results depend on a number of industry-specific and general economic factors, many of which are beyond our control. These factors include consumer income, interest rates, inflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends and other matters that influence consumer confidence and spending. The full-service dining sector of the restaurant industry and the retail industry are affected by changes in national, regional and local economic conditions, seasonal fluctuation of sales volumes, consumer preferences, including changes in consumer tastes and dietary habits and the level of consumer acceptance of our restaurant concept and retail merchandise, and consumer spending patterns.

Discretionary consumer spending, which is critical to our success, is influenced by general economic conditions and the availability of discretionary income. General economic conditions, including an inflationary environment, geopolitical or other macroeconomic conditions and uncertainty about the strength of the economy may adversely affect our results of operations. A protracted economic downturn, a worsening economy, increased energy prices, and rising interest rates may reduce consumer confidence and affect consumers' ability or desire to spend disposable income. Current inflationary pressures and other economic conditions affecting disposable consumer income, such as unemployment levels, reduced home values, investment losses, business conditions, fuel and other energy costs, consumer debt levels, lack of available credit, consumer confidence, interest rates, tax rates and changes in tax laws, may adversely affect our business by reducing overall consumer spending or by causing customers to reduce the frequency with which they shop and dine out or to shift their spending to our competitors or to products sold by us that are less profitable than other product choices, all of which could result in lower revenues, decreases in inventory turnover, greater markdowns on inventory, and a reduction in profitability due to lower margins. We cannot guarantee that economic conditions will improve in 2025, in which case we may experience declines in revenues and profits, and could face capital and liquidity constraints or other business challenges.

Further, the related impact on available credit, may affect us and our suppliers and other business partners, landlords, and customers in an adverse manner, including, but not limited to, reducing access to liquid funds or credit (including through the loss of one or more financial institutions that are a part of our revolving credit facility), increasing the cost of credit, limiting our ability to manage interest rate risk, increasing the risk of bankruptcy of our suppliers, landlords or counterparties to or other financial institutions involved in our revolving credit facility and our derivative and other contracts, increasing the cost of goods to us, and other adverse consequences which we are unable to fully anticipate.

We also cannot predict the effects of actual or threatened armed conflicts or terrorist attacks, efforts to combat terrorism, military action against any foreign state or group located in a foreign state or heightened security requirements on the economy or consumer confidence in the United States. Any of these events could also affect consumer sentiment and confidence that in turn affect consumer spending patterns or result in increased costs for us due to security measures.

Our business is somewhat seasonal and also can be affected by extreme weather conditions and natural disasters, social unrest or other catastrophic events.

Historically, our highest sales and profits have occurred during the second and fourth quarters, which include the holiday shopping season and the summer vacation and travel season. Retail sales historically have been seasonally higher between Thanksgiving and Christmas. Therefore, the results of operations for any quarter or period of less than one year cannot be considered indicative of the operating results for an entire year.

Additionally, extreme or unseasonable weather conditions in the areas where our stores are located can adversely affect our business. Frequent or unusual extreme weather conditions over a prolonged period could make it difficult for our customers to travel to our stores and can disrupt deliveries of food and supplies to our stores and thereby reduce our sales and profitability. Similarly, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of our retail inventory incompatible with those unseasonable conditions, and reduced sales from such extreme or prolonged unseasonable weather conditions could adversely affect our business.

In the event we increase menu prices or adjust menu offerings to offset such increases, we may experience a negative consumer response. In addition, natural disasters such as hurricanes, tornadoes and earthquakes, or a combination of these or other factors, could severely damage or destroy one or more of our stores, warehouses or suppliers located in the affected areas, thereby disrupting our business operations for a more extended period of time. These risks may be exacerbated in the future as some climatologists predict that the long-term effects of climate change may result in more severe, volatile weather.

Our current insurance programs may expose us to unexpected costs, which could have a material adverse effect on our financial condition and results of operations.

Our insurance coverage is structured to include deductibles, self-insured retentions, limits of liability, stop loss limits and similar provisions that we believe are prudent based on our operations. However, there are types of losses we may incur against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of terrorism and some natural disasters, including floods. If we incur such losses, our business could suffer. In addition, we self-insure a significant portion of expected losses under our workers' compensation, general liability and group health insurance programs. Unanticipated changes in the actuarial assumptions and management estimates underlying our reserves for these losses, including unexpected increases in medical and indemnity costs, could result in materially different amounts of expense than expected under these programs.

Our annual and quarterly operating results may fluctuate significantly and could fall below the expectations of investors and securities analysts due to a number of factors, some of which are beyond our control, resulting either in volatility or a decline in the price of our securities.

Our business is not static – it changes periodically as a result of many factors, including, among other items discussed in other risk factors, the following:

- increases and decreases in guest traffic, average weekly sales, restaurant and retail sales and restaurant profitability;
- inflationary and other market conditions that affect the costs and availability of commodities, labor, energy, fuel, transportation and other inputs necessary to operate our stores effectively in a manner consistent with our strategy;
- the rate at which we open new stores, the timing of new store openings and the related high initial operating costs;
- changes in advertising and promotional activities and expansion into new markets; and
- impairment of long-lived assets and any loss on store closures; and
- volatility of our stock price.

Our quarterly operating results and restaurant and retail sales may fluctuate as a result of any of these or other factors. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year, and restaurant and retail sales for any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. In such event, the price of our securities could fluctuate dramatically over time or could decrease generally.

Our reported results can be affected adversely and unexpectedly by the implementation of new, or changes in the interpretation of existing, accounting principles or financial reporting requirements.

Our financial reporting complies with the United States generally accepted accounting principles (“GAAP”), and GAAP is subject to change over time. If new rules or interpretations of existing rules require us to change our financial reporting, our reported results of operations and financial condition could be affected substantially, including requirements to restate historical financial reporting.

Failure of our internal control over financial reporting could adversely affect our business and financial results.

Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and timely or to detect and prevent fraud. The identification of a material weakness could indicate a lack of controls adequate to generate accurate financial statements that, in turn, could cause a loss of investor confidence and decline in the market price of our common stock. We cannot assure you that we will be able to timely remediate any material weaknesses that may be identified in future periods or maintain all of the controls necessary for continued compliance. Likewise, we cannot assure you that we will be able to retain sufficient skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

We are committed to securing and strengthening our information systems against cybersecurity threats and protecting the privacy and security of our customer, employee, and company data. However, as outlined in “Item 1A. Risk Factors — Risks Related to IT Systems, Cybersecurity and Data Privacy” of this Annual Report on Form 10-K, we are acutely aware that cybersecurity threats are a persistent concern in today’s digital world. Despite our investments in securing our information systems, we understand that cybersecurity incidents can still occur, potentially causing material harm to our brand, business, operations, and financial condition. In light of this, we have developed a cybersecurity risk management program to identify, assess, monitor and manage cybersecurity risk.

Our Board of Directors oversees cybersecurity risk as part of its risk management function and has delegated oversight of cybersecurity risk to the Audit Committee. The Audit Committee oversees management’s implementation of our cybersecurity risk management program, including reviewing risk assessments from management and outside consultants regarding our information systems and procedures and overseeing our cybersecurity risk management processes.

The Audit Committee receives quarterly reports from management on our cybersecurity risks and is updated on any cybersecurity incidents as necessary. The Audit Committee reports on cybersecurity matters to the full Board on a regular basis. Additionally, the full Board regularly receives presentations from management and third-parties on cybersecurity topics as part of the Board’s ongoing education on issues that affect public companies.

As a critical component of our cybersecurity risk management program, we have strategically integrated cybersecurity risk management into our broader enterprise risk management function to cultivate a company-wide culture of cybersecurity risk management. Our program has been designed and evaluated based on the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF). We use the NIST CSF as a guide to identify, assess, and manage cybersecurity risks relevant to our business. Additionally, given that we accept credit cards as a form of payment, we consider the requirements of the Payment Card Industry Data Security Standards (PCI DSS) as part of our cybersecurity risk management program.

We place a high priority on cybersecurity within our organization. This includes regular cybersecurity training for employees, focusing on relevant risks to their job duties (e.g. social engineering, ransomware, denial of service, and other risks). As part of our cybersecurity risk management program, we conduct internal tests to identify potential vulnerabilities. Additionally, we organize annual tabletop exercises led by third-party consultants to enhance our readiness for different scenarios, assess our core information systems and cybersecurity practices, improve decision-making and prioritization, and promote monitoring and reporting across business functions.

We annually engage third parties to perform cybersecurity audits to identify opportunities and enhancements to strengthen our policies and practices. We also annually engage an independent third party to perform internal and external penetration testing of our systems.

As part of our overall cybersecurity risk management program, the Company maintains cyber insurance coverage, and we periodically meet with our insurer to discuss emerging trends in cybersecurity. While we believe our cyber insurance coverage provides commercially reasonable levels of coverage, such insurance may not be sufficient in type or amount to cover us against claims related to security breaches, cyberattacks and other related breaches.

With respect to third-party service providers, our cybersecurity risk management program includes conducting due diligence of relevant service providers' information security programs prior to onboarding, reassessing vendors using a risk-based approach, and performing off-boarding activities as relevant. We also customarily require our financially significant third-party service providers and those third parties with access to sensitive data to promptly notify us of any actual or suspected breach impacting our data or operations. Additionally, we perform a formal System and Organization Controls ("SOC") review process annually on our financially significant third-party service providers.

We continuously monitor cybersecurity risks and adjust our cybersecurity risk management program and practices as needed. As part of our program, we occasionally identify risks or threats to our systems, including ransomware and attempts to obtain team member credentials through both phishing attacks or social engineering. While these risks and threats require active and ongoing efforts to mitigate, we have not identified any cybersecurity incidents that have materially affected or are reasonably likely to materially affect our operations, business strategy, or financial condition.

Our Chief Information Officer ("CIO") is directly responsible for the implementation of our cybersecurity risk management program. Our CIO is additionally primarily responsible for our overall information security, strategy, policy, security engineering, architecture, operations and cybersecurity threat detection and the management of cybersecurity risk. Our CIO has over 30 years of experience in the fields of finance, technology and cybersecurity, including relevant prior senior leadership positions held with Marriott International, where he served as Global Chief Information Officer. The CIO meets with our Chief Executive Officer ("CEO") on a weekly basis and regularly reports to our senior management, as well as directly to our Board of Directors and the Audit Committee, regarding our cybersecurity risk and risk management.

As a part of our cybersecurity risk management program, our cybersecurity team meets regularly to monitor the prevention, detection, mitigation, and remediation of cybersecurity threats and incidents. In the event of a cybersecurity incident, we have a Cyber Incident Response Plan ("CIRP") that governs our immediate response, including detection, escalation, assessment, management, and remediation. As part of the CIRP response, the cybersecurity team will coordinate with external advisors and other senior management as needed. The cybersecurity team routinely tests the CIRP across the organization to validate the procedures for appropriately escalating potentially material cybersecurity risks and incidents.

In the event of a cybersecurity incident, senior management, including our General Counsel, CIO, and Chief Financial Officer ("CFO"), are tasked with conducting an assessment of the incident. This assessment involves evaluating relevant quantitative and qualitative factors as well as considering SEC guidance. Depending on the assessment results, the cybersecurity event may be escalated to involve our CEO, Board of Directors, and law enforcement. Additionally, the Board of Directors in consultation with senior management will decide, based on the assessment, whether the cybersecurity incident requires disclosure in a filing with the SEC.

ITEM 2. PROPERTIES

Our home office headquarters and warehouse facilities are located on approximately 90 acres of land owned by the Company in Lebanon, Tennessee. We use approximately 260,000 square feet of office space for our home office headquarters and decorative fixtures warehouse. We lease our retail distribution center, which consists of approximately 370,000 square feet of warehouse facilities and an additional approximately 10,000 square feet of office and maintenance space. We also lease an additional distribution center of approximately 52,000 square feet in Lebanon, Tennessee. This additional distribution center is primarily used for ecommerce fulfillment and overflow retail storage. We also lease 105,000 square feet located in Mount Juliet, Tennessee that is used for overflow storage for retail merchandise and supplies.

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We lease office space for our MSBC headquarters which consists of approximately 15,000 square feet. In addition to the various corporate facilities, we have two owned properties for future development, a motel used for housing management trainees and for the general public, and four parcels of excess real property and improvements that we intend to sell.

In addition to the properties mentioned above, we own or lease the following store properties (including both our 658 Cracker Barrel Old Country Store locations and 68 locations for our MSBC locations) as of September 13, 2024:

State	Owned	Leased	State	Owned	Leased
Tennessee	29	30	Oklahoma	6	2
Florida	31	52	California	0	5
Texas	19	48	New Jersey	0	6
Georgia	26	27	Kansas	3	2
North Carolina	17	26	Wisconsin	5	0
Kentucky	22	17	Colorado	3	1
Ohio	22	14	Massachusetts	0	4
Virginia	15	20	New Mexico	1	3
Alabama	19	15	Utah	4	0
Indiana	20	8	Idaho	2	1
South Carolina	13	15	Iowa	3	0
Pennsylvania	8	17	Nevada	0	3
Illinois	19	2	Connecticut	1	1
Missouri	13	4	Montana	2	0
Michigan	12	3	Nebraska	1	1
Arizona	2	12	Delaware	0	1
Mississippi	9	4	Maine	0	1
Arkansas	5	7	Minnesota	1	0
Louisiana	8	2	New Hampshire	1	0
Maryland	3	6	North Dakota	1	0
New York	8	1	Rhode Island	0	1
West Virginia	3	6	South Dakota	1	0
				358	368

We believe that our properties are suitable, adequate, well-maintained and sufficient for the operations contemplated. See "Operations" and "Store Development" in Item 1 of this Annual Report on Form 10-K for additional information on our properties.

ITEM 3. LEGAL PROCEEDINGS

The Company and its subsidiaries are party to various legal and regulatory proceedings and claims incidental to their business in the ordinary course. In the opinion of management, based upon information currently available, the ultimate liability with respect to these proceedings and claims will not materially affect the Company's consolidated results of operations or financial position.

Pursuant to Instruction to Item 401 of Regulation S-K and General Instruction G(3) to Form 10-K, the information regarding legal proceedings is included in Part I of this Form 10-K.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

Information about Our Executive Officers

The following table sets forth certain information concerning our executive officers:

<u>Name</u>	<u>Age</u>	<u>Position with the Company</u>
Julie Masino	53	President and Chief Executive Officer
Laura A. Daily	60	Senior Vice President, Chief Merchant and Retail Supply Chain
Christopher B. Edwards	51	Senior Vice President, Chief Strategy Officer
Bruce A. Hoffmeister	63	Senior Vice President, Chief Information Officer
Sarah O. Moore	41	Senior Vice President, Chief Marketing Officer
Craig A. Pommells	49	Senior Vice President and Chief Financial Officer
Donna L. Roberts	49	Senior Vice President, Chief Human Resources Officer
Cammie Spillyards-Schaefer	47	Senior Vice President, Restaurant and Retail Operations
J. Mark Spurgin	56	Senior Vice President, Chief Restaurant Supply Chain Officer
Richard M. Wolfson	58	Senior Vice President, General Counsel and Corporate Secretary
Brian T. Vaclavik	58	Vice President, Corporate Controller and Principal Accounting Officer

The following information summarizes the business experience of each of our executive officers for at least the past five years:

Ms. Masino joined us as Chief Executive Officer-Elect in August 2023 and assumed her current position of President and Chief Executive Officer in November 2023, when she also became a member of our Board of Directors. Prior to joining us, she served as President, International of Taco Bell, a subsidiary of Yum! Brands from January 2020 to June 2023. From January 2018 to December 2019, she served as President, North America of Taco Bell. Ms. Masino served as the President, SVP and GM Fisher-Price at Mattel, Inc. from April 2017 to January 2018. Prior to her service at Mattel, she served as the President and then the Chief Executive Officer of Sprinkles Cupcakes from 2014 to 2017. From 2002 to 2014, Ms. Masino served in various leadership roles at Starbucks Corporation. Ms. Masino has over 20 years of experience in the restaurant industry.

Ms. Daily has been employed with us as Senior Vice President, Retail since May 2012. Prior to May 2012, she served as Vice President for Ballard Designs, an internet and catalog home furnishings retailer that is part of HSN, Inc., where she was in charge of all merchandising and trends for the company. She has over 30 years of experience as a merchant with a number of retail organizations.

Mr. Edwards joined us in March 2024 in his current position. Prior to joining us, he served as Chief Strategy Officer at Canopy Growth Corporation from 2020 to 2023. Prior to his service at Canopy Growth Corporation, he served in various capacities including Senior Vice President of Strategy at Constellation Brands from 2010 to 2020. Prior to Constellation Brands, he served as a Principal at The Boston Consulting Group from 2001 to 2009. He has over 20 years of experience in serving as a strategy leader.

Mr. Hoffmeister joined us in January 2021 as Senior Vice President and Chief Information Officer. Prior to joining us, he worked at Marriott International for over 30 years where he served in a number of finance and technology executive positions, including Senior Vice President of Lodging Finance, Senior Vice President of Global Revenue Management and his most recent role as Global Chief Information Officer.

Ms. Moore joined us in July 2024 in her current position. Prior to joining us, she served in various capacities including Senior Vice President of Marketing at MGM Resorts International from 2012 to 2024, including most recently Senior Vice President of Marketing from 2021 to 2024 and Vice President Brand Marketing from 2019 to 2021. She has nearly 20 years of hospitality experience.

Mr. Pommells has been employed with us since December 2021 in his current capacity. From October 2020 to December 2021, he served as Executive Vice President and Chief Financial Officer of Red Lobster Seafood Company. Prior to serving as Chief Financial Officer of Red Lobster Seafood Company, he served as Senior Vice President, Finance and Strategy from January 2015 to October 2020. Prior to Red Lobster, he spent more than ten years with Darden Restaurants in various finance and business analytics roles. Mr. Pommells has more than 20 years of experience in the restaurant industry and two years of experience in the retail industry.

Ms. Roberts has been employed with us since 2012 and assumed her current position in May 2020. Prior to her current role, she held other positions in the human resources and legal departments including Vice President of Human Resources from 2018 to 2020. Before joining us, she practiced law for ten years, most recently as a partner focused on commercial litigation and employment law.

Ms. Spillyards-Schaefer has been employed with us since 2017 and assumed her current position in January 2022. From 2017 to 2021, she served in various capacities in both operations and home office functions including Regional Vice President of Restaurant Operations from 2021 to 2022 and Vice President of Culinary from 2017 to 2021. Ms. Spillyards-Schaefer has over 20 years of experience in the restaurant industry.

Mr. Spurgin joined us in January 2023 as Senior Vice President, Chief Restaurant Supply Chain Officer. Prior to January 2023, he served as the Chief Supply Chain Officer for Restaurant Growth Services from 2021 to 2023 and Senior Vice President for Restaurant Growth Services, Supply Chain from 2018 to 2021. Prior to that, he was with The Cheesecake Factory and Bloomin' Brands, where he led global procurement, logistics and international supply chain teams. He has over 30 years of supply chain experience.

Mr. Wolfson has been employed with us in his current capacity since July 2017. From January 2006 to April 2017, he served as Vice President, General Counsel and Corporate Secretary at CLARCOR Inc., an industrial company. From 2001 to 2006, he was a partner of the InterAmerican Group, an advisory services and private equity firm. Mr. Wolfson has over 30 years of legal experience.

Mr. Vaclavik joined us in October 2023 as Vice President and Controller and assumed his current position in November 2023. Prior to joining us, he most recently served as Vice President – Controller of Access TeleCare, Inc. from July 2022 until May 2023. From April 2021 until July 2022, he served as Vice President, Controller and Chief Accounting Officer of Tuesday Morning Corporation, and from February 2021 until April 2021, he served as a consultant for Passion 4 People Consulting, LLC. He served as Senior Vice President and Chief Accounting Officer of Tailored Brands, Inc. from June 2014 until April 2020. Mr. Vaclavik has over 20 years of experience in the retail industry.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock is traded on the Nasdaq Global Select Market ("Nasdaq") under the symbol "CBRL." There were 6,229 shareholders of record as of September 13, 2024.

See Note 4 to Consolidated Financial Statements with respect to dividend restrictions. See Dividends, Share Repurchases and Share-Based Compensation Awards under Part II, Item 7 Management's Discussion and Analysis of Financial Condition, Liquidity and Capital Resources for further information regarding our dividends.

See the table labeled "Equity Compensation Plan Information" to be contained in the 2024 Proxy Statement, incorporated by reference in Part III, Item 12 of this Annual Report on Form 10-K.

Part III, Item 12 of this Annual Report on Form 10-K is incorporated herein by this reference.

Unregistered Sales of Equity Securities

There were no equity securities sold by the Company during the period covered by this Annual Report on Form 10-K that were not registered under the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities

We did not repurchase any shares of our common stock in the fourth quarter ended August 02, 2024. On June 02, 2023, our Board of Directors renewed our authorization to repurchase up to \$200,000 of our common stock for an additional year; this authorization expired on June 02, 2024.

ITEM 6. RESERVED

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") provides information which management believes is relevant to an assessment and understanding of our consolidated results of operations and financial condition. MD&A should be read in conjunction with the Consolidated Financial Statements and notes thereto. Readers should also carefully review the information presented under the section entitled "Risk Factors" and other cautionary statements in this report. All dollar amounts (other than per share amounts) reported or discussed in this MD&A are shown in thousands. References in MD&A to a year or quarter are to our fiscal year or quarter unless expressly noted or the context clearly indicates otherwise.

This overview summarizes the MD&A, which includes the following sections:

- Executive Overview – a general description of our business, the restaurant and retail industries, our strategic priorities and our key performance indicators.
- Results of Operations – an analysis of our consolidated statements of income presented in our Consolidated Financial Statements.
- Liquidity and Capital Resources – an analysis of our primary sources of liquidity, capital expenditures and material commitments.
- Critical Accounting Estimates – a discussion of accounting policies that require critical judgments and estimates.

The following MD&A includes a discussion of 2024 and 2023 items and year-to-year comparisons between the years ended August 02, 2024 and July 28, 2023. Discussion of 2022 items and year-to-year comparisons between the years ended July 28, 2023 and July 29, 2022 that are not included in this MD&A can be found in "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" of our annual report on Form 10-K for the year ended July 28, 2023, filed with the SEC on September 26, 2023.

EXECUTIVE OVERVIEW

Cracker Barrel Old Country Store, Inc. (the “Company,” “our” or “we”) is a publicly traded (Nasdaq: CBRL) company that, through its operations and those of certain subsidiaries, is principally engaged in the operation and development of the Cracker Barrel Old Country Store® (“Cracker Barrel”) concept. Each Cracker Barrel store consists of a restaurant with a gift shop. The restaurants serve breakfast, lunch and dinner. The gift shop offers a variety of decorative and functional items specializing in rocking chairs, holiday gifts, toys, apparel and foods. As of September 13, 2024, the Company operated 658 Cracker Barrel stores located in 44 states. The Company also owns Maple Street Biscuit Company (“MSBC”), a breakfast and lunch fast casual concept. As of September 13, 2024, the Company operated 68 MSBC locations in ten states.

Strategic Priorities

Management believes that the Cracker Barrel brand remains one of the strongest and most differentiated brands in the restaurant industry, and we plan to continue to leverage and build on that strength as a core competitive component of our business strategy. Our long-term strategy is anchored on three overarching business imperatives: driving relevancy, delivering food and experiences guests love, and growing profitability.

We believe there are significant challenges in the macroeconomic outlook for the coming quarters, including continued inflationary pressures, higher interest rates, higher consumer debt levels and lower savings rates, as well as the potential uncertainty associated with the geopolitical environment and the U.S. presidential election, among other factors. However, despite these challenges, we remain focused on delivering long-term growth and returns for shareholders. On May 16, 2024, we announced details of our strategic transformation plan, which was already underway and is built on the following five pillars of our strategy:

- **Refining the brand:** evolving the brand across all touchpoints including refining and strengthening our positioning to best reach existing and new guests.
- **Enhancing the menu:** introducing menu innovation focused on craveability and traffic drivers, streamlining processes to improve execution, and optimizing strategic pricing to protect value and improve profitability.
- **Evolving the store and guest experience:** delivering an exceptional guest experience through operational excellence and improved store design and atmosphere. We are in the process of testing remodel prototypes and expect to complete 25-30 remodels in 2025 along with 25-30 store refreshes.
- **Winning in digital and off-premise:** growing the off-premise business and leveraging technology such as our Cracker Barrel Rewards loyalty program. We continue to leverage guest data to better understand consumer behavior and identify ways to drive frequency and engagement.
- **Elevating the employee experience:** upgrading training and development programs and tools, simplifying job roles and utilizing technology to improve the employee experience.

The Board of Directors is committed to a balanced capital allocation approach focused on profitable growth. Investing in the business continues to be the top priority followed by returning cash to shareholders through a regular quarterly dividend. In conjunction with its strategic transformation plan, the Board of Directors modified the Company’s capital allocation policy to increase investments in the business to drive organic growth and reduce the quarterly dividend to facilitate these investments. The Board of Directors declared a dividend of \$0.25 per share that was subsequently paid on August 06, 2024 to shareholders of record on July 19, 2024.

Key Performance Indicators

Management uses a number of key performance indicators to evaluate our operational and financial performance, including the following:

- Comparable store restaurant sales increase/(decrease): To calculate comparable store restaurant sales increase/(decrease), we determine total restaurant sales of stores open at least six full quarters before the beginning of the applicable period, measured on comparable calendar weeks. We then subtract total comparable store restaurant sales for the current year period from total comparable store restaurant sales for the applicable historical period to calculate the absolute dollar change. To calculate comparable store restaurant sales increase/(decrease), which we express as a percentage, we divide the absolute dollar change by the comparable store restaurant sales for the historical period.
- Comparable store retail sales increase/(decrease): To calculate comparable store retail sales increase/(decrease), we determine total retail sales of stores open at least six full quarters before the beginning of the applicable period, measured on comparable calendar weeks. We then subtract total comparable store retail sales for the current year period from total comparable store retail sales for the applicable historical period to calculate the absolute dollar change. To calculate comparable store retail sales increase/(decrease), which we express as a percentage, we divide the absolute dollar change by the comparable store retail sales for the historical period.
- Comparable store restaurant and retail sales increase/(decrease): To calculate comparable store restaurant and retail sales increase/(decrease), we determine total restaurant and retail sales of stores open at least six full quarters before the beginning of the applicable period, measured on comparable calendar weeks. We then subtract total comparable store restaurant and retail sales for the current year period from total comparable store retail sales for the applicable historical period to calculate the absolute dollar change. To calculate comparable store restaurant and retail sales increase/(decrease), which we express as a percentage, we divide the absolute dollar change by the comparable store restaurant and retail sales for the historical period.
- Average check increase per guest: To calculate average check per guest, we determine comparable store restaurant sales, as described above, and divide by comparable restaurant guest traffic, as described below. We then subtract average check per guest for the current year period from average check per guest for the applicable historical period to calculate the absolute dollar change. The absolute dollar change is divided by the prior year average check number to calculate average check increase per guest, which we express as a percentage.
- Comparable restaurant guest traffic increase/(decrease): To calculate comparable restaurant guest traffic increase/(decrease), we determine the number of entrees sold in our dine-in and off-premise business from stores open at least six full quarters at the beginning of the applicable period, measured on comparable calendar weeks. We then subtract total entrees sold for the current year period from total entrees sold for the applicable historical period to calculate the absolute numerical change. To calculate comparable restaurant guest traffic increase/(decrease), which we express as a percentage, we divide the absolute numerical change by the total entrees sold for the historical period.

These performance indicators exclude the impact of new store openings and sales related to MSBC.

We use comparable store sales metrics as indicators of sales growth to evaluate how our established stores have performed over time. We use comparable restaurant guest traffic increase/(decrease) to evaluate how established stores have performed over time, excluding growth achieved through menu price and sales mix change. Finally, we use average check per guest to identify trends in guest preferences, as well as the effectiveness of menu changes. We believe these key performance indicators are useful for investors to provide a consistent comparison of sales results and trends across comparable periods within our core, established store base, unaffected by results of store openings, closings, and other transitional changes.

Restaurant and Retail Industries

Our stores operate in both the restaurant and retail industries in the United States. The restaurant and retail industries are highly competitive with respect to quality, variety and price of the food products, availability of carryout and home delivery, internet and mobile ordering capabilities and retail merchandise offered. We compete with a significant number of national and regional restaurant and retail chains. Additionally, there are many segments within the restaurant industry, such as family dining, casual dining, full-service, fast casual and quick service, which often overlap and provide competition for widely diverse restaurant concepts. Cracker Barrel primarily operates in the full-service segment of the restaurant industry, and our growing MSBC concept operates in the fast casual segment. Competition also exists in securing prime real estate locations for new stores, in hiring qualified employees, in advertising, in the attractiveness of facilities and with competitors having similar menu offerings or convenience features. The restaurant and retail industries are often affected by changes in consumer taste and preference; national, regional or local economic conditions; demographic trends; traffic patterns; the type, number and location of competing restaurants and retailers; and consumers' discretionary purchasing power.

Additionally, economic, seasonal and weather conditions affect the restaurant and retail industries. Adverse economic conditions, such as elevated and/or volatile rates of inflation and unemployment adversely affect consumer discretionary income and dining and shopping habits. Historically, interstate tourist traffic and the propensity to dine out have been much higher during the summer months, thereby contributing to higher profits in our fourth quarter. Retail sales, which are made substantially to our restaurant guests, are historically strongest in the second quarter, which includes the holiday shopping season.

Severe weather events such as hurricanes, floods, tornadoes, and winter storms may prevent or dissuade guests from visiting our stores, impair our ability to staff our stores or force us to temporarily close affected stores, adversely impacting our restaurant and retail sales. Additionally, severe drought conditions and associated restrictions on water use may impair restaurant operations or increase costs in locations affected by such conditions. Climate change, changing weather patterns or unpredictable weather patterns may increase the incidence of any of these events and otherwise also impact guest visitation patterns on a macro scale. In addition to its impact on store operations, severe weather may also disrupt our supply chain, both in distribution to ports and central warehouses and in distribution to local stores. In general, we believe that the geographic dispersion of our stores and multiple sources of distribution adequately mitigate the potential impact of severe weather and changing weather patterns on our stores, but the Board of Directors and management team continually monitor and reexamine these considerations in light of ongoing trends.

We are currently experiencing, and have in the past experienced, inflationary conditions with respect to a variety of costs, including the cost for food, ingredients, retail merchandise, transportation, distribution, labor and utilities. While we continue to partially offset the impact of these inflationary pressures with menu price increases and operational improvements, there can be no assurance that such conditions will not adversely affect consumer demand or our cost structure in ways that we may be unable to manage without diminishing our profitability.

RESULTS OF OPERATIONS

The following table highlights operating results over the past two years:

	Relationship to Total Revenue	
	2024	2023
Total revenue	100.0 %	100.0 %
Cost of goods sold (exclusive of depreciation and rent)	31.3	32.8
Labor and other related expenses	36.6	35.1
Other store operating expenses	24.0	23.2
General and administrative expenses	6.0	5.0
Impairment and store closing costs	0.7	0.4
Goodwill impairment	0.1	—
Operating income	1.3	3.5
Interest expense, net	0.6	0.5
Income before income taxes	0.7	3.0
Provision for income taxes (income tax benefit)	(0.5)	0.1
Net income	1.2 %	2.9 %

The following table sets forth the change in the number of stores in operation for the past two years:

	2024	2023
Net change in Company owned stores:		
Cracker Barrel	(2)	(4)
MSBC	7	8
Stores in operation at end of the period:		
Cracker Barrel	658	660
MSBC	66	59
Total stores at end of period	724	719

Total Revenue

The following table highlights the key components of revenue for the past two years:

	2024	2023
Revenue in dollars: ⁽¹⁾		
Restaurant	\$ 2,794,128	\$ 2,740,866
Retail	676,634	701,942
Total revenue	\$ 3,470,762	\$ 3,442,808
Total revenue percentage increase ⁽¹⁾	0.8 %	5.4 %
Total revenue by percentage relationships:		
Restaurant	80.5 %	79.6 %
Retail	19.5 %	20.4 %
Average store volumes ⁽¹⁾⁽²⁾ :		
Restaurant	\$ 4,133.0	\$ 4,040.2
Retail	1,024.3	1,058.2
Total revenue	\$ 5,157.3	\$ 5,098.4
Comparable store sales increase (decrease) ⁽³⁾ :		
Restaurant	(0.1)%	6.3 %
Retail	(5.5)%	(0.4)%
Restaurant and retail	(1.2)%	4.9 %
Average check increase	4.9 %	9.8 %
Comparable restaurant guest traffic decrease ⁽³⁾ :	(5.0)%	(3.5)%

(1) 2024 consists of 53 weeks while the other periods consist of 52 weeks.

- (2) Average store volumes include sales of all stores except for MSBC.
- (3) Comparable store sales and traffic consist of sales of stores open at least six full quarters at the beginning of the period and are measured on comparable calendar weeks. Comparable store sales and traffic exclude MSBC.

Total revenue in 2024 increased 0.8% as compared to 2023. Total revenue in 2024 benefited from the additional week of 2024, which resulted in an increase in revenue of \$62,800. Our comparable store restaurant sales decrease in 2024 as compared to 2023 resulted primarily from the guest traffic decrease partially offset by the average check increase. The average check increase included an average menu increase of 4.9%. Off-premise sales represented approximately 20% of restaurant sales volumes in 2024 and 2023.

Our retail sales are made primarily to our restaurant guests. The decrease in our comparable store retail sales in 2024 as compared to 2023 resulted primarily from the decrease in guest traffic.

Cost of Goods Sold (Exclusive of Depreciation and Rent)

The following table highlights the components of cost of goods sold in dollar amounts for the past two years:

	2024	2023
Cost of Goods Sold in dollars:		
Restaurant	\$ 743,390	\$ 769,295
Retail	344,241	358,322
Total Cost of Goods Sold	\$ 1,087,631	\$ 1,127,617

The following table highlights restaurant cost of goods sold as a percentage of restaurant revenue for the past two years:

	2024	2023
Restaurant Cost of Goods Sold	26.6 %	28.1 %

The decrease in restaurant cost of goods sold as a percentage of restaurant revenue in 2024 as compared to 2023 was primarily the result of our menu price increase referenced above. Commodity inflation was relatively flat in 2024. We presently expect the rate of commodity inflation to be approximately 2% to 3% in 2025.

The following table highlights retail cost of goods sold as a percentage of retail revenue for the past two years:

	2024	2023
Retail Cost of Goods Sold	50.9 %	51.1 %

Retail cost of goods sold as a percentage of retail revenue remained relatively constant in 2024 as compared to 2023.

Labor and Other Related Expenses

Labor and other related expenses include all direct and indirect labor and related costs incurred in store operations. The following table highlights labor and other related expenses as a percentage of total revenue for the past two years:

	2024	2023
Labor and related expenses	36.6 %	35.1 %

The year-to-year percentage change in 2024 as compared to 2023 resulted primarily from the following:

	2024 Compared to 2023 Increase (Decrease) as a Percentage of Total Revenue
Store hourly labor	1.1 %
Store management compensation	0.3 %
Employee health care expense	0.1 %
Other wages	(0.2)%

The increase in store hourly labor and store management compensation as a percentage of total revenue in 2024 as compared to 2023 resulted primarily from higher staffing levels and the investment of additional labor hours to improve the guest experience as well as wage inflation partially offset by higher average check. We presently expect the rate of wage inflation to be approximately 3% to 4% in 2025.

The increase in employee health care expenses as a percentage of total revenue in 2024 as compared to 2023 resulted primarily from higher claims.

During 2024, we revised our employee benefits policy which resulted in a one-time reduction in other wages expense for 2024 as compared to 2023.

Other Store Operating Expenses

Other store operating expenses include all store-level operating costs, the major components of which are occupancy costs, operating supplies, advertising, third-party delivery fees, credit card and gift card fees, real and personal property taxes and general insurance. Occupancy costs include maintenance, utilities, depreciation and rent.

The following table highlights other store operating expenses as a percentage of total revenue for the past two years:

	2024	2023
Other store operating expenses	24.0 %	23.2 %

The increase in other store operating expenses as a percentage of total revenue in 2024 as compared to 2023 resulted primarily from the increase in advertising expense due to higher media spending and costs associated with our new customer loyalty program, Cracker Barrel Rewards.

We presently expect higher depreciation expense in 2025 due to higher capital expenditures driven by investments in our stores including our store remodeling program as well as other strategic initiatives.

General and Administrative Expenses

The following table highlights general and administrative expenses as a percentage of total revenue for the past two years:

	2024	2023
General and administrative expenses	6.0 %	5.0 %

The year-to-year percentage change in 2024 as compared to 2023 resulted primarily from the following:

	2024 Compared to 2023 Increase as a Percentage of Total Revenue
Professional fees	0.6 %
Payroll and related expense	0.2 %
Incentive compensation expense	0.1 %

The increase in professional fees as a percentage of total revenue in 2024 as compared to 2023 resulted primarily from the costs associated with the Company's strategic transformation plan.

The increase in payroll and related expense as a percentage of total revenue in 2024 as compared to 2023 resulted primarily from severance costs related to corporate restructuring and Chief Executive Officer transition costs incurred in 2024.

The increase in incentive compensation as a percentage of total revenue in 2024 as compared to 2023 resulted primarily from Chief Executive Officer ("CEO") transition costs incurred in 2024.

We presently expect our general and administrative expenses will be higher in 2025 primarily due to the investments related to our strategic transformation initiatives and our proxy contest in connection with the Company's upcoming 2024 Annual Meeting.

Impairment and Store Closing Costs

During 2024 and 2023, we recorded impairment charges of \$17,448 and \$11,692, respectively, as a result of the deterioration in operating performance of six Cracker Barrel locations and thirteen MSBC locations in 2024 and six Cracker Barrel locations in 2023. Additionally, during 2024 and 2023, we incurred costs of \$5,494 and \$2,307, respectively, in connection with the closure of four Cracker Barrel and two MSBC locations in 2024 and six Cracker Barrel and four MSBC locations in 2023 because of poor operating performance.

Impairment and store closing costs consisted of the following for the past two years:

	2024	2023
Impairment	\$ 17,448	\$ 11,692
Store closing costs	5,494	2,307
Total	\$ 22,942	\$ 13,999

Goodwill Impairment

During 2024, we recorded a goodwill impairment charge of \$4,690 related to MSBC because of declining financial trends and changes in the macroeconomic environment, including interest rate and inflationary pressures. This amount is recorded in the goodwill impairment line on the Consolidated Statements of Income.

Operating income

Operating income consisted of the following for the past two years:

	2024	2023
Operating Income	\$ 45,119	\$ 120,617

As discussed above, the decrease in operating income in 2024 as compared to 2023 resulted primarily from the investments made in 2024 related to labor, advertising and strategic transformation initiatives. We also incurred higher impairments costs based on performance and CEO transition costs in 2024. Operating income in 2024 benefited from lower commodity inflation.

Interest Expense, Net

The following table highlights interest expense for the past two years:

	2024	2023
Interest expense, net	\$ 20,933	\$ 17,006

The year-to-year increase in 2024 as compared to 2023 resulted primarily from higher weighted average debt levels and higher weighted average interest rates under our revolving credit facility.

Provision for Income Taxes (Income Tax Benefit)

The following table highlights the provision for income taxes as a percentage of income before income taxes ("effective tax rate") for the past two years:

	2024	2023
Effective tax rate	(69.2)%	4.4 %

Our effective tax rate is lower than statutory rates primarily due to the benefit of tax credits. The decrease in our effective tax rate from 2023 to 2024 reflects the impact of tax credits on lower income before tax as well as favorable audit settlements.

We presently expect our effective tax rate for 2025 to be approximately (7%) to (11%).

Net Income

Net income consisted of the following for the past two years:

	2024	2023
Net income	\$ 40,930	\$ 99,050

Our net income in 2024 decreased compared to 2023 primarily due to our decline in our operating income discussed above partially offset by our income tax benefit for 2024 discussed above.

We presently expect total revenue in 2025 to be relatively flat to 2024 and the investments in our strategic transformation plan discussed above to more than offset expected cost savings in 2025. The Company's focus for 2025 is to execute its strategic transformation plan while simultaneously remaining focused on operational excellence in our day-to-day business.

LIQUIDITY AND CAPITAL RESOURCES

The following table presents a summary of our cash flows for the past two years:

	2024	2023
Net cash provided by operating activities	\$ 168,980	\$ 250,457
Net cash used in investing activities	(124,327)	(124,319)
Net cash used in financing activities	(57,765)	(146,096)
Net decrease in cash and cash equivalents	\$ (13,112)	\$ (19,958)

Our primary sources of liquidity are cash generated from our operations and our borrowing capacity under our revolving credit facility. Our cash generated from our operations, together with our borrowing capacity under our 2022 Revolving Credit Facility, were sufficient to finance all of our growth, dividend payments, working capital needs, interest payments on long-term debt obligations and other cash payment obligations in 2024. We believe that cash at August 02, 2024, along with cash expected to be generated from our operating activities and the borrowing capacity under our revolving credit facility, will be sufficient to finance our continuing operations, our strategic transformation initiative and continuing expansion plans, debt service, dividend payments, capital expenditures and working capital needs for the next twelve months and thereafter for the foreseeable future. Our ability to draw on our 2022 Revolving Credit Facility is subject to the satisfaction of the provisions of the credit facility, as amended, and we believe we will be able to refinance our Revolving Credit Facility and other debt instruments prior their maturity.

Cash Generated from Operations

The decrease in net cash flow provided by operating activities in 2024 as compared to 2023 resulted primarily from lower net income and a lower decrease in retail inventory levels.

Purchase Obligations

We enter into purchase orders for food and retail merchandise; purchase orders for capital expenditures, supplies, other operating needs and other services; and commitments under contracts for maintenance needs and other services in the normal course of business. Our estimate as of August 02, 2024, for these purchase obligations is \$141,446, of which \$107,485 is short-term. This estimate of our purchase obligations (i) excludes contracts that do not contain minimum purchase obligations and long-term agreements for services and operating needs that can be cancelled within 60 days without penalty, and (ii) includes long-term agreements and certain retail purchase orders for services and operating needs that can be cancelled (A) with more than 60 days' notice without penalty only through the term of the notice period and (B) only in the event of an uncured material breach or with a penalty through the entire term of the contract. Because of the uncertainties of seasonal demands and promotional calendar changes, our estimated usage for food, supplies and other operating needs and services is calculated ratably over either the termination notice period or the remaining life of the contract, as applicable, unless we had better information available at the time related to each contract.

Leases

As of August 02, 2024, the total present value of our lease expenses (including variable lease costs) under operating leases was \$725,829, which had a weighted-average remaining lease term 15.88 years, of which \$86,318 is short-term. As of August 02, 2024, we have entered into leases that have not yet commenced with future short-term and long-term lease payments of \$12,615 that are not yet recorded on our Consolidated Balance Sheets. These leases are expected to commence in 2025 and 2026. For additional information regarding our operating leases, see Note 8 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Other Long-Term Obligations

At August 02, 2024, other long-term obligations include our Non-Qualified Savings Plan (\$25,719, with a corresponding long-term asset to fund the liability; see Note 11 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K), Deferred Compensation Plan (\$854) and our long-term incentive plans (\$3,015).

Taxes

At August 02, 2024, the entire liability of \$15,317, for uncertain tax positions (including penalties and interest) is classified as a long-term liability. At this time, we are unable to make a reasonably reliable estimate of the amounts and timing of payments in individual years because of uncertainties in the timing of the effective settlement of tax positions. See Note 12 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for additional information on our uncertain tax positions.

Capital Expenditures and Proceeds from Sale of Property and Equipment

The following table presents our capital expenditures (purchase of property and equipment), net of proceeds from insurance recoveries, for the past two years:

	2024	2023
Capital expenditures, net of proceeds from insurance recoveries	\$ 127,461	\$ 125,387

Our capital expenditures consisted primarily of capital investments for existing stores, new store locations and strategic initiatives. The increase in capital expenditures in 2024 from 2023 resulted primarily from higher capital expenditures for strategic initiatives, including costs associated with our customer loyalty program, Cracker Barrel Rewards.

As part of our strategic transformation plan, we have modified our capital allocation policy and currently expect to increase our capital expenditures over the three-year period from 2025 to 2027 to approximately \$600,000 to \$700,000, of which \$160,000 to \$180,000 is estimated for 2025. This increase includes expansion of our maintenance and remodel initiatives as well as additional technology improvements. This estimate also includes the acquisition of sites and construction costs of two new Cracker Barrel stores and three to four MSBC locations that we plan to open during 2025. We intend to fund our capital expenditures with cash generated by operations and cash on hand as the result of borrowings under our revolving credit facility, as necessary.

The following table presents our proceeds from sale of property and equipment for the past two years:

	2024	2023
Proceeds from sale of property and equipment	\$ 3,134	\$ 1,068

The increase in proceeds from sale of property and equipment in 2024 from 2023 resulted primarily from the sale of excess real property in 2024.

Borrowing Capacity, Debt Covenants and Notes

On June 17, 2022, we entered into a five-year \$700,000 revolving credit facility (the "2022 Revolving Credit Facility"). The 2022 Revolving Credit Facility also contains an option for the Company to increase the revolving credit facility by \$200,000. Using our weighted average interest rate of 7.19% at August 02, 2024 and the outstanding borrowings at August 02, 2024, we anticipate having interest payments of \$13,080, in 2025.

The following table highlights our borrowing capacity and outstanding borrowings under the 2022 Revolving Credit Facility, our standby letters of credit and our borrowing availability under the 2022 Revolving Credit Facility as of August 02, 2024:

	August 02, 2024
Borrowing capacity under the 2022 Revolving Credit Facility	\$ 700,000
Less: Outstanding borrowings under the 2022 Revolving Credit Facility	180,000
Less: Standby letters of credit*	32,644
Borrowing availability under the 2022 Revolving Credit Facility	\$ 487,356

*Our standby letters of credit relate to securing reserved claims under workers' compensation insurance and securing certain sale and leaseback transactions. Our standby letters of credit reduce our borrowing availability under the 2022 Revolving Credit Facility.

During 2024, we borrowed \$406,500 and repaid \$346,500 under the 2022 Revolving Credit Facility. During 2023, we borrowed \$180,000 and repaid \$190,000 under the 2022 Revolving Credit Facility.

Our 2022 Revolving Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total senior secured leverage ratio and a minimum consolidated interest coverage ratio. We were in compliance with the 2022 Revolving Credit Facility's financial covenants at August 02, 2024, and we expect to be in compliance with the 2022 Revolving Credit Facility's financial covenants for the remaining term of the facility.

Our \$300,000 aggregate principal amount of 0.625% Convertible Senior Notes (the "Notes") mature on June 15, 2026, unless earlier converted, repurchased or redeemed. The Notes are senior, unsecured obligations of the Company and bear cash interest at an annual rate of 0.625%, payable semi-annually in arrears on June 15 and December 15 of each year. For additional information regarding our 2022 Revolving Credit Facility and the Notes, see Note 4 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

Dividends, Share Repurchases and Share-Based Compensation Awards

Our 2022 Revolving Credit Facility imposes restrictions on the amount of dividends we are permitted to pay and the amount of shares we are permitted to repurchase. Under the 2022 Revolving Credit Facility, provided there is no default existing and the total of our availability under the 2022 Revolving Credit Facility plus our cash and cash equivalents on hand is at least \$100,000 (the "Cash Availability"), we may declare and pay cash dividends on shares of our common stock and repurchase shares of our common stock (1) in an unlimited amount if at the time the dividend or the repurchase is made our consolidated total senior secured leverage ratio is 2.75 to 1.00 or less and (2) in an aggregate amount not to exceed \$100,000 in any fiscal year if our consolidated total leverage ratio is greater than 2.75 to 1.00 at the time the dividend or repurchase is made; notwithstanding (1) and (2), so long as immediately after giving effect to the payment of any such dividends, Cash Availability is at least \$100,000, we may declare and pay cash dividends on shares of our common stock in an aggregate amount not to exceed in any fiscal year the product of the aggregate amount of dividends declared in the fourth quarter of the immediately preceding fiscal year multiplied by four.

In 2024, we paid regular dividends of \$5.20 per share. In connection with our strategic transformation program, we modified our capital allocation policy to support increased investments in our business to drive organic growth. As part of this shift to increase investment in our business, the Board of Directors reduced the quarterly dividend and declared a dividend of \$0.25 per share that was subsequently paid on August 6, 2024 to shareholders of record on July 19, 2024. Additionally, during the first quarter of 2025, the Board declared a dividend of \$0.25 per share payable on November 13, 2024 to shareholders of record as of October 18, 2024.

The following table highlights the dividends per share we paid for the past two years:

	2024	2023
Dividends per share paid	\$ 5.20	\$ 5.20

Our criteria for share repurchases are that they be accretive to expected net income per share and are within the limits imposed by our debt commitments. On June 02, 2023, the Board of Directors renewed our authorization to repurchase shares of the Company's outstanding common stock at management's discretion up to a total value of \$200,000, for an additional year; this authorization has expired. We did not repurchase any shares of our common stock in 2024. In 2023, the Company repurchased 171,792 shares of its common stock in the open market at an aggregate cost of \$17,449.

Working Capital

In the restaurant industry, substantially all payments received are made by credit card, debit card or cash. Like many other restaurant companies, we are able to, and often do, operate with negative working capital. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while other restaurant inventories purchased locally are generally financed through trade credit at terms of 30 days or less. Because of our retail gift shop, which has a lower product turnover than the restaurant, we carry larger inventories than many other companies in the restaurant industry. Retail inventories are generally financed through trade credit at terms of 60 days or less. These various trade terms are aided by rapid turnover of the restaurant inventory. Employees generally are paid once every week or every two weeks except for bonuses that are paid either quarterly or annually in arrears. Many other operating expenses have normal trade terms and certain expenses such as certain taxes and some benefits are deferred for longer periods of time.

	2024	2023
<u>Working capital deficit</u>	<u>\$ (175,993)</u>	<u>\$ (206,679)</u>

The change in working capital at August 02, 2024 compared to July 28, 2023 primarily reflected the decrease in our dividend payable as a result of our reduction of our quarterly dividend and the timing of payments for income taxes.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements.

RECENT ACCOUNTING PRONOUNCEMENTS NOT YET ADOPTED

See Note 1 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K for a discussion of recent accounting guidance not yet adopted. We are currently evaluating the impact of adopting the accounting guidance.

CRITICAL ACCOUNTING ESTIMATES

We prepare our Consolidated Financial Statements in conformity with GAAP. The preparation of these financial statements requires us to make estimates and assumptions about future events and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and related disclosures. We base our estimates and judgments on historical experience, current trends, outside advice from parties believed to be experts in such matters and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. However, because future events and their effects cannot be determined with certainty, actual results could differ from those assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 1 to the Consolidated Financial Statements. Judgments and uncertainties affecting the application of those policies may result in materially different amounts being reported under different conditions or using different assumptions. Critical accounting estimates are those that:

- management believes are most important to the accurate portrayal of both our financial condition and operating results; and
- require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

We consider the following accounting estimates to be most critical in understanding the judgments that are involved in preparing our Consolidated Financial Statements:

- Impairment of Long-Lived Assets
- Insurance Reserves
- Retail Inventory Valuation
- Lease Accounting

Management has reviewed these critical accounting estimates and related disclosures with the Audit Committee of the Board of Directors.

Impairment of Long-Lived Assets

We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying amount of the asset, the carrying value is written down, for an asset to be held and used, to the estimated fair value or, for an asset to be disposed of, to the fair value, net of estimated costs of disposal. Any loss resulting from impairment is recognized by a charge to income. Judgments and estimates that we make related to the expected useful lives of long-lived assets and future cash flows are affected by factors such as changes in economic conditions and changes in operating performance. The accuracy of such provisions can vary materially from original estimates and management regularly monitors the adequacy of the provisions until final disposition occurs.

We have not made any material changes in our methodology for assessing impairments during the past three years and we do not believe that there is a reasonable likelihood that there will be a material change in the estimates or assumptions used by us to assess impairment of long-lived assets. However, if actual results are not consistent with our estimates and assumptions used in estimating future cash flows and fair values of long-lived assets, we may be exposed to losses that could be material. During 2024 and 2023, we recorded impairment charges of \$15,616 and \$11,692, respectively, for long-lived assets due to the deterioration in operating performance of six Cracker Barrel locations and thirteen MSBC locations in 2024 and six Cracker Barrel locations in 2023. The impairment charges are included in the impairment and store closing costs line item on the Consolidated Statements of Income. See the Lease Accounting section below for information related to an impairment charge related to a right-of-use asset recorded in 2024.

Insurance Reserves

We self-insure a significant portion of our expected workers' compensation and general liability programs. We purchase insurance for individual workers' compensation claims that exceed \$750 or \$1,000 depending on the state in which the claim originated. We purchase insurance for individual general liability claims that exceed \$500. We record a reserve for workers' compensation and general liability for all unresolved claims and for an estimate of incurred but not reported ("IBNR") claims. These reserves and estimates of IBNR claims are based upon a full scope actuarial study which is performed annually during the fourth quarter and is adjusted by the actuarially determined losses and actual claims payments made subsequent to this full scope actuarial study during the fourth quarter. Additionally, we perform limited scope actuarial studies on a quarterly basis to verify and/or modify our reserves. The reserves and losses in the actuarial study represent a range of possible outcomes within which no given estimate is more likely than any other estimate. As such, we record the losses in the lower half of that range and discount them to present value using a risk-free interest rate based on projected timing of payments. We also monitor actual claims development, including incurrence or settlement of individual large claims during the interim periods between actuarial studies as another means of estimating the adequacy of our reserves.

Our group health plans combine the use of self-insured and fully-insured programs. Benefits for any individual (employee or dependents) in the self-insured group health program are limited. We record a liability for the self-insured portion of our group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience. We also record a liability for unpaid prescription drug claims based on historical experience.

Our accounting policies regarding insurance reserves include certain actuarial assumptions and management judgments regarding economic conditions, the frequency and severity of claims and claim development history and settlement practices. We have not made any material changes in the methodology used to establish our insurance reserves during the past three years and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions used to calculate the insurance reserves. However, changes in these actuarial assumptions or management judgments in the future may produce materially different amounts of expense that would be reported under these insurance programs.

Retail Inventory Valuation

Cost of goods sold includes the cost of retail merchandise sold at our stores utilizing the retail inventory method ("RIM"). Under RIM, the valuation of our retail inventories is determined by applying a cost-to-retail ratio to the retail value of our inventories. Inherent in the RIM calculation are certain inputs, including initial markons, markups, markdowns and shrinkage, which may significantly impact the gross margin calculation as well as the ending inventory valuation.

Inventory valuation provisions are included for retail inventory obsolescence and retail inventory shrinkage. Retail inventory is reviewed on a quarterly basis for obsolescence and adjusted as appropriate based on assumptions made by management and judgment regarding inventory aging and future promotional activities. Retail inventory also includes an estimate of shrinkage that is adjusted upon physical inventory counts. Annual physical inventory counts are conducted based upon a cyclical inventory schedule. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a two-year average of the physical inventories' results on a store-by-store basis.

We have not made any material changes in the methodologies, estimates or assumptions related to our merchandise inventories during the past three years and do not believe there is a reasonable likelihood that there will be a material change in the estimates or assumptions in the future. However, actual obsolescence or shrinkage recorded may produce materially different amounts than we have estimated.

Lease Accounting

We have ground leases for our leased stores and office space leases that are recorded as operating leases under various non-cancellable operating leases. Additionally, we lease our retail distribution center, advertising billboards, vehicle fleets, and certain equipment under various non-cancellable operating leases.

We evaluate our leases at contract inception to determine whether we have the right to control use of the identified asset for a period of time in exchange for consideration. If we determine that we have the right to obtain substantially all of the economic benefit from use of the identified asset and the right to direct the use of the identified asset, we recognize a right-of-use asset and lease liability. Also, at contract inception, we evaluate our leases to estimate their expected term which includes renewal options that we are reasonably assured that we will exercise, and the classification of the lease as either an operating lease or a finance lease. Additionally, as our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the time of commencement or modification date in determining the present value of lease payments. Assumptions used in determining our incremental borrowing rate include our implied credit rating and an estimate of secured borrowing rates based on comparable market data. We assess the impairment of the right-of-use asset at the asset group level whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

Changes in these assumptions and management judgments may produce materially different amounts in the recognition of the right-of-use assets and lease liabilities. Additionally, any loss resulting from an impairment of the right-of-use assets is recognized by a charge to income, which could be material. In 2024, we recorded an impairment charge of \$1,832 related to a right-of-use asset for a Cracker Barrel location. This amount is included in the impairment and store closing costs line item on the Consolidated Statement of Income.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk, such as changes in interest rates and commodity prices. We do not hold or use derivative financial instruments for trading purposes.

Interest Rate Risk. We have interest rate risk relative to our outstanding borrowings under our revolving credit facility. At August 02, 2024 and July 28, 2023, our outstanding borrowings totaled \$180,000 and \$120,000, respectively (see Note 4 to our Consolidated Financial Statements). In accordance with the 2022 Revolving Credit Facility, outstanding borrowings bear interest, at our election, either at (1) the Term Secured Overnight Financing Rate (SOFR) or (2) a base rate equal to the greatest of (i) the prime rate, (ii) a rate that is 0.5% in excess of the Federal Funds Rate, and (iii) Term SOFR plus 1.0%, in each case plus an applicable margin based on the Company's consolidated total leverage ratio. Our policy has been to manage interest cost using a mix of fixed and variable rate debt (see Note 4 to our Consolidated Financial Statements). Additionally, we have Notes, which bear cash interest at a fixed rate of 0.625% per annum.

At August 02, 2024, the weighted average interest rate of our outstanding \$180,000 borrowings was 7.19%. At July 28, 2023, the weighted average interest rate of our outstanding \$120,000 borrowings was 6.79%. The impact of a one-percentage point increase in the \$180,000 of our outstanding borrowings at August 02, 2024, is approximately \$1,800.

Credit Risk. In 2021, the Company issued the Notes and entered into the Convertible Note Hedge Transactions and the Warrant Transactions with the Hedge Counterparties. Subject to the movement in the Company's common stock price, the Company could be exposed to credit risk arising out of the net settlement of the Convertible Note Hedge Transactions and the Warrant Transactions in its favor. Based on the Company's review of the possible net settlements and the creditworthiness of the Hedge Counterparties and their affiliates, the Company believes it does not have a material exposure to credit risk as a result of these transactions at this time.

Commodity Price Risk. Many of the food products that we purchase are affected by commodity pricing and are, therefore, subject to price volatility caused by market conditions, weather, production problems, delivery difficulties and other factors which are outside our control and which are generally unpredictable.

The following table highlights the five food categories which accounted for the largest shares of our food purchases in 2024 and 2023:

	Percentage of Food Purchases	
	2024	2023
Fruits and vegetables	14 %	14 %
Poultry	13 %	14 %
Dairy (including eggs)	13 %	13 %
Beef	13 %	11 %
Pork	10 %	10 %

Other categories affected by the commodities markets, such as grains and seafood, may each account for as much as 8% of our food purchases. While some of our food items are produced to our proprietary specifications, our food items are based on generally available products, and if any existing suppliers fail, or are unable to deliver in quantities required by us, we believe that there are sufficient other quality suppliers in the marketplace that our sources of supply can be replaced as necessary to allow us to avoid any material adverse effects that could be caused by such unavailability. We also recognize, however, that commodity pricing is extremely volatile and can change unpredictably even over short periods of time. Changes in commodity prices would affect us and our competitors generally and depending on the terms and duration of supply contracts, sometimes simultaneously. We enter into contracts for certain of our products in an effort to minimize volatility of supply and pricing. In many cases, or over the longer term, we believe we will be able to pass through some or much of the increased commodity costs by adjusting our menu pricing. From time to time, competitive circumstances, or judgments about consumer acceptance of price increases, may limit menu price flexibility, and in those circumstances, increases in commodity prices can result in lower margins. We continue to partially offset commodity pressures through menu price increases and operational improvements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Cracker Barrel Old Country Store, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Cracker Barrel Old Country Store, Inc. and subsidiaries (the "Company") as of August 2, 2024, and July 28, 2023, and the related consolidated statements of income, consolidated statements of changes in shareholders' equity, and consolidated statements of cash flows, for each of the three years in the period ended August 2, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 2, 2024, and July 28, 2023, and the results of its operations and its cash flows for each of the three years in the period ended August 2, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of August 2, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated September 27, 2024, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Commitments and Contingencies – Insurance Reserves – Refer to Notes 1 and 14 to the financial statements

Critical Audit Matter Description

The Company self-insures a significant portion of its workers' compensation and general liability program and records a reserve for all unresolved claims and an estimate of incurred but not reported (IBNR) claims. These reserves and estimates of IBNR claims are based upon a full scope actuarial study performed annually by management's specialist during the fourth quarter and are adjusted by the actuarially determined losses and actual claims payments made subsequent to this full scope actuarial study during the fourth quarter. The reserves and losses in the actuarial study represent a range of possible outcomes within which no given estimate is more likely than any other estimate. Using this information, the Company records the expected losses in the lower half of the range, which is discounted to present value using a risk-free interest rate. The Company also monitors actual claims development as another means of estimating the adequacy of the historical reserves.

We identified insurance reserves as a critical audit matter because estimating the reserve for all unresolved claims and IBNR claims involves significant estimation by management. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our actuarial specialists, when performing audit procedures to evaluate whether insurance reserves were appropriately recorded as of August 2, 2024.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the insurance reserves included the following, among others:

- We tested the effectiveness of controls related to insurance reserves, including management's controls over the claims data provided to the actuary and those over the estimation of unresolved claims and IBNR claims.
- We evaluated the methods and assumptions used by management to estimate the insurance reserves by:
 - Reconciling the claims data to the actuarial analysis.
 - Comparing management's selected insurance reserve estimates within the range provided by their third-party actuary to historical trends.
 - Performing a retrospective review by comparing the prior-year recorded amounts to the subsequent claim emergence.

- Developing, with the assistance of our actuarial specialists, an independent range of estimates of the insurance reserves, utilizing paid and reported loss development factors from the Company's historical data and industry loss development factors as deemed necessary, and comparing our estimated range to management's estimates.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
September 27, 2024

We have served as the Company's auditor since 1974.

**CRACKER BARREL OLD COUNTRY STORE, INC.
CONSOLIDATED BALANCE SHEETS**

(In thousands except share data)
August 02, 2024 July 28, 2023

ASSETS	(In thousands except share data)	
	August 02, 2024	July 28, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 12,035	\$ 25,147
Accounts receivable	39,204	30,446
Income taxes receivable	9,882	2,062
Inventories	180,958	189,364
Prepaid expenses and other current assets	36,135	35,268
Total current assets	278,214	282,287
Property and equipment		
Land	253,816	254,813
Buildings and improvements	823,561	807,585
Restaurant and other equipment	896,258	852,442
Leasehold improvements	449,507	438,495
Construction in progress	15,709	26,978
Total	2,438,851	2,380,313
Less: Accumulated depreciation and amortization	1,479,030	1,408,368
Property and equipment – net	959,821	971,945
Operating lease right-of-use assets, net	850,835	889,306
Goodwill	—	4,690
Intangible assets	24,425	23,426
Other assets	48,199	46,440
Total assets	\$ 2,161,494	\$ 2,218,094
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 162,288	\$ 165,484
Current portion of long-term debt	75	75
Current operating lease liabilities	49,837	46,336
Taxes withheld and accrued	41,433	38,835
Accrued employee compensation	60,385	64,821
Accrued employee benefits	28,476	24,417
Deferred revenues	87,488	95,016
Dividend payable	6,317	29,491
Other current liabilities	17,908	24,491
Total current liabilities	454,207	488,966
Long-term debt	476,581	414,904
Long-term operating lease liabilities	675,993	702,413
Other long-term obligations	46,852	53,730
Deferred income taxes	67,712	74,256
Commitments and Contingencies (Note 14)		
Shareholders' Equity:		
Preferred stock – 100,000,000 shares of \$0.01 par value authorized; 300,000 shares designated as Series A Junior Participating Preferred Stock; no shares issued	—	—
Common stock – 400,000,000 shares of \$0.01 par value authorized; 2024 – 22,203,043 shares issued and outstanding; 2023– 22,153,625 shares issued and outstanding	222	221
Additional paid-in capital	12,575	3,886
Retained earnings	427,352	479,718
Total shareholders' equity	440,149	483,825
Total liabilities and shareholders' equity	\$ 2,161,494	\$ 2,218,094

See Notes to Consolidated Financial Statements

CRACKER BARREL OLD COUNTRY STORE, INC.
CONSOLIDATED STATEMENTS OF INCOME

(In thousands except share data)
Fiscal years ended

	August 02, 2024	July 28, 2023	July 29, 2022
Total revenue	\$ 3,470,762	\$ 3,442,808	\$ 3,267,786
Cost of goods sold (exclusive of depreciation and rent)	1,087,631	1,127,617	1,049,884
Labor and other related expenses	1,271,555	1,208,669	1,149,077
Other store operating expenses	831,763	797,815	758,389
General and administrative expenses	207,062	174,091	157,433
Impairment and store closing costs	22,942	13,999	—
Goodwill impairment	4,690	—	—
Operating income	45,119	120,617	153,003
Interest expense, net	20,933	17,006	9,620
Income before income taxes	24,186	103,611	143,383
Provision for income taxes (income tax benefit)	(16,744)	4,561	11,503
Net income	\$ 40,930	\$ 99,050	\$ 131,880
Net income per share:			
Basic	\$ 1.84	\$ 4.47	\$ 5.69
Diluted	\$ 1.83	\$ 4.45	\$ 5.67
Weighted average shares:			
Basic	22,191,961	22,167,875	23,164,180
Diluted	22,319,894	22,265,399	23,246,010

See Notes to Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands except share data)

	Common Stock Shares	Stock Amount	Additional Paid-In Capital	Retained Earnings	Total Shareholders' Equity
Balances at July 31, 2021	23,497,166	\$ 235	\$ —	\$ 663,398	\$ 663,633
Net income	—	—	—	131,880	131,880
Total comprehensive income	—	—	—	131,880	131,880
Cash dividends declared - \$5.20 per share	—	—	—	(121,135)	(121,135)
Share-based compensation	—	—	8,198	—	8,198
Issuance of share-based compensation awards, net of shares withheld for employee taxes	32,461	—	(2,599)	—	(2,599)
Purchases and retirement of common stock	(1,248,184)	(12)	(5,599)	(125,931)	(131,542)
Cumulative effect of change in accounting principle, net of taxes	—	—	—	(36,956)	(36,956)
Balances at July 29, 2022	22,281,443	\$ 223	\$ —	\$ 511,256	\$ 511,479
Net income	—	—	—	99,050	99,050
Total comprehensive income	—	—	—	99,050	99,050
Cash dividends declared - \$5.20 per share	—	—	—	(115,852)	(115,852)
Share-based compensation	—	—	9,045	—	9,045
Issuance of share-based compensation awards, net of shares withheld for employee taxes	43,974	—	(2,448)	—	(2,448)
Purchases and retirement of common stock	(171,792)	(2)	(2,711)	(14,736)	(17,449)
Balances at July 28, 2023	22,153,625	\$ 221	\$ 3,886	\$ 479,718	\$ 483,825
Net income	—	—	—	40,930	40,930
Total comprehensive income	—	—	—	40,930	40,930
Cash dividends declared - \$4.15 per share	—	—	—	(93,296)	(93,296)
Share-based compensation	—	—	10,298	—	10,298
Issuance of share-based compensation awards, net of shares withheld for employee taxes	49,418	1	(1,609)	—	(1,608)
Purchases and retirement of common stock	—	—	—	—	—
Balances at August 02, 2024	22,203,043	\$ 222	\$ 12,575	\$ 427,352	\$ 440,149

See Notes to Consolidated Financial Statements

CRACKER BARREL OLD COUNTRY STORE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	(In thousands)		
	August 02, 2024	Fiscal years ended July 28, 2023	July 29, 2022
Cash flows from operating activities:			
Net income	\$ 40,930	\$ 99,050	\$ 131,880
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	111,746	104,485	103,568
Amortization of debt issuance costs	1,752	1,730	1,755
Loss on disposition of property and equipment	9,143	6,600	5,637
Impairment	17,448	11,692	—
Goodwill impairment	4,690	—	—
Share-based compensation	10,298	9,045	8,198
Noncash lease expense	59,523	59,767	58,498
Amortization of asset recognized from gain on sale and leaseback transactions	12,735	12,735	12,735
Changes in assets and liabilities:			
Accounts receivable	(7,477)	3,404	(2,039)
Income taxes receivable	(7,820)	389	18,672
Inventories	8,406	23,885	(74,929)
Prepaid expenses and other current assets	(867)	(11,043)	(2,771)
Other assets	(3,566)	(848)	8,459
Accounts payable	(3,196)	(4,387)	34,695
Current operating lease liabilities	3,501	(8,235)	4,120
Taxes withheld and accrued	2,598	(21,377)	12,181
Accrued employee compensation	(4,448)	13,151	(13,129)
Accrued employee benefits	4,059	(585)	1,278
Deferred revenues	(7,528)	1,401	458
Other current liabilities	(6,583)	7,192	(6,591)
Long-term operating lease liabilities	(62,566)	(49,634)	(59,227)
Other long-term liabilities	(7,254)	(2,023)	(32,048)
Deferred income taxes	(6,544)	(5,937)	(6,147)
Net cash provided by operating activities	<u>168,980</u>	<u>250,457</u>	<u>205,253</u>
Cash flows from investing activities:			
Purchase of property and equipment	(128,295)	(126,987)	(98,341)
Proceeds from insurance recoveries of property and equipment	834	1,600	1,237
Proceeds from sale of property and equipment	3,134	1,068	105
Acquisition of business, net of cash acquired	—	—	(1,500)
Net cash used in investing activities	<u>(124,327)</u>	<u>(124,319)</u>	<u>(98,499)</u>
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	406,500	180,000	230,000
Principal payments under long-term debt	(346,575)	(190,124)	(185,124)
Taxes withheld from issuance of share-based compensation awards	(1,608)	(2,448)	(2,599)
Purchases and retirement of common stock	—	(17,449)	(131,542)
Deferred financing costs	—	—	(2,148)
Dividends on common stock	(116,082)	(116,075)	(114,829)
Net cash used in financing activities	<u>(57,765)</u>	<u>(146,096)</u>	<u>(206,242)</u>
Net decrease in cash and cash equivalents	(13,112)	(19,958)	(99,488)
Cash and cash equivalents, beginning of period	25,147	45,105	144,593
Cash and cash equivalents, end of period	<u>\$ 12,035</u>	<u>\$ 25,147</u>	<u>\$ 45,105</u>
Supplemental disclosures of cash flow information:			
Cash paid during the period for:			
Interest, net of amounts capitalized	\$ 18,484	\$ 13,596	\$ 7,698
Income taxes	9,212	6,486	25,948
Supplemental schedule of non-cash investing and financing activities*:			
Capital expenditures accrued in accounts payable	\$ 9,499	\$ 9,633	\$ 7,421
Dividends declared but not yet paid	7,435	30,233	30,456

See Notes to Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands except share data)

1. Nature of Operations and Summary of Significant Accounting Policies

Cracker Barrel Old Country Store, Inc. and its affiliates (collectively, in the Notes, the “Company”) are principally engaged in the operation and development in the United States (“U.S.”) of the Cracker Barrel Old Country Store® (“Cracker Barrel”) concept.

Basis of Presentation

Fiscal year – The Company’s fiscal year ends on the Friday nearest July 31st and each quarter consists of thirteen weeks unless noted otherwise. The periods presented in the Company’s financial statements are the fiscal years ended August 02, 2024 (“2024”), July 28, 2023 (“2023”) and July 29, 2022 (“2022”), respectively. Each of these periods has 52 weeks except for 2024, which consisted of 53 weeks. Similarly, references in these Notes to a year or quarter are to the Company’s fiscal year or quarter unless expressly noted or the context clearly indicates otherwise.

GAAP – The accompanying Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the U.S. (“GAAP”).

Principles of consolidation – The Consolidated Financial Statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All significant intercompany transactions and balances have been eliminated.

Use of estimates – Management of the Company has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting periods to prepare these Consolidated Financial Statements in conformity with GAAP. Management believes that such estimates have been based on reasonable and supportable assumptions and that the resulting estimates are reasonable for use in the preparation of the Consolidated Financial Statements. Actual results, however, could differ from those estimates.

Summary of Significant Accounting Policies

Cash and cash equivalents – The Company’s policy is to consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts receivable – Accounts receivable represent their estimated net realizable value. Accounts receivable are written off when they are deemed uncollectible.

Inventories – Cost of restaurant inventory is determined by the first-in, first-out (“FIFO”) method. Retail inventories are valued using the retail inventory method (“RIM”) except at the retail distribution center which are valued using moving average cost. Approximately 60% of retail inventories are valued using RIM. Retail inventories valued using RIM are stated at the lower of cost or market. Cost of restaurant inventory and retail inventory valued using moving average cost are stated at the lower of cost and net realizable value. See Note 3 for additional information regarding the components of inventory.

Valuation provisions are included for retail inventory obsolescence, retail inventory shrinkage, returns and amortization of certain items. The estimate of retail inventory shrinkage is adjusted upon physical inventory counts. Annual physical inventory counts are conducted based upon a cyclical inventory schedule. An estimate of shrinkage is recorded for the time period between physical inventory counts by using a two-year average of the physical inventories' results on a store-by-store basis.

Property and equipment – Property and equipment are stated at cost. For financial reporting purposes, depreciation and amortization on these assets are computed by use of the straight-line and double-declining balance methods over the estimated useful lives of the respective assets, as follows:

	Years
Buildings and improvements	30-45
Restaurant and other equipment	2-10
Leasehold improvements	1-35

Accelerated depreciation methods are generally used for income tax purposes.

Total depreciation expense and depreciation expense related to store operations for each of the three years are as follows:

	2024	2023	2022
Total depreciation expense	\$ 110,938	\$ 103,691	\$ 102,297
Depreciation expense related to store operations*	103,169	96,339	96,243

*Depreciation expense related to store operations is included in other store operating expenses in the Consolidated Statements of Income.

Gain or loss is recognized upon disposal of property and equipment. The asset and related accumulated depreciation and amortization amounts are removed from the accounts.

Maintenance and repairs, including the replacement of minor items, are charged to expense and major additions to property and equipment are capitalized.

Impairment of long-lived assets – The Company assesses the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying value of the asset to the undiscounted future cash flows expected to be generated by the asset. If the total expected future cash flows are less than the carrying value of the asset, the carrying value is written down, for an asset to be held and used, to the estimated fair value or, for an asset to be disposed of, to the fair value, net of estimated costs of disposal. Any loss resulting from impairment is recognized by a charge to income. During 2024 and 2023, the Company recorded impairment charges of \$15,616 and \$11,692, respectively, for long-lived assets which are included in the impairment and store closing costs line on the Consolidated Statements of Income.

Goodwill and other intangible assets – The Company accounts for all transactions that represent business combinations using the acquisition method of accounting, where the identifiable assets acquired and the liabilities assumed are recognized and measured at their fair values on the date the Company obtains control in the acquiree. Such fair values that are not finalized for reporting periods following the acquisition date are estimated and recorded as estimated amounts. Adjustments to these estimated amounts during the measurement period (defined as the date through which all information required to identify and measure the consideration transferred, the assets acquired and the liabilities assumed has been obtained, limited to one year from the acquisition date) are recorded when identified. Goodwill is determined as the excess of the fair value of the consideration conveyed in the acquisition over the fair value of the net assets acquired. Goodwill and other intangibles are evaluated for impairment annually on June 1 or more frequently if events occur or circumstances change that, more likely than not, reduce the fair value of the reporting unit below its carrying value. The Company's goodwill consisted of its 100% ownership of Maple Street Biscuit Company ("MSBC"), a breakfast and lunch fast casual concept. In 2024, the Company determined that the entire amount of the goodwill was impaired and recorded an impairment charge of \$4,690 which is recorded in the goodwill impairment line on the Consolidated Statement of Income.

Other intangibles primarily consist of the MSBC tradename and liquor licenses. The MSBC tradename was capitalized as an indefinite-lived intangible asset and, at both August 02, 2024 and July 28, 2023, was \$20,960. The costs of obtaining non-transferable liquor licenses that are directly issued by local government agencies for nominal fees are expensed as incurred. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived intangible assets. Liquor licenses capitalized as intangible assets were \$3,365 and \$2,290, respectively, at August 02, 2024 and July 28, 2023.

Segment reporting – Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Using these criteria, the Company manages its business on the basis of one reportable operating segment (see Note 6 for additional information regarding segment reporting).

Unredeemed gift cards and certificates – Unredeemed gift cards and certificates represent a liability of the Company related to unearned income and are recorded at their expected redemption value. No revenue is recognized in connection with the point-of-sale transaction when gift cards or gift certificates are sold. Any amounts remitted to states under escheat or similar laws reduce the Company's deferred revenue liability and have no effect on revenue or expense while any amounts that the Company is permitted to retain are recorded as revenue. See "Revenue recognition" section in this Note and Note 7 for information regarding breakage.

Revenue recognition – Revenue consists primarily of sales from restaurant and retail operations. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a restaurant guest, retail customer or other customer. The Company recognizes revenues from restaurant sales when payment is tendered at the point of sale, as the Company's performance obligation to provide food and beverages is satisfied. The Company recognizes revenues from retail sales when payment is tendered at the point of sale, as the Company's performance obligation to provide merchandise is satisfied. Ecommerce sales, including shipping revenue, are recorded upon delivery to the customer. Additionally, the Company provides for estimated returns based on return history and sales levels. The Company's policy is to present sales in the Consolidated Statements of Income on a net presentation basis after deducting sales tax.

Included in restaurant and retail revenue is gift card breakage. Customer purchases of gift cards, to be utilized at the Company's stores, are not recognized as sales until the card is redeemed and the customer purchases food and/or merchandise. Gift cards do not carry an expiration date; therefore, customers can redeem their gift cards indefinitely. A certain number of gift cards will not be fully redeemed. Management estimates unredeemed balances and recognizes gift card breakage revenue for these amounts in the Company's Consolidated Statements of Income over the expected redemption period. Gift card breakage is recognized when the likelihood of a gift card being redeemed by the customer is remote and the Company determines that there is not a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction. The determination of the gift card breakage rate is based upon the Company's specific historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage over the period of estimated redemption. See Note 7 for additional information regarding revenue recognition.

Insurance – The Company self-insures a significant portion of its workers' compensation and general liability programs. The Company purchases insurance for individual workers' compensation claims that exceed \$750 or \$1,000 depending on the state in which the claim originates. The Company purchases insurance for individual general liability claims that exceed \$500.

The Company records a reserve for workers' compensation and general liability for all unresolved claims and for an estimate of incurred but not reported claims ("IBNR"). These reserves and estimates of IBNR claims are based upon a full scope actuarial study which is performed annually during the Company's fourth quarter and is adjusted by the actuarially determined losses and actual claims payments made subsequent to this full scope actuarial study during the fourth quarter. Additionally, the Company performs limited scope actuarial studies on a quarterly basis to verify and/or modify the Company's reserves. The reserves and losses in the actuarial study represent a range of possible outcomes within which no given estimate is more likely than any other estimate. As such, the Company records the losses at the lower half of that range and discounts them to present value using a risk-free interest rate based on projected timing of payments. The Company also monitors actual claims development, including incurrence or settlement of individual large claims during the interim periods between actuarial studies as another means of estimating the adequacy of its reserves.

The Company's group health plans combine the use of self-insured and fully-insured programs. Benefits for any individual (employee or dependents) in the self-insured program are limited. The Company records a liability for the self-insured portion of its group health program for all unpaid claims based upon a loss development analysis derived from actual group health claims payment experience. The Company also records a liability for unpaid prescription drug claims based on historical experience.

Store pre-opening costs – Start-up costs of a new store are expensed when incurred.

Leases – The Company's leases are classified as either finance or operating leases. The Company has ground leases for its leased stores and office space leases that are recorded as operating leases under various non-cancellable operating leases. The Company also leases its advertising billboards, vehicle fleets and certain equipment under various non-cancellable operating leases. To determine whether a contract is or contains a lease, the Company determines at contract inception whether it contains the right to control the use of an identified asset for a period of time in exchange for consideration. If the contract has the right to obtain substantially all of the economic benefit from use of the identified asset and the right to direct the use of the identified asset, the Company recognizes a right-of-use asset and lease liability.

The Company's leases all have varying terms and expire at various dates through 2058. Restaurant leases typically have base terms of ten years with four to five optional renewal periods of five years each. The Company uses a lease life that generally begins on the commencement date, including the rent holiday periods, and generally extends through certain renewal periods that can be exercised at the Company's option. During rent holiday periods, which include the pre-opening period during construction, the Company has possession of and access to the property, but is not obligated to, and normally does not, make rent payments. The Company has included lease renewal options in the lease term for calculations of the right-of-use asset and liability for which at the commencement of the lease it is reasonably certain that the Company will exercise those renewal options. Additionally, some of the leases have contingent rent provisions and others require adjustments for inflation or index. Contingent rent is determined as a percentage of gross sales in excess of specified levels. The Company records a contingent rent liability and corresponding rent expense when it is probable sales have been achieved in amounts in excess of the specified levels. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company elected to not separate lease and non-lease components. Additionally, the Company elected to apply the short term lease exemption to all asset classes and the short term lease expense for the period reasonably reflects the short term lease commitments. As the Company's leases do not provide an implicit rate, the Company uses the incremental borrowing rate based on the information available at the time of commencement or modification date in determining the present value of lease payments. For operating leases that commenced prior to the date of adoption of the new lease accounting guidance, the Company used the incremental borrowing rate as of the adoption date. Assumptions used in determining the Company's incremental borrowing rate include the Company's implied credit rating and an estimate of secured borrowing rates based on comparable market data. See Note 8 for additional information regarding leases.

Advertising – The Company expenses the costs of producing advertising the first time the advertising takes place. Other advertising costs are expensed as incurred.

Advertising expense for each of the three years was as follows:

	2024	2023	2022
Advertising expense	\$ 112,793	\$ 89,798	\$ 89,850

Share-based compensation – The Company's share-based compensation consists of nonvested stock awards and units. Share-based compensation is recorded in general and administrative expenses in the Consolidated Statements of Income. Share-based compensation expense is recognized based on the grant date fair value and the achievement of performance conditions for certain awards. The Company recognizes share-based compensation expense on a straight-line basis over the requisite service period, which is generally the award's vesting period, or to the date on which retirement eligibility is achieved, if shorter.

Certain nonvested stock awards and units contain performance conditions. Compensation expense for performance-based awards is recognized when it is probable that the performance criteria will be met. If any performance goals are not met, no compensation expense is ultimately recognized and, to the extent previously recognized, compensation expense is reversed.

If a share-based compensation award is modified after the grant date, incremental compensation expense, if any, is recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification. Incremental compensation expense for vested awards is recognized immediately. For unvested awards, the sum of the incremental compensation expense and the remaining unrecognized compensation expense for the original award on the modification date is recognized over the modified service period.

Additionally, the Company's policy is to issue shares of common stock to satisfy exercises of share-based compensation awards. See Note 9 for additional information regarding share-based compensation.

Income taxes – The Company’s provision for income taxes (income tax benefit) includes employer tax credits for FICA taxes paid on employee tip income and other employer tax credits which are accounted for using the flow-through method. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company recognizes (or derecognizes) a tax position taken or expected to be taken in a tax return in the financial statements when it is more likely than not (i.e., a likelihood of more than fifty percent) that the position would be sustained (or not sustained) upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Company recognizes, net of tax, interest and estimated penalties related to uncertain tax positions in its provision for income taxes (income tax benefit). See Note 12 for additional information regarding income taxes.

Net income per share – Basic consolidated net income per share is computed by dividing consolidated net income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted consolidated net income per share reflects the potential dilution that could occur if securities, options or other contracts to issue common stock were exercised or converted into common stock and is based upon the weighted average number of common and common equivalent shares outstanding during the reporting period. Common equivalent shares related to nonvested stock awards and units issued by the Company are calculated using the treasury stock method. The outstanding nonvested stock awards and units issued by the Company represent the only dilutive effects on diluted consolidated net income per share. The convertible senior notes and related warrants are calculated using the net share settlement option under the if-converted method. Because the principal amount of the convertible senior notes will be settled in cash with any excess conversion value settled in cash or shares of common stock, the convertible senior notes have been excluded from the computation of diluted earnings per share because the average market price of the Company’s common stock during the reporting period did not exceed the conversion price of \$159.46 as of August 02, 2024. Warrants were excluded from the computation of diluted earnings per share since the warrants’ strike price of \$223.24 was greater than the average market price of the Company’s common stock during the period. See Note 4 for additional information regarding the Company’s convertible senior notes and Note 13 for additional information regarding additional information regarding net income per share.

Recent Accounting Pronouncements Not Yet Adopted

Segment Disclosures

In November 2023, the Financial Accounting Standards Board (“FASB”) issued new reportable segment disclosure requirements which require incremental segment information related to measuring segment performance on an annual and interim basis. These new disclosure requirements are effective for the fiscal periods beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. These disclosure requirements should be applied on a retrospective basis. The Company is currently evaluating the effect of adopting these new disclosure requirements on its annual consolidated financial statements and related disclosures in 2025 as well as interim disclosures beginning in the first quarter of 2026.

Income Tax Disclosures

In December 2023, the FASB issued new income tax disclosure requirements which require disclosure of disaggregated income taxes paid, prescribes standard categories for the components of the effective tax rate reconciliation and modifies other income tax-related disclosures. These new disclosure requirements are effective for annual periods beginning after December 15, 2024 and allow for adoption on a prospective basis, with a retrospective option. The Company is currently evaluating the effect of adopting these new disclosure requirements on its consolidated financial statements and related disclosures in 2026.

2. Fair Value Measurements

Fair value for certain of the Company's assets and liabilities is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, a three-level hierarchy for inputs is used. These levels are:

- Quoted Prices in Active Markets for Identical Assets ("Level 1") – quoted prices (unadjusted) for an identical asset or liability in an active market.
- Significant Other Observable Inputs ("Level 2") – quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Significant Unobservable Inputs ("Level 3") – unobservable and significant to the fair value measurement of the asset or liability.

The Company's assets and liabilities measured at fair value on a recurring basis at August 02, 2024 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents*	\$ 1	\$ —	\$ —	\$ 1
Total	\$ 1	\$ —	\$ —	\$ 1
Deferred compensation plan assets**				25,719
Total assets at fair value				\$ 25,720

The Company's assets and liabilities measured at fair value on a recurring basis at July 28, 2023 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents*	\$ 9,001	\$ —	\$ —	\$ 9,001
Total	\$ 9,001	\$ —	\$ —	\$ 9,001
Deferred compensation plan assets**				27,129
Total assets at fair value				\$ 36,130

*Consists of money market fund investments.

**Represents plan assets invested in mutual funds established under a Rabbi Trust for the Company's non-qualified savings plan and is included in the Consolidated Balance Sheets as other assets (see Note 11).

The Company did not have any liabilities measured at fair value on a recurring basis at August 02, 2024 and July 28, 2023. The Company's money market fund investments are measured at fair value using quoted market prices. The Company's deferred compensation plan assets are measured based on net asset value per share as a practical expedient to estimate fair value. The fair values of accounts receivable and accounts payable at August 02, 2024 and July 28, 2023, approximate their carrying amounts because of their short duration. The fair value of the Company's variable rate debt, based on quoted market prices, which are considered Level 1 inputs, approximates its carrying amounts at August 02, 2024 and July 28, 2023.

The Company's financial instruments that are not remeasured at fair value include the 0.625% convertible Senior Notes (see Note 4). The Company estimates the fair value of the Notes through consideration of quoted market prices of similar instruments, classified as Level 2 as described above. The estimated fair value of the Notes was \$267,939 and \$259,311 as of August 02, 2024 and July 28, 2023, respectively.

Assets Measured at Fair Value on a Nonrecurring Basis

In 2024, six Cracker Barrel were determined to be impaired and thirteen MSBC locations were determined to be impaired because of declining operating performance. In 2023, six Cracker Barrel locations were determined to be impaired because of declining operating performance. Fair value of these locations was determined by sales prices of comparable assets or estimates of discounted future cash flows considering their highest and best use. Assumptions used in the cash flow model included projected annual revenue growth rates and projected cash flows, which can be affected by economic conditions and management's expectations. Additionally, changes in the local and national economies and markets for real estate and other assets can impact the sales prices of the assets. The Company has determined that the majority of the inputs used to value its long-lived assets held and used are unobservable inputs, and thus, are considered Level 3 inputs. Based on its analysis, the Company recorded impairment charges of \$17,448 and \$11,692, respectively, in 2024 and 2023, which is included in the impairment and store closing costs line on the Consolidated Statements of Income.

In 2024, based on the Company's analysis of MSBC's goodwill, the Company concluded that the goodwill was impaired based on changes in the macroeconomic environment, including interest rate and inflationary pressures, and declining financial trends, which resulted in a calculated fair value lower than the goodwill's carrying value. As part of its analysis, the Company used the discounted cash flow method to estimate fair value. Significant inputs for this method include projected cash flows, growth rate and discount rate. The Company recorded an impairment of the entire goodwill amount of \$4,690 in 2024; this amount is recorded in the goodwill impairment line on the Consolidated Statement of Income.

3. Inventories

Inventories were comprised of the following at:

	August 02, 2024	July 28, 2023
Retail	\$ 138,278	\$ 145,175
Restaurant	25,829	24,427
Supplies	16,851	19,762
Total	\$ 180,958	\$ 189,364

4. Debt

On June 17, 2022, the Company entered into a five-year \$700,000 revolving credit facility (the "2022 Revolving Credit Facility"). The 2022 Revolving Credit Facility also contains an option to increase the revolving credit facility by \$200,000. At August 02, 2024 and July 28, 2023, the Company had \$180,000 and \$120,000, respectively, in outstanding borrowings under the 2022 Revolving Credit Facility.

At August 02, 2024, the Company had \$32,644 of standby letters of credit, which reduce the Company's borrowing availability under the 2022 Revolving Credit Facility (see Note 14). At August 02, 2024, the Company had \$487,356 in borrowing availability under the 2022 Revolving Credit Facility.

In accordance with the 2022 Revolving Credit Facility, outstanding borrowings bear interest, at the Company's election, either at (1) the Term Secured Overnight Financing Rate (SOFR) or (2) a base rate equal to the greatest of (i) the prime rate, (ii) a rate that is 0.5% in excess of the Federal Funds Rate, and (iii) Term SOFR plus 1.0%, in each case, plus an applicable margin based on the Company's consolidated total leverage ratio. At August 02, 2024, the weighted average interest rate on \$180,000 of the Company's outstanding borrowings was 7.19%. At July 28, 2023, the weighted average interest rate on \$120,000 of the Company's outstanding borrowings was 6.79%.

The 2022 Revolving Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total senior secured leverage ratio and a minimum consolidated interest coverage ratio. At August 02, 2024, the Company was in compliance with all debt covenants under the 2022 Revolving Credit Facility.

The 2022 Revolving Credit Facility also imposes restrictions on the amount of dividends the Company is permitted to pay and the amount of shares the Company is permitted to repurchase. Under the 2022 Revolving Credit Facility, provided there is no default existing and the total of the Company's availability under the 2022 Revolving Credit Facility plus the Company's cash and cash equivalents on hand is at least \$100,000 (the "Cash Availability"), the Company may declare and pay cash dividends on shares of its common stock and repurchase shares of its common stock (1) in an unlimited amount if, at the time such dividend or repurchase is made, the Company's consolidated total senior secured leverage ratio is 2.75 to 1.00 or less and (2) in an aggregate amount not to exceed \$100,000 in any fiscal year if the Company's consolidated total leverage ratio is greater than 2.75 to 1.00 at the time the dividend or repurchase is made; notwithstanding (1) and (2), so long as immediately after giving effect to the payment of any such dividends, Cash Availability is at least \$100,000, the Company may declare and pay cash dividends on shares of its common stock in an aggregate amount not to exceed in any fiscal year the product of the aggregate amount of dividends declared in the fourth quarter of the immediately preceding fiscal year multiplied by four.

Convertible Senior Notes

On June 18, 2021, the Company completed a \$300,000 principal aggregate amount private offering of 0.625% convertible Senior Notes due in 2026 (the "Notes") which included the exercise in full of the initial purchasers' option to purchase up to an additional \$25,000 principal amount of the Notes. The Notes are governed by the terms of an indenture between the Company and U.S. Bank National Association as the Trustee. The Notes will mature on June 15, 2026, unless earlier converted, repurchased or redeemed. The Notes bear cash interest at an annual rate of 0.625%, payable semi-annually in arrears on June 15 and December 15 of each year.

The Notes are unsecured obligations and do not contain any financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by the Company or any of its subsidiaries. In an event of default, the principal amount of, and all accrued and unpaid interest on, all of the notes then outstanding will immediately become due and payable. However, notwithstanding the foregoing, the Company may elect, at its option, that the sole remedy for an event of default relating to certain failures by the Company to comply with certain reporting covenants in the Indenture will consist exclusively of the right of the noteholders to receive special interest on the Notes for up to 180 calendar days during which such event of default has occurred and is continuing, at a specified rate for the first 90 days of 0.25% per annum, and thereafter at a rate of 0.50% per annum, on the principal amount of the Notes.

The initial conversion rate applicable to the Notes was 5.3153 shares of the Company's common stock per \$1,000 principal amount of Notes, which represented an initial conversion price of approximately \$188.14 per share of the Company's common stock, a premium of 25.0% over the last reported sale price of \$150.51 per share on June 15, 2021, the date on which the Notes were priced. The conversion rate is subject to customary adjustments upon the occurrence of certain events, including for the payment of dividends to holders of the Company's common stock. On August 02, 2024, the conversion rate, as adjusted, was 6.2713 shares of the Company's common stock per \$1,000 principal amount of Notes. In addition, if certain corporate events that constitute a "Make-Whole Fundamental Change" occur, then the conversion rate will, in certain circumstances, be increased for a specified period of time.

Net proceeds from the Notes offering were approximately \$291,000, after deducting the initial purchasers' discounts and commissions and the Company's offering fees and expenses.

The Notes are accounted for entirely as a liability and the issuance costs of the Notes are accounted for wholly as debt issuance costs in the Consolidated Balance Sheets as of August 02, 2024 and July 28, 2023.

During any calendar quarter preceding September 30, 2021, in which the closing price of the Company's common stock exceeds 130% of the applicable conversion price of the Notes on at least 20 of the last 30 consecutive trading days of the quarter, holders may in the immediate quarter following, convert all of a portion of their Notes. The holders of the Notes were not eligible to convert their Notes during 2024, 2023 or 2022. When a conversion notice is received, the Company has the option to pay or deliver the conversion amount entirely in cash or a combination of cash and shares of the Company's common stock. Accordingly, as of August 02, 2024 and July 28, 2023, the Company could not be required to settle the Notes in cash and, therefore, the Notes are classified as long-term debt.

The following table includes the outstanding principal amount and carrying value of the Notes as of the periods indicated:

	August 02, 2024	July 28, 2023
Liability component		
Principal	\$ 300,000	\$ 300,000
Less: Debt issuance costs	3,419	5,171
Net carrying amount	\$ 296,581	\$ 294,829

The effective rate of the Notes over their expected life is 1.23%.

The following is a summary of interest expense for the Notes for each of the three years:

	2024	2023	2022
Coupon interest	\$ 1,932	\$ 1,896	\$ 1,896
Amortization of issuance costs	1,752	1,730	1,755
Total interest expense	\$ 3,684	\$ 3,626	\$ 3,651

Convertible Note Hedge and Warrant Transactions

In connection with the offering of the Notes, the Company entered into convertible note hedge transactions (the "Convertible Note Hedge Transactions") with certain of the initial purchasers of the Notes and/or their respective affiliates and other financial institutions (in this capacity, the "Hedge Counterparties"). Concurrently with the Company's entry into the Convertible Note Hedge Transactions, the Company also entered into separate, warrant transactions with the Hedge Counterparties collectively relating to the same number of shares of the Company's common stock, which initially is approximately 1,600,000 shares, subject to customary anti-dilution adjustments, and for which the Company received proceeds that partially offset the cost of entering into the Convertible Note Hedge Transactions (the "Warrant Transactions").

The Convertible Note Hedge Transactions cover, subject to customary anti-dilution adjustments, the number of shares of the Company's common stock that initially underlie the Notes and are expected generally to reduce the potential equity dilution, and/or offset any cash payments in excess of the principal amount due, as the case may be, upon conversion of the Notes. By default, the Warrant Transactions are net share settled and the Company has the option to settle in cash or shares. The Warrant Transactions could have a dilutive effect on the Company's common stock to the extent that the price of its common stock exceeds the strike price of the Warrant Transactions. The strike price was initially \$263.39 per share and is subject to certain adjustments under the terms of the Warrant Transactions. On August 02, 2024, the strike price, as adjusted, of the Warrant Transactions was adjusted to \$223.24 per share as a result of dividends declared since the Notes were issued.

As these transactions meet certain accounting criteria, the Convertible Note Hedge Transactions and Warrant Transactions were recorded in stockholders' equity, not accounted for as derivatives and are not remeasured each reporting period.

5. Share Repurchases

Subject to the limits imposed by the Company's revolving credit facility, in the fourth quarter of 2022, the Company was authorized by its Board of Directors to repurchase shares of the Company's outstanding common stock at management's discretion up to a total value of \$200,000. On June 2, 2023, the Company's Board of Directors renewed this authorization for an additional year which expired on June 2, 2024. In 2024, the Company did not repurchase any shares of its common stock. In 2023, the Company repurchased 171,792 shares of its common stock in the open market at an aggregate cost of \$17,449. In 2022, the Company repurchased 1,248,184 shares of its common stock in the open market at an aggregate cost of \$131,542.

6. Segment Information

Cracker Barrel stores represent a single, integrated operation with two related and substantially integrated product lines. The operating expenses of the restaurant and retail product lines of a Cracker Barrel store are shared and are indistinguishable in many respects. Accordingly, the Company manages its business on the basis of one reportable operating segment. All of the Company's operations are located within the United States.

7. Revenue Recognition

Disaggregation of revenue

Total revenue was comprised of the following for each of the three years:

	2024	2023	2022
Revenue:			
Restaurant	\$ 2,794,128	\$ 2,740,866	\$ 2,565,628
Retail	676,634	701,942	702,158
Total revenue	\$ 3,470,762	\$ 3,442,808	\$ 3,267,786

Gift Card Breakage

For 2024, 2023 and 2022, gift card breakage was \$11,397, \$10,713, and \$9,572, respectively. Revenue recognized in the Consolidated Statements of Income for 2024, 2023 and 2022, respectively, for the redemption of gift cards which were included in the deferred revenue balance at the beginning of the fiscal year was \$36,958, \$40,103, and \$42,169, respectively. Deferred revenue related to the Company's gift cards was \$84,854 and \$88,556, respectively, at August 02, 2024 and July 28, 2023.

Loyalty Program

During the first quarter of 2024, the Company launched its customer loyalty program, Cracker Barrel Rewards, which allows members to earn points ("pegs") for each qualifying purchase in store or online. Pegs earned are then converted to rewards upon reaching certain thresholds. These rewards may be redeemed on future restaurant or retail purchases in store or online.

The estimation of the standalone selling price of pegs and other rewards issued to customers involves several assumptions, primarily the estimated value of the product for which the reward is expected to be redeemed and the probability that the pegs or reward will expire. These inputs are subject to change over time due to factors such as increased costs or changes in customer behavior.

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The Company defers a portion of the revenue related to the pegs earned at the time of the original transaction based on the estimated value of the item for which the reward is expected to be redeemed, net of estimated unredeemed pegs. Pegs expire after twelve months. Revenue is recognized for these performance obligations upon redemption of pegs or rewards earned by the customer. As of August 2, 2024, deferred revenue related to the loyalty program was \$1,544 and is included in deferred revenue on the Consolidated Balance Sheet.

8. Leases

The Company has entered into two Cracker Barrel and three MSBC agreements for real estate leases that are not recorded as right-of-use assets or lease liabilities as it has not yet taken possession. These leases are expected to commence in 2025 and 2026 with undiscounted future payments of \$11,292 and \$1,323, respectively.

The following table summarizes the components of lease cost for operating leases for each of the three years:

	2024	2023	2022
Operating lease cost	\$ 110,661	\$ 109,908	\$ 108,903
Short term lease cost	3,509	2,947	2,409
Variable lease cost	3,522	3,669	2,673
Total lease cost	\$ 117,692	\$ 116,524	\$ 113,985

The following table summarizes supplemental cash flow information and non-cash activity related to the Company's operating leases for each of the three years:

	2024	2023	2022
Operating cash flow information:			
Cash paid for amounts included in the measurement of lease liabilities	\$ 97,014	\$ 95,294	\$ 92,600
Noncash information:			
Right-of-use assets obtained in exchange for new operating lease liabilities	14,219	17,378	19,143
Lease modifications or reassessments increasing right-of-use assets	23,532	11,320	11,978
Lease modifications removing right-of-use assets	(2,133)	(413)	(670)
Right-of-use asset impairment*	(1,832)	—	—

*Included in the Impairment line on the Consolidated Statement of Cash Flows

The following table summarizes the weighted-average remaining lease term and the weighted-average discount rate for operating leases as of August 02, 2024, July 28, 2023 and July 29, 2022:

	2024	2023	2022
Weighted-average remaining lease term	15.88 Years	16.88 Years	17.38 Years
Weighted-average discount rate	5.38 %	5.09 %	4.90 %

The following table summarizes the maturities of undiscounted cash flows reconciled to the total operating lease liability as of August 02, 2024:

Year	Total
2025	\$ 86,318
2026	74,542
2027	70,152
2028	67,654
2029	65,666
Thereafter	738,625
Total future minimum lease payments	1,102,957
Less imputed remaining interest	(377,127)
Total present value of operating lease liabilities	\$ 725,830

Sale and Leaseback Transactions

In 2009, the Company completed sale and leaseback transactions involving 15 of its Cracker Barrel stores and its retail distribution center. Under the transactions, the land, buildings and building improvements at the locations were sold and leased back for terms of 20 and 15 years, respectively. The leases include specified renewal options for up to 20 additional years.

In 2020, the Company completed a sale and leaseback transaction involving 64 Cracker Barrel stores. Under the transaction, the land, buildings and building improvements at the locations were sold and leased back for initial terms of 20 years and renewal options up to 50 years.

In 2021, the Company completed a sale and leaseback transaction involving 62 Cracker Barrel stores. Under the transaction, the land, buildings and building improvements at the locations were sold and leased back for initial terms of 20 years and renewal options up to 50 years.

9. Share-Based Compensation

Stock Compensation Plans

The Company's employee compensation plans are administered by the Compensation Committee of the Company's Board of Directors (the "Committee"). The Committee is authorized to determine, at time periods within its discretion and subject to the direction of the Board of Directors, which employees will be granted awards, the number of shares covered by any awards granted, and within applicable limits, the terms and provisions relating to the exercise and vesting of any awards.

On November 19, 2020, the Company's shareholders approved the 2020 Omnibus Incentive Plan (the "2020 Omnibus Plan") which became effective on that date. The 2020 Omnibus Plan authorizes the following types of awards for employees and non-employee directors: stock options, stock appreciation rights, nonvested stock, restricted stock units, other share-based awards and performance awards. After the effective date of the 2020 Omnibus Plan, no additional awards could be granted under the Company's 2010 Omnibus Incentive Stock and Incentive Plan (the "Prior Plan").

The 2020 Omnibus Plan allows the Committee to grant awards for an aggregate of 1,033,441 shares, the number of shares that were available for issuance as of September 24, 2020 (the “Cutoff Date”) pursuant to the Prior Plan, plus the number of shares that became available for issuance pursuant to the terms of the Prior Plan following the Cutoff Date and prior to the effective date. However, this share reserve is increased by shares awarded under this and the Prior Plan which are forfeited, expired, settled for cash and shares withheld by the Company in payment of a tax withholding obligation after the effective date of the 2020 Omnibus Plan. Additionally, this share reserve was decreased by shares granted from the 2020 Omnibus Plan after the effective date. At August 02, 2024, the number of shares authorized for future issuance under the Company’s active plan is 982,523. At August 02, 2024, the number of outstanding awards under the 2020 Omnibus Plan and the Prior Plan was 285,817 and 1,259, respectively.

The Company’s nonvested stock awards consist of the Company’s common stock, generally accrue dividend equivalents and vest over one to three years. The fair value of the Company’s nonvested stock awards which accrue dividends is equal to the market price of the Company’s stock at the date of the grant. Dividends are forfeited for any nonvested stock awards that do not vest.

The Company’s nonvested stock awards include its long-term performance plans which were established by the Committee for the purpose of rewarding certain officers with shares of the Company’s common stock if the Company achieved certain performance targets. The stock awards under the long-term performance plans are calculated or estimated based on achievement of financial performance measures.

The following table summarizes the performance periods and vesting periods for the Company’s nonvested stock awards under its long-term performance plans at August 02, 2024:

Long-Term Performance Plan (“LTPP”)	Performance Period	Vesting Period (in Years)
2024 LTPP	2024 – 2026	3
2023 LTPP	2023 – 2025	3
2022 LTPP	2022 – 2024	3

The following table summarizes the shares that have been accrued under the 2024 LTPP, 2023 LTPP and 2022 LTPP at August 02, 2024:

2024 LTPP	34,290
2023 LTPP	15,492
2022 LTPP	11,139

A summary of the Company’s nonvested stock activity as of August 02, 2024, and changes during 2024 are presented in the following table:

Nonvested Stock	Shares	Weighted-Average Grant Date Fair Value
Unvested at July 28, 2023	180,657	\$ 114.47
Granted	129,674	70.66
Vested	(72,631)	118.01
Forfeited	(11,545)	120.18
Unvested at August 02, 2024	226,155	\$ 87.92

The following table summarizes the total fair value of nonvested stock that vested for each of the three years:

	2024	2023	2022
Total fair value of nonvested stock	\$ 8,571	\$ 4,947	\$ 6,166

Compensation Expense

The following table highlights the components of share-based compensation expense for each of the three years:

	2024	2023	2022
Total compensation expense	\$ 10,298	\$ 9,045	\$ 8,198

The following table highlights the total unrecognized compensation expense related to the outstanding nonvested stock awards and nonvested stock units and the weighted-average periods over which the expense is expected to be recognized as of August 02, 2024:

	Nonvested Stock Awards
Total unrecognized compensation	\$ 5,752
Weighted-average period in years	1.43

During 2024, the Company issued 49,418 shares of its common stock resulting from the vesting of share-based compensation awards. Related tax withholding payments on these share-based compensation awards resulted in a net reduction to shareholders' equity of \$1,608.

10. Shareholder Rights Agreement

On February 22, 2024, the Company's Board of Directors unanimously determined to extend the Company's shareholder rights agreement for a further three-year term, subject to the approval of the Company's shareholders at the Company's upcoming 2024 annual meeting. In connection with this determination, the Board of Directors declared a dividend of one preferred share purchase right (a "Right") for each outstanding share of common stock, par value \$0.01 per share, and adopted a shareholder rights agreement, as set forth in the Rights Agreement dated as of February 27, 2024 (the "Rights Agreement"), by and between the Company and Equiniti Trust Company, LLC, as rights agent. The dividend was payable on March 8, 2024 to the shareholders of record on March 8, 2024. The Rights Agreement replaced the Company's Rights Agreement, dated as of April 9, 2021 (the "2021 Rights Agreement"), and became effective 5:00 p.m., New York City time, on February 27, 2024 (the "Effective Time"). To facilitate the entry into the Rights Agreement, the Board of Directors also approved an Amendment and Termination to the 2021 Rights Agreement, which accelerated the expiration date of the 2021 Rights Agreement from the close of business on April 9, 2024 to immediately prior to the Effective Time, at which the 2021 Rights Agreement expired and became of no further force or effect. Other than extending the term, the Rights Agreement makes no changes to the material terms and conditions of the 2021 Rights Agreement.

The Rights

The Rights initially trade with, and are inseparable from, the Company's common stock. The Rights are evidenced only by certificates or book entries that represent shares of common stock. New Rights will accompany any new shares of common stock the Company issues after March 8, 2024 until the Distribution Date (as defined below).

Exercise Price

Each Right will allow its holder to purchase from the Company one one-hundredth of a share of Series A Junior Participating Preferred Stock ("Preferred Share") for \$600.00 (the "Exercise Price") once the Rights become exercisable. This portion of a Preferred Share will give the shareholder approximately the same dividend and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting or liquidation rights.

Exercisability

The Rights will not be exercisable until ten days after the public announcement that a person or group has become an “Acquiring Person” by obtaining beneficial ownership of 20% or more of the Company’s outstanding common stock.

Certain synthetic interests in securities created by derivative positions – whether or not such interests are considered to be ownership of the underlying common stock or are reportable for purposes of Regulation 13D of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) – are treated as beneficial ownership of the number of shares of the Company’s common stock equivalent to the economic exposure created by the derivative.

The date when the Rights become exercisable is the “Distribution Date.” Until the Distribution Date, the common stock certificates will also evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After that date, the Rights will separate from the common stock and will be evidenced by book-entry credits or by Rights certificates that the Company will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person will be void and may not be exercised.

At August 02, 2024, none of the Rights were exercisable.

Consequences of a Person or Group Becoming an Acquiring Person

- *Flip in.* If a person or group becomes an Acquiring Person, all holders of Rights except the Acquiring Person may, for \$600.00, purchase shares of the Company’s common stock with a market value of \$1,200.00, based on the market price of the common stock prior to such acquisition.
- *Flip Over.* If the Company is later acquired in a merger or similar transaction after the Distribution Date, all holders of Rights except the Acquiring Person may, for \$600.00, purchase shares of the acquiring corporation with a market value of \$1,200.00, based on the market price of the acquiring corporation’s stock prior to such transaction.
- *Notional Shares.* Shares held by affiliates and associates of an Acquiring Person, and Notional Common Shares (as defined in the Rights Agreement) held by counterparties to a Derivatives Contract (as defined in the Rights Agreement) with an Acquiring Person, will be deemed to be beneficially owned by the Acquiring Person.

Preferred Share Provisions

Each one one-hundredth of a Preferred Share, if issued:

- will not be redeemable;
- will entitle holders to quarterly dividend payments of \$0.01 per share, or an amount equal to the dividend paid on one share of common stock, whichever is greater;
- will entitle holders upon liquidation either to receive \$1.00 per share or an amount equal to the payment made on one share of common stock, whichever is greater;
- will have the same voting power as one share of common stock; and
- if shares of the Company’s common stock are exchanged via merger, consolidation, or a similar transaction, will entitle holders to a per share payment equal to the payment made on one share of common stock.

The value of one one-hundredth of a Preferred Share will generally approximate the value of one share of common stock.

Redemption

The Board of Directors may redeem the Rights for \$0.01 per Right at any time before any person or group becomes an Acquiring Person. If the Board of Directors redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of Rights will be to receive the redemption price of \$0.01 per Right. The redemption price will be adjusted if the Company has a stock split or stock dividends of its common stock.

Qualifying Offer Provision

The Rights would also not interfere with any all-cash, fully financed tender offer, exchange offer of common stock of the offeror meeting certain terms and conditions further described below, or a combination thereof, in each case for all shares of common stock that remain open for a minimum of 60 business days and subject to a minimum condition of a majority of the outstanding shares and provide for a 20-business day "subsequent offering period" after consummation (such offers are referred to as "qualifying offers"). If an offer includes shares of common stock of the offeror, the Rights would not interfere with such offer if such consideration consists solely of freely-tradeable common stock of a publicly-owned United States corporation; such common stock is listed or admitted to trading on the New York Stock Exchange, Nasdaq Global Select Market or Nasdaq Global Market; the offeror has already received stockholder approval to issue such common stock prior to the commencement of such offer or no such approval is or will be required; the offeror has no other class of voting stock outstanding; no person (including such person's affiliated and associated persons) beneficially owns twenty percent (20%) or more of the shares of common stock of the offeror then outstanding at the time of commencement of the offer or at any time during the term of the offer; and the offeror meets the registrant eligibility requirements for use of a registration statement on Form S-3 for registering securities under the Securities Act of 1933, as amended, including the filing of all reports required to be filed pursuant to the Exchange Act in a timely manner during the twelve (12) calendar months prior to the date of commencement, and throughout the term, of such offer. In the event the Company receives a qualifying offer and the Board of Directors has not redeemed the Rights prior to the consummation of such offer, the consummation of the qualifying offer will not cause the offeror or its affiliates to become an Acquiring Person, and the Rights will immediately expire upon consummation of the qualifying offer.

Exchange

After a person or group becomes an Acquiring Person, but before an Acquiring Person owns 50% or more of the Company's outstanding common stock, the Board of Directors may extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person.

Anti-Dilution Provisions

The Board of Directors may adjust the purchase price of the Preferred Shares, the number of Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, a reclassification of the Preferred Shares or common stock. No adjustments to the Exercise Price of less than 1% will be made.

Amendments

The terms of the Rights Agreement may be amended by the Board of Directors without the consent of the holders of the Rights. After a person or group becomes an Acquiring Person, the Board of Directors may not amend the agreement in a way that adversely affects holders of the Rights.

Expiration

If the Rights Agreement is approved by the shareholders at the 2024 annual meeting, the Rights will expire on February 27, 2027. If shareholders do not approve the Rights Agreement, it will expire immediately following certification of the vote at the 2024 annual meeting.

11. Employee Savings Plans

The Company sponsors a qualified defined contribution retirement plan ("401(k) Savings Plan") covering salaried and hourly employees who have completed ninety days of service and have attained the age of twenty-one. This plan allows eligible employees to defer receipt of up to 50% of their compensation, as defined in the plan. The Company also sponsors a non-qualified defined contribution retirement plan ("Non-Qualified Savings Plan") covering highly compensated employees, as defined in the plan. This plan allows eligible employees to defer receipt of up to 50% of their base compensation and 100% of their eligible bonuses, as defined in the plan.

Contributions under both plans may be invested in various investment funds at the employee's discretion. Such contributions, including the Company's matching contributions described below, may not be invested in the Company's common stock. In 2024, 2023 and 2022, the Company matched 50% of employee contributions for each participant in the 401(k) Savings Plan up to a total of 5% of the employee's compensation and matched 25% of employee contributions in the Non-Qualified Savings Plan up to a total of 6% of the employee's compensation. Employee contributions vest immediately while Company contributions vest 20% annually beginning on the first anniversary of a contribution date and are vested 100% on the fifth anniversary of such contribution date.

At the inception of the Non-Qualified Savings Plan, the Company established a Rabbi Trust to fund the plan's obligations. The market value of the trust assets for the Non-Qualified Savings Plan of \$25,719 is included in other assets and the related liability to the participants of \$25,719 is included in other long-term obligations in the Consolidated Balance Sheets. Company contributions under both plans are recorded as either labor and other related expenses or general and administrative expenses in the Consolidated Statements of Income.

The following table summarizes the Company's contributions for each plan for each of the three years:

	2024	2023	2022
401(k) Savings Plan	\$ 5,121	\$ 4,963	\$ 4,713
Non-Qualified Savings Plan	237	230	285

12. Income Taxes

The components of the provision for income taxes (income tax benefit) for each of the three years were as follows:

	2024	2023	2022
Current:			
Federal	\$ (10,448)	\$ 6,925	\$ 16,462
State	247	3,573	1,188
Deferred:			
Federal	(3,526)	(4,902)	(4,543)
State	(3,017)	(1,035)	(1,604)
Total provision for income taxes (income tax benefit)	\$ (16,744)	\$ 4,561	\$ 11,503

A reconciliation of the Company's provision for income taxes (income tax benefit) and income taxes based on the statutory U.S. federal rate of 21.0% in 2024, 2023 and 2022 was as follows:

	2024	2023	2022
Provision computed at federal statutory income tax rate	\$ 5,079	\$ 21,758	\$ 30,110
State and local income taxes, net of federal benefit	874	2,069	1,452
Employer tax credits for FICA taxes paid on employee tip income	(16,926)	(16,772)	(15,395)
Other employer tax credits	(3,476)	(3,673)	(4,929)
Tax audit settlement	(2,718)	—	(1,939)
Carryback of federal tax credits	(1,545)	—	—
Non-deductible executive compensation	1,254	936	1,499
Share-based compensation	548	338	(47)
Other-net	166	(95)	752
Total provision for income taxes (income tax benefit)	\$ (16,744)	\$ 4,561	\$ 11,503

The decrease in the Company's provision for income taxes in 2024 as compared to 2023 is primarily due to the decrease in income before income taxes and favorable audit settlements in 2024. The decrease in the Company's provision for income taxes in 2023 as compared to 2022 is primarily due to the decrease in income before income taxes.

Significant components of the Company's net deferred tax liability consisted of the following at:

	August 02, 2024	July 28, 2023
Deferred tax assets:		
Compensation and employee benefits	\$ 5,677	\$ 6,406
Accrued liabilities	14,202	15,843
Operating lease liabilities	181,094	186,813
Insurance reserves	8,760	7,360
Inventory	3,515	3,204
Deferred tax credits and carryforwards	33,979	30,720
Other	7,132	11,057
Deferred tax assets	\$ 254,359	\$ 261,403
Deferred tax liabilities:		
Property and equipment	\$ 97,014	\$ 100,185
Inventory	6,217	6,028
Operating lease right-of-use asset	211,826	221,882
Other	7,014	7,564
Deferred tax liabilities	322,071	335,659
Net deferred tax liability	\$ 67,712	\$ 74,256

The Company has a deferred tax asset of \$17,308 reflecting federal income tax credit carryforwards that expire in 2044. The Company has state income tax net operating loss carryforwards ("NOL") of \$104,924 and has recorded a deferred tax asset of \$5,737 reflecting this benefit. These state NOLs generally expire in years beginning 2037 and after.

The Company believes that adequate amounts of tax, interest and penalties have been provided for potential tax uncertainties; these amounts are included in other long-term liabilities in the Consolidated Balance Sheets. As of August 02, 2024 and July 28, 2023, the Company's gross liability for uncertain tax positions, exclusive of interest and penalties, was \$7,404 and \$9,675, respectively.

Summarized below is a tabular reconciliation of the beginning and ending balance of the Company's total gross liability for uncertain tax positions exclusive of interest and penalties:

	August 02, 2024	July 28, 2023	July 29, 2022
Balance at beginning of year	\$ 9,675	\$ 10,858	\$ 14,477
Tax positions related to the current year:			
Additions	276	710	1,152
Reductions	—	—	—
Tax positions related to the prior year:			
Additions	43	52	17
Reductions	(674)	(298)	(1,241)
Settlements	(1,433)	—	(1,942)
Expiration of statute of limitations	(483)	(1,647)	(1,605)
Balance at end of year	\$ 7,404	\$ 9,675	\$ 10,858

If the Company were to prevail on all uncertain tax positions, the reversal of this accrual would be a tax benefit to the Company and impact the effective tax rate. The following table highlights the amount of uncertain tax positions, exclusive of interest and penalties, which, if recognized, would affect the effective tax rate for each of the three years:

	2024	2023	2022
Uncertain tax positions	\$ 5,849	\$ 7,644	\$ 8,578

The Company had \$7,913, \$7,896, and \$7,133 in interest and penalties accrued as of August 02, 2024, July 28, 2023, and July 29, 2022, respectively.

The Company recognized accrued interest and penalties related to unrecognized tax benefits of \$17, \$764 and \$(622) in its provision for income taxes (income tax benefit) on August 02, 2024, July 28, 2023 and July 29, 2022, respectively.

In many cases, the Company's uncertain tax positions are related to tax years that remain subject to examination by the relevant taxing authorities. Based on the outcome of these examinations or as a result of the expiration of the statutes of limitations for specific taxing jurisdictions, it is reasonably possible that the related uncertain tax positions taken regarding previously filed tax returns could decrease from those recorded as liabilities for uncertain tax positions in the Company's financial statements at August 02, 2024 by approximately \$1,000 to \$2,000 within the next twelve months. At August 02, 2024, the Company was subject to income tax examinations for its U.S. federal income taxes after 2018 and for state and local income taxes generally after 2019.

13. Net Income Per Share and Weighted Average Shares

The following table reconciles the components of diluted earnings per share computations:

	2024	2023	2022
Net income per share numerator	\$ 40,930	\$ 99,050	\$ 131,880
Net income per share denominator:			
Basic weighted average shares	22,191,961	22,167,875	23,164,180
Add potential dilution:			
Nonvested stock awards and units	127,933	97,524	81,830
Diluted weighted average shares	22,319,894	22,265,399	23,246,010

14. Commitments and Contingencies

The Company and its subsidiaries are party to various legal and regulatory proceedings and claims incidental to their business in the ordinary course. In the opinion of management, based upon information currently available, the ultimate liability with respect to these proceedings and claims will not materially affect the Company's consolidated results of operations or financial position.

The Company maintains insurance coverage for various aspects of its business and operations. The Company has elected, however, to retain all or a portion of losses that occur through the use of various deductibles, limits and retentions under its insurance programs. This situation may subject the Company to some future liability for which it is only partially insured, or completely uninsured. The Company intends to mitigate any such future liability by continuing to exercise prudent business judgment in negotiating the terms and conditions of its contracts. See Note 1 for a further discussion of insurance and insurance reserves.

Related to its insurance coverage, the Company is contingently liable pursuant to standby letters of credit as credit guarantees to certain insurers. As of August 02, 2024, the Company had \$32,644 of standby letters of credit related to securing reserved claims under workers' compensation insurance and certain sale and leaseback transactions. All standby letters of credit are renewable annually and reduce the Company's borrowing availability under its Revolving Credit facility (see Note 4).

The Company enters into certain indemnification agreements in favor of third parties in the ordinary course of business. The Company believes that the probability of incurring an actual liability under other indemnification agreements is sufficiently remote so that no liability has been recorded in the Consolidated Balance Sheet.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Our management, with the participation of our principal executive and financial officers, including the Chief Executive Officer and the Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act) as of the end of the period covered by this report. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer each concluded that, as of August 02, 2024, our disclosure controls and procedures were effective.

There have been no changes (including corrective actions with regard to material weaknesses) during the quarter ended August 02, 2024 in our internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)) that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act). We maintain a system of internal controls that is designed to provide reasonable assurance in a cost-effective manner as to the fair and reliable preparation and presentation of the consolidated financial statements, as well as to safeguard assets from unauthorized use or disposition.

Our control environment is the foundation for our system of internal control over financial reporting and is embodied in our Corporate Governance Guidelines and our Code of Business Conduct and Ethics, both of which may be viewed on our website. They set the tone for our organization and include factors such as integrity and ethical values. Our internal control over financial reporting is supported by formal policies and procedures, which are reviewed, modified and improved as changes occur in business conditions and operations. Neither our disclosure controls and procedures nor our internal controls, however, can or will prevent all errors or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the benefits of controls relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

We conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion based on this evaluation. We have concluded that our internal control over financial reporting was effective as of August 02, 2024, based on these criteria.

In addition, Deloitte & Touche LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting, which is included herein.

/s/Julie Masino
Julie Masino
President and Chief Executive Officer

/s/Craig A. Pommells
Craig A. Pommells
Senior Vice President and Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Cracker Barrel Old Country Store, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Cracker Barrel Old Country Store, Inc. and subsidiaries (the “Company”) as of August 2, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of August 2, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended August 2, 2024 of the Company and our report dated September 27, 2024 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Nashville, Tennessee
September 27, 2024

ITEM 9B. OTHER INFORMATION

During the fiscal quarter ended August 02, 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 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item with respect to directors of the Company is incorporated herein by this reference to the following sections of the 2024 Proxy Statement: “Board of Directors and Committees,” “Proposal 1: Election of Directors,” “Certain Relationships and Related Transactions—Code of Ethics” and, if applicable, “Delinquent Section 16(a) Reports.” The information required by this Item with respect to executive officers of the Company is set forth in Part I of this Annual Report on Form 10-K under the heading “Information About our Executive Officers.”

The Company has adopted a Code of Business Conduct and Ethics that applies to all directors, officers and employees. The Code of Business Conduct and Ethics is available on our website at www.crackerbarrel.com under the Investors – Corporate Governance section. We intend to satisfy the disclosure requirements under the Exchange Act regarding amendment to, or waiver from a material provision of our Code of Business Conduct and Ethics involving our principal executive, financial or accounting officer or controller by posting such information on our website.

The Company has adopted a Statement of Policy Regarding Insider Trading and integrated Special Trading Procedures Policy that governs the purchase, sale, and/or other dispositions of the Company’s securities by directors, officers and employees that is reasonably designed to promote compliance with insider trading laws, rules and regulations, and any listing standards applicable to the Company. A copy of the Company’s Statement of Policy Regarding Insider Trading and integrated Special Trading Procedures Policy is filed as Exhibit 19 to this Annual Report on Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by this reference to the following sections of the 2024 Proxy Statement: “Executive Compensation” and “Board of Directors and Committees—Compensation of Directors.” The “Compensation Committee Report” set forth in the section of the 2024 Proxy Statement entitled “Executive Compensation” is deemed to be “furnished” and is not, and shall not be deemed to be, “filed” for purposes of Section 18 of the Exchange Act.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated herein by this reference to the sections entitled “Stock Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in the 2024 Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by this reference to the sections entitled "Certain Relationships and Related Transactions" and "Director Independence" in the 2024 Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required by this Item is incorporated herein by this reference to the sections entitled "Fees Paid to Auditors" and "Audit Committee Report" in the 2024 Proxy Statement. No other portion of the section of the 2024 Proxy Statement entitled "Audit Committee Report" is, nor shall it be deemed to be, incorporated by reference into this Annual Report on Form 10-K. Deloitte & Touche LLP (PCAOB ID No. 34) is our principal accountant.

PART IV

ITEM 15. EXHIBITS, AND FINANCIAL STATEMENT SCHEDULES

(a) List of documents filed as part of this report:

1. All financial statements – see Item 8.
2. All schedules have been omitted since they are either not required or not applicable, or the required information is included.
3. The exhibits listed in the accompanying Index to Exhibits immediately prior to the signature page to this Annual Report on Form 10-K.

INDEX TO EXHIBITS

Exhibit

- | | |
|-------------|---|
| 3(I), 4(a) | Amended and Restated Charter of Cracker Barrel Old Country Store, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on April 10, 2012) (Commission File No. 000-25225) |
| 3(II), 4(b) | Second Amended and Restated Bylaws of Cracker Barrel Old Country Store, Inc. (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on June 7, 2022) |
| 4(c) | Rights Agreement, dated as of February 27, 2024, between Cracker Barrel Old Country Store, Inc. and Equiniti Trust Company, LLC, which includes the Articles of Amendment to the Amended and Restated Charter as Exhibit A, the form of Right Certificate as Exhibit B, and the Summary of Rights to Purchase Preferred Shares as Exhibit C (incorporated by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on February 27, 2024) |
| 4(d) | Amendment and Termination of Rights Agreement dated as of February 27, 2024, between Cracker Barrel Old Country store, Inc. and Equiniti Trust Company, LLC (incorporated by reference to Exhibit 4.2 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on February 27, 2024) |
| 4(e), 10(a) | Indenture, as of June 18, 2021, between Cracker Barrel Old Country Store, Inc., as issuer, and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on June 21, 2021) |

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- 4(f) [Form of 0.625% Convertible Senior Note due 2026 \(incorporated by reference to Exhibit A to Exhibit 4.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on June 21, 2021\)](#)
- 4(g) [Description of Capital Stock \(filed herewith\)](#)
- 10(b) [Amended and Restated Credit Agreement, dated as of June 17, 2022, among Cracker Barrel Old Country Store, Inc., the Subsidiary Guarantors named therein, the Lenders party thereto, and Bank of America, N.A., as Administrative Agent and Collateral Agent \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on June 17, 2022\)](#)
- 10(c) [Cracker Barrel Old Country Store, Inc. Corporate Policy—Severance Benefits Policy \(as amended to date\)[±] \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on June 9, 2009\) \(Commission File No. 000-25225\)](#)
- 10(d) [Cracker Barrel Old Country Store, Inc. 2010 Omnibus Stock and Incentive Plan[±] \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on December 7, 2010\) \(Commission File No. 000-25225\)](#)
- 10(e) [Cracker Barrel Old Country Store, Inc. 2020 Omnibus Stock and Incentive Plan[±] \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on November 23, 2020\)](#)
- 10(f) [Cracker Barrel Old Country Store, Inc. Form of Performance-Based Stock Unit Award[±] \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed under the Exchange Act on December 7, 2010\) \(Commission File No. 000-25225\)](#)
- 10(g) [Cracker Barrel Old Country Store, Inc. Non-Qualified Savings Plan \(as amended to date\)[±] \(incorporated by reference to Exhibit 10\(aa\) to the Company's Annual Report on Form 10-K filed under the Exchange Act on September 27, 2011\) \(Commission File No. 000-25225\)](#)
- 10(h) [Cracker Barrel Old Country Store, Inc. Deferred Compensation Plan[±] \(incorporated by reference to Exhibit 10\(bb\) to the Company's Annual Report on Form 10-K filed under the Exchange Act on September 27, 2011\) \(Commission File No. 000-25225\)](#)
- 10(i) [Amendment to Deferred Compensation Plan[±] \(incorporated by reference to Exhibit 10\(cc\) to the Company's Annual Report on Form 10-K filed under the Exchange Act on September 27, 2011\) \(Commission File No. 000-25225\)](#)
- 10(j) [Cracker Barrel Old Country Store, Inc. Form of Restricted Stock Award Notice[±] \(filed herewith\)](#)
- 10(k) [Form of Severance Agreement between Cracker Barrel Old Country Store, Inc., and certain of its named executive officers[±] \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on May 29, 2018\) \(Commission File No. 000-25225\)](#)
- 10(l) [Form of Change of Control Agreement between Cracker Barrel Old Country Store, Inc., and certain of its named executive officers[±] \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on May 29, 2018\) \(Commission File No. 000-25225\)](#)

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- 10(m) [Agreement for Purchase and Sale of Real Property, dated May 28, 2020 \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed under the Exchange Act on August 3, 2020\)](#)
- 10(n) [First Amendment for Purchase and Sale of Real Property, dated July 29, 2020 \(incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed under the Exchange Act on August 3, 2020\)](#)
- 10(o) [Amended and Restated Master Lease Agreement, dated as of August 4, 2020* \(incorporated by reference to Exhibit 10.1 to the Company's Amended Current Report on Form 8-K filed under the Exchange Act on August 5, 2020\)](#)
- 10(p) [Master Lease Agreement, dated as of November 11, 2020* \(incorporated by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on December 3, 2020\)](#)
- 10(q) [First Amendment to Amended and Restated Master Lease Agreement, dated as of November 11, 2020* \(incorporated by reference to Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on December 3, 2020\)](#)
- 10(r) [Form of Convertible Note Hedge Transactions Confirmation \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on June 21, 2021\)](#)
- 10(s) [Form of Warrant Transactions Confirmation \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed under the Exchange Act on June 21, 2021\)](#)
- 10(t) [Employment Agreement dated as July 17, 2023, between the Company and Julie Masino[‡] * \(incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed under the Exchange Act on July 18, 2023\)](#)
- 10(u) [Employment Agreement dated as of July 17, 2023, between the Company and Sandra B. Cochran[‡] \(incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed under the Exchange Act on July 18, 2023\)](#)
- 10(v) [Form of Transitional Letter Agreement between the Company and certain executive officers of the Company[‡] \(filed herewith\)](#)
- 10(w) [Form of Consulting Agreement between the Company and certain executives of the Company[‡] \(incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed under the Exchange Act on July 18, 2023\)](#)
- 10(x) [Confidential Separation Agreement and Release, between Jennifer Tate and the Company, dated as of August 28, 2023[‡] \(incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on November 30, 2023\)](#)
- 10(y) [Supplemental Severance Agreement dated as of September 21, 2023, between the Company and Craig Pommells[‡] \(incorporated by reference to Exhibit 10\(y\) to the Company's Annual Report on Form 10-K filed under the Exchange Act on September 26, 2023\)](#)
- 10(z) [Cracker Barrel Old Country Store, Inc. Form of Time-Based Restricted Stock Unit Award Notice[‡] \(filed herewith\)](#)

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10(aa)	Cracker Barrel Old Country Store, Inc. Form of Long-Term Performance Plan Notice[†] (filed herewith)
19	Insider Trading Policy (filed herewith)
21	Subsidiaries of the Registrant (filed herewith)
23	Consent of Independent Registered Public Accounting Firm - Deloitte & Touche LLP (filed herewith)
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)
97	Cracker Barrel Old Country Store, Inc. Nasdaq Executive Compensation Recovery Policy (incorporated by reference to Exhibit 97 to the Company's Annual Report on Form 10-K filed under the Exchange Act on September 26, 2023)
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

[†]Denotes management contract or compensatory plan, contract or arrangement.

*Certain schedules and similar attachments have been omitted in reliance on Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on this 27th day of September, 2024.

CRACKER BARREL OLD COUNTRY STORE, INC.

By: /s/Julie Masino

Julie Masino
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities on this 27th day of September, 2024.

Name	Title
<u>/s/Julie Masino</u> Julie Masino	President, Chief Executive Officer and Director
<u>/s/Craig A. Pommells</u> Craig A. Pommells	Senior Vice President and Chief Financial Officer
<u>/s/Brian T. Vaclavik</u> Brian T. Vaclavik	Vice President, Corporate Controller and Principal Accounting Officer
<u>/s/Thomas H. Barr</u> Thomas H. Barr	Director
<u>/s/Carl T. Berquist</u> Carl T. Berquist	Director and Independent Chairman of the Board
<u>/s/Jody L. Bilney</u> Jody L. Bilney	Director
<u>/s/Meg G. Crofton</u> Meg G. Crofton	Director
<u>/s/Gilbert R. Dávila</u> Gilbert R. Dávila	Director
<u>/s/John W. Garratt</u> John W. Garratt	Director
<u>/s/Cheryl J. Henry</u> Cheryl J. Henry	Director
<u>/s/Gisel Ruiz</u> Gisel Ruiz	Director
<u>/s/Darryl L. Wade</u> Darryl L. Wade	Director

Cracker Barrel Old Country Store, Inc.
RESTRICTED STOCK AWARD NOTICE

This Award Notice (the "Notice") is dated as of the day of , 2024 (the "Grant Date"), from Cracker Barrel Old Country Store, Inc., a Tennessee corporation (the "Company") to (the "Employee").

WHEREAS, the Compensation Committee of the Company's Board of Directors has authorized an award to the Employee of shares of the Company's \$0.01 par value common stock (the "Restricted Stock") pursuant to the terms and provisions of the Cracker Barrel Old Country Store, Inc. 2020 Omnibus Stock and Incentive Plan (the "Plan");

NOW, THEREFORE, for and in consideration of the premises and other good and valuable consideration, including the services to be rendered to the Company by the Employee, the Company does hereby award the Restricted Stock to the Employee, and the Employee accepts such Restricted Stock, on the following terms and conditions:

(1) **Grant of Restricted Stock.** The Company hereby grants to the Employee the Restricted Stock, subject to all the restrictions, limitations and other terms and provisions of the Plan and this Notice. The Company may, but shall not be required to, issue certificates for the Restricted Stock in the Employee's name. If the Company issues certificates for the Restricted Stock, the Secretary of the Company will hold the certificates until the Restricted Stock is either: (i) forfeited; or (ii) vested. The Company will distribute the certificates to the Employee or, if applicable, his beneficiary, in accordance with the provisions of this Notice.

(2) **Restrictions.** Until the Restricted Stock vests and becomes distributable in accordance with the Plan and this Notice, except as otherwise provided herein, the Employee shall not have any of the rights of a shareholder of the Company with respect to the Restricted Stock, including the right to vote the shares; provided, however, that the Employee shall receive dividend equivalent rights in respect of the Restricted Stock at the time of any payment of dividends to stockholders on Shares. The Restricted Stock will be credited with a cash amount equal to the amount that would be payable to the Employee as a stockholder in respect of a number of Shares equal to the number of shares of Restricted Stock covered by this Notice outstanding and unvested as of the dividend record date. Each cash dividend equivalent right will vest and be payable at the time and only to the extent the Restricted Stock to which it relates is paid, and only those cash dividend equivalent rights that relate to Restricted Stock that actually vests in accordance with Section 3 shall be paid.

(3) **Vesting.** The Restricted Stock, subject to all the restrictions, limitations and other terms and provisions of the Plan and this Notice, shall vest and become distributable on the following schedule: shares on . The restrictions shall lapse so long as the Employee is employed by the Company on that vesting date. If the Employee terminates employment with the Company and all Affiliates for any reason and before all of the Restricted Stock has become vested under this Notice, the Employee's Restricted Stock that has not become vested will be forfeited on and after the effective date of the termination. Neither the Company nor any Affiliate will have any further obligations to the Employee under this Notice when the Employee's Restricted Stock is forfeited.

(4) **Terms and Conditions of Distribution.** The Company will distribute certificates for Restricted Stock, and the cash amount of any dividend equivalent rights accumulated thereon as provided in Section 2, as soon as practicable after the Restricted Stock becomes vested. If the Employee dies before the Company has distributed any vested Restricted Stock, the Company will distribute certificates for the shares (including any cash dividend equivalent rights) to the beneficiary or beneficiaries the Employee designated, in the proportions the Employee specified. If the Employee failed to designate a beneficiary or beneficiaries, the Company will make such distributions to the Employee's personal representative. The Company will make such distributions no later than six months after the Employee's death. The Company will not make any distribution under this Section before the first date the Restricted Stock may be distributed to the Employee without penalty or forfeiture under federal or state laws or regulations

governing short swing trading of securities. In determining whether a distribution would result in such a penalty or forfeiture, the Company and the Committee may rely upon information reasonably available to them or upon representations of the Employee's legal or personal representative.

(5) Tax Withholding and Section 83(b) Elections. At the time the Employee shall become subject to federal income taxation with respect to the Restricted Stock (normally upon vesting, unless the Employee files an election under Section 83(b) of the Code), the Employee shall pay to the Company the amount of any Federal, state, local and other taxes required to be withheld by the Company with respect to the Restricted Stock. If the Employee files an election under Section 83(b) of the Code with the Internal Revenue Service to include the fair market value of any shares of Restricted Stock in gross income while they are still subject to any restrictions, the Employee shall promptly furnish to the Company a copy of such election. The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of all Federal, state, local and other taxes required by law to be withheld upon the vesting of the Restricted Stock and the payment of the cash dividend equivalent rights. Unless otherwise determined by the Committee, the Employee will be permitted to elect to surrender a sufficient number of shares of the vested Restricted Stock to satisfy the Company's minimum tax withholding obligation.

(6) Stock Certificates. The Company may require that certificates for shares distributed to the Employee pursuant to this Notice bear any legend that counsel to the Company believes is necessary or desirable to facilitate compliance with applicable securities laws. Notwithstanding the provisions of Sections 3 and 4, the Company is not required to issue or deliver any certificates for shares before completing the steps necessary to comply with applicable federal and state securities laws (including any registration requirements) and applicable stock exchange rules and practices. The Company will use commercially reasonable efforts to cause compliance with those laws, rules and practices.

(7) Non-transferability. No interest of the Employee or any beneficiary in or under this Notice will be assignable or transferable by voluntary or involuntary act or by operation of law, other than by testamentary bequest or devise or the laws of descent or distribution. Distribution of Restricted Stock (including any cash dividend equivalent rights) will be made only to the Employee; or, if the Committee has been provided with evidence acceptable to it that the Employee is legally incompetent, the Employee's personal representative; or, if the Employee is deceased, to the beneficiaries or personal representative that the Employee has designated in the manner required by the Committee. The Committee may require personal receipts or endorsements of an Employee's personal representative or beneficiaries. Any effort to assign or transfer the rights under this Notice will be wholly ineffective, and will be grounds for termination by the Committee of all rights of the Employee and his beneficiary in and under this Notice.

(8) Notice Subject to Plan. This Notice does not undertake to express all conditions, terms and provisions of the Plan. The Committee administers the Plan. The Employee's rights under this Notice are expressly subject to the terms and conditions of the Plan, including continued shareholder approval of the Plan, and to any guidelines the Committee adopts from time to time. The Plan is hereby incorporated herein to the same extent as if copied verbatim.

(9) Interpretation. Any interpretation by the Committee of the terms and conditions of the Plan, this Notice or any guidelines adopted as described in Section 8 will be final. This Notice will be governed by and construed under the laws of the State of Tennessee, determined without regard to its conflicts of law rules, except as such laws are preempted by the laws of the United States. If any provision of this Notice shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective. The jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to), this Notice shall be exclusively in the courts in the State of Tennessee, County of Wilson, including the Federal Courts located therein (should Federal jurisdiction exist).

(10) Sole Agreement. The Award is in all respects subject to the provisions set forth in the Plan to the same extent and with the same effect as if set forth fully herein. In the event that the terms of this Award conflict with the terms of the Plan, the Plan shall control. This Notice is the entire agreement between the parties to it, and any and

all prior oral and written representations are merged in this Notice. This Notice may be amended only by written agreement between the Employee and the Company.

(11) Counterparts. The parties may execute this Agreement in one or more counterparts, all of which together shall constitute but one Agreement.

IN WITNESS WHEREOF, the Company and the Employee have duly executed this Notice as of the day and year first above written.

CRACKER BARREL OLD COUNTRY STORE, INC.

By: _____
Name: _____
Title: _____

EMPLOYEE

Cracker Barrel Old Country Store, Inc.
Sandra B. Cochran
President and Chief Executive Officer

Agreed and Accepted

By: _____

Name: [NAME OF EXECUTIVE]

Date: _____



Exhibit A
Protected Period and Calculation of Termination Payment

Protected Period: November 1, 2023 – October 31, 2025

Laura Daily

Effective Date of Qualifying Termination	Amount of Termination Payment*
Prior to November 1, 2023	\$0
November 1, 2023 – April 30, 2024	\$1,200,000
May 1, 2024 – September 30, 2024	\$1,100,000
October 1, 2024 – October 31, 2024	\$850,000
November 1, 2024 – September 30, 2025	\$750,000
October 1, 2024 and after	\$0

Craig Pommells

Effective Date of Qualifying Termination	Amount of Termination Payment*
Prior to November 1, 2023	\$0
November 1, 2023 – April 30, 2024	\$2,700,000
May 1, 2024 – October 31, 2024	\$2,575,000
November 1, 2024 – December 6, 2024	\$2,450,000
December 7, 2024 – September 30, 2025	\$2,050,000
October 1, 2025 – October 31, 2025	\$1,050,000
November 1, 2025 and after	\$0

Donna Roberts

Effective Date of Qualifying Termination	Amount of Termination Payment*
Prior to November 1, 2023	\$0
November 1, 2023 – April 30, 2024	\$1,200,000
May 1, 2024 – September 30, 2024	\$1,100,000
October 1, 2024 – October 31, 2024	\$600,000
November 1, 2024 – September 30, 2025	\$500,000
October 1, 2025 and after	\$0

Cammie Spillyards-Schaefer

Effective Date of Qualifying Termination	Amount of Termination Payment*
Prior to November 1, 2023	\$0
November 1, 2023 – April 30, 2024	\$1,300,000
May 1, 2024 – October 31, 2024	\$1,200,000
November 1, 2024 – December 6, 2024	\$1,100,000
December 7, 2024 – September 30, 2025	\$1,000,000
October 1, 2025 – October 31, 2025	\$500,000
November 1, 2025 and after	\$0

Rich Wolfson

Effective Date of Qualifying Termination	Amount of Termination Payment*
Prior to November 1, 2023	\$0
November 1, 2023 – April 30, 2024	\$250,000
May 1, 2024 – October 31, 2024	\$125,000
November 1, 2024 and after	\$0

* The Termination Payment may not exceed an amount equal to three times the sum of your then-most recent base salary plus annual bonus, and will be automatically reduced to one dollar less than such amount in the event that it would.



Definition of "Cause"

For purposes of determining whether a termination of your employment is a Qualifying Termination entitling you to the Extra Termination Payment, "Cause" will mean any of the following:

- (A) Your personal dishonesty or willful misconduct in connection with any material aspect of your duties to the Company;
 - (B) your breach of a fiduciary duty to the Company;
 - (C) your conviction for, or pleading guilty or no contest to, any felony or crime involving moral turpitude;
 - (D) your willful or intentional misconduct that causes (or is reasonably believed by the Company to have caused) material and demonstrable injury, monetarily, reputationally or otherwise, to the Company;
 - (E) your material violation of any Company policy then in effect; or
 - (F) your failure to (i) dedicate substantially the same level of effort, time, and attention to discharging your responsibilities as you have customarily demonstrated and dedicated prior to the date of this letter agreement, or (ii) adequately follow the material instructions or respond to the material requests of your supervisor, in each case as determined by a majority of the then-current members of the Compensation Committee of the Company's Board of Directors in their absolute discretion.
-

CRACKER BARREL OLD COUNTRY STORE, INC.

and

SUBSIDIARIES

FY 202[] Long Term Incentive Program

Time-Based RSU Award Notice

Effective (the "Grant Date"), the undersigned grantee, ("Grantee") has been granted an Award opportunity as set forth below pursuant to the Cracker Barrel Old Country Store, Inc. FY 202__ Long Term Performance Program (the "Program"). The terms and conditions of the Award shall be governed by the Cracker Barrel Old Country Store, Inc. (the "Company") 2020 Omnibus Stock and Incentive Plan (the "Omnibus Plan") and the Program. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Omnibus Plan or the Program, as the case may be.

Form of Award: **Time Based RSU**

Number of RSUs of Target Award:

Vesting Date **1/3rd of the shares will vest on each of the following vesting dates:**
[], [], and []

As more fully described in the Program, except as otherwise provided in the Program, Grantee's receipt of any portion of the Time-based RSU Award shall be conditioned on Grantee remaining continuously employed by the Company (or an Affiliate) from the Grant Date until the end of each Vesting Date as set forth above.

The Company is entitled to recover any incentive compensation awarded or paid pursuant to this Time-based RSU Award based on (i) achievement of financial results that were subsequently the subject of a restatement due to material noncompliance with any financial reporting requirement under either GAAP or the federal securities laws, other than as a result of changes to accounting rules and regulations, or (ii) a subsequent finding that the financial information or performance metrics not derived from audited GAAP financial statements used by the Committee to determine the amount of the incentive compensation were materially inaccurate, in each case regardless of individual fault. This recoupment policy shall apply to any incentive compensation earned or paid to Grantee pursuant to the Program, including compensation paid in Shares. Subsequent changes in status, including retirement or termination of employment, do not affect the Company's rights to recover compensation under this policy.

The Company may set off the amounts of any such required recoupment against any amounts otherwise owed by the Company to Grantee as determined by the Committee.

By your signature and the signature of the Company's representative below, you and the Company agree that this Award Notice has been issued pursuant to the Company's Omnibus Plan and the Program, both of which have been made available to the Grantee and made a part of this document.

Grantee:

Cracker Barrel Old Country Store, Inc.:

By: _____
Name: _____
Title: _____

CRACKER BARREL OLD COUNTRY STORE, INC.

and

SUBSIDIARIES

FY 202[] Long Term Incentive Program
LTPP Award Notice

Effective (the "Grant Date"), the undersigned grantee, ("Grantee") has been granted an Award opportunity as set forth below pursuant to the Cracker Barrel Old Country Store, Inc. FY 202__ Long Term Performance Program (the "Program"). The terms and conditions of the Award shall be governed by the Cracker Barrel Old Country Store, Inc. (the "Company") 2020 Omnibus Stock and Incentive Plan (the "Omnibus Plan") and the Program. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Omnibus Plan or the Program, as the case may be.

Form of LTPP Award: Performance Shares

Number of Shares of Target Award:

Performance Period: Company's [], [], and [] fiscal years

Vesting Date

As more fully described in the Program, the actual percentage of the Target Award that shall vest will be based upon the Company's achievement of certain performance criteria set forth in the Program. Except as otherwise provided in the Program, Grantee's receipt of any portion of the LTPP Award shall be conditioned on Grantee remaining continuously employed by the Company (or an Affiliate) from the Grant Date until the end of the Performance Period set forth above.

The Company is entitled to recover any incentive compensation awarded or paid pursuant to this LTPP Award based on (i) achievement of financial results that were subsequently the subject of a restatement due to material noncompliance with any financial reporting requirement under either GAAP or the federal securities laws, other than as a result of changes to accounting rules and regulations, or (ii) a subsequent finding that the financial information or performance metrics not derived from audited GAAP financial statements used by the Committee to determine the amount of the incentive compensation were materially inaccurate, in each case regardless of individual fault. This recoupment policy shall apply to any incentive compensation earned or paid to Grantee pursuant to the Program, including compensation paid in Shares. Subsequent changes in status, including retirement or termination of employment, do not affect the Company's rights to recover compensation under this policy. The Company may set off the amounts of any such required recoupment against any amounts otherwise owed by the Company to Grantee as determined by the Committee.

By your signature and the signature of the Company's representative below, you and the Company agree that this Award Notice has been issued pursuant to the Company's Omnibus Plan and the Program, both of which have been made available to the Grantee and made a part of this document.

Grantee:

Cracker Barrel Old Country Store, Inc.:

By: _____
Name: _____
Title: _____

**CRACKER BARREL OLD COUNTRY STORE, INC.
STATEMENT OF POLICY REGARDING INSIDER TRADING**

(APPLICABLE TO ALL DIRECTORS, OFFICERS AND EMPLOYEES OF THE COMPANY)

As a publicly traded company, Cracker Barrel Old Country Store, Inc. (together with its affiliates and subsidiaries, unless context otherwise requires, the “**Company**”) has adopted this policy to set forth guidelines for purchases and sales of Company securities by directors, officers and employees who may have material nonpublic information about the Company and about other companies with which the Company works closely or is economically linked.

The purchase or sale of securities while in possession of material nonpublic information (“**insider trading**”) or the selective disclosure of such information to others who may trade or advise others to trade (“**tipping**”) is prohibited by U.S. federal and state laws. Insider trading and tipping also endanger the Company’s reputation for integrity and ethical conduct—a reputation that the Company and its employees and directors have worked hard over decades to establish and cannot afford to have damaged or called into question.

This policy is designed to promote compliance with U.S. federal securities laws and to protect the Company, as well as directors, officers and employees, from very serious liabilities, penalties and reputational damage that can result from violations of these laws. Potential penalties for insider trading violations include civil penalties of up to three times the profit gained or loss avoided, criminal fines of up to \$5 million and imprisonment for up to 20 years. In addition, if the Company or any person with supervisory authority fails to take appropriate steps to prevent an employee from engaging in insider trading, both the Company and such supervisor individually may face potential civil penalties of up to the greater of (x) \$1 million or (y) three times the profits realized or losses avoided and potential criminal fines of up to \$25 million.

You should read this policy carefully to make sure you fully understand its requirements. Violation of this policy by a director may subject the director to dismissal proceedings and, in the case of an officer or employee, may subject the officer or employee to disciplinary actions by the Company, including termination for cause. Additionally, any penalty—even an investigation that does not result in prosecution—can tarnish your reputation and irreparably damage your career.

Insider Trading Policy

General Statement

It is the policy of the Company that no director, officer or other employee (each, an “**Insider**”) who is aware of material nonpublic information relating to the Company may, directly or indirectly (through family members or other persons or through entities controlled by the Insider) (a) buy or sell securities of the Company (other than pursuant to a pre-approved trading plan that complies with Rule 10b5-1 and the requirements of this policy with respect to such plans), or engage in any other action to take personal advantage of that information, or (b) pass that information on to others outside the Company, including family and friends.

“Trading” Defined

“Trading” includes purchases and sales of shares of the Company’s common stock, options, puts, calls and other similar securities. This policy includes trades made pursuant to any investment direction under employee benefit plans as well as trades in the open market. For example, sales of stock acquired through the Cracker Barrel Old Country Store, Inc. 2020 Omnibus Stock and Incentive Plan (or other stock plan) and transactions in self-directed portions of the Company’s 401(k) plan are covered by this policy. This policy also applies to the exercise of options with an immediate sale of some or all of the shares through a broker to cover the exercise price or tax withholding. In addition, transactions involving securities held by or in the name of entities such as trusts, corporations and partnerships in which Insiders have an interest also may be restricted. Questions about whether a potential transaction may be covered by this policy should be addressed with the Company’s General Counsel, who has been designated as the compliance officer to monitor compliance with

this policy.

Rule 10b5-1 Trading Plans

Rule 10b5-1 presents an opportunity for Insiders to establish arrangements to sell (or purchase) shares of the Company's common stock without being restricted by trading windows and black-out periods, even when there is undisclosed material information. Rule 10b5-1 protects Insiders from insider trading liability for transactions under a previously established contract, plan or instruction to trade in the Company's common stock (a "***Trading Plan***") entered into in good faith at a time when the Insider does not possess any material nonpublic information and otherwise in accordance with the terms of Rule 10b5-1 and all applicable state laws. Sales (or purchases) of the Company's common stock made under a duly pre-approved and adopted Trading Plan are exempt from the trading restrictions set forth in this policy. All Trading Plans adopted by Insiders of the Company must be pre-cleared by the Company's General Counsel or his/her designee and must comply with the Company's Individual Rule 10b5-1 Trading Plan Guidelines, which are attached to this policy as **Annex A**.

Trading Plans do not exempt individuals from complying with Section 16 short-swing profit rules or liability. Furthermore, Trading Plans only provide an "affirmative defense" in the event there is an insider trading lawsuit. A Trading Plan will not prevent someone from bringing a lawsuit.

Tipping Liability

Insiders must not pass material nonpublic information on to others or recommend to anyone the purchase or sale of any securities on the basis of such information. This practice, known as "tipping", also violates securities laws and may result in the same civil and criminal penalties that apply to insider trading, whether or not the Insider derives any benefit from the tippee's actions. To avoid tipping liability (or creating the appearance of tipping) Insiders should be careful to avoid discussing material nonpublic information in any place where they might be overheard (*i.e.*, in Company store locations as well as coffee shops, elevators, airplanes or other public spaces).

Shadow Trading

No Insider may buy or sell securities of another company at any time when the Insider has material nonpublic information about that company that could affect the share price of that company. In addition, it is the policy of the Company that any Insider who, in the course of working for the Company, learns of material nonpublic information about a company with which the Company does business, including a supplier or other business partner of the Company, may not trade in that company's securities until the information becomes public or is no longer material.

Application to Family Members of Company Employees

The same restrictions apply to family members and other persons living in an Insider's household. Insiders are expected to be responsible for the compliance of the members of their immediate family and personal households. Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception to the policy. Even the appearance of an improper transaction should be avoided to preserve the Company's reputation for adhering to the highest standards of conduct.

Anti-Hedging and Pledging Policy

The Company considers it inappropriate for any Insider to engage in transactions designed to hedge or offset any decrease in the market value of the Company's equity securities, including, but not limited to, through the use of financial instruments such as exchange funds, equity swaps, puts, calls, collars, forwards and other derivative instruments, or through the establishment of a short position in the Company's equity securities, and

such transactions are prohibited.

Additionally, Insiders are not permitted to pledge or otherwise permit Company securities to become subject to a lien without obtaining the pre-clearance of the Company's General Counsel.

Definition of Material Nonpublic Information

Material Information

Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Therefore, any information that could reasonably be expected to affect the price of a security is material.

Common examples of material information include projections of future earnings or losses (*i.e.*, guidance); changes in guidance; financial performance; a pending or prospective merger, acquisition, sale transaction, or joint venture; a change in management or control of the Company; significant accounting developments or a change in the Company's auditors; actual or threatened litigation; cybersecurity breaches; securities offerings and other financing transactions; dividend information; and financial liquidity developments.

Both positive and negative information can be material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, if you have doubts or questions concerning the materiality of particular information, you should err on the side of caution by considering the information material and avoiding any trading activity. If an Insider learns something that leads them to want to buy or sell stock, that information will likely be considered material in any subsequent investigation or litigation.

Nonpublic Information

Nonpublic information is information that is not generally known or available to the public. Information is considered to be available to the public only after both such information has been released to the public through appropriate channels that the Company routinely uses to communicate with investors (for example, by Company press releases or filings with the U.S. Securities and Exchange Commission) and enough time has elapsed to permit the investment market to absorb and evaluate such information. As a general rule, information is considered nonpublic until the **second (2nd) business day** after public disclosure. Thus, Insiders should refrain from trading or communicating such information until the **second (2nd) business day** after the public announcement.

Any Insider who is unsure whether the information that they possess is material or nonpublic should consult the Company's General Counsel for guidance before trading in any Company securities.

Confidentiality Procedures

Maintaining the confidentiality of Company information is essential for competitive, security and other business reasons, as well as to comply with securities laws. All information that an Insider learns about the Company or its business plans is potentially "inside" information until publicly disclosed by the Company through official channels of communication. The Insider should treat all such information as confidential and proprietary to the Company. The Insider may not disclose it to others, including family members, other relatives or business or social acquaintances, who do not need to know it for legitimate business reasons. Insiders who are in possession of material nonpublic information about the Company should therefore take steps to ensure that the confidentiality of such information is protected. Such steps may include adopting code names, using passwords for information stored in digital format, shredding physical copies of confidential documents, locking files and desk drawers containing sensitive information, labeling documents "confidential," limiting the copying of sensitive documents and maintaining a record of other employees who request access to confidential documents or files.

Personal Responsibility; Assistance

Each Insider should remember that the ultimate responsibility for adhering to this policy and avoiding insider trading or tipping rests with the Insider. In this regard, it is important that each Insider remain vigilant at all times and use their best judgment. As noted above, violation of this policy may result in disciplinary action, up to and including dismissal proceedings, in the case of directors, and termination for cause, in the case of employees.

Insiders should consult their legal and financial advisors as needed. Any action or direction on the part of the Company, the Company's General Counsel or his/her designee or any other employee or any director pursuant to this policy (or otherwise) does not constitute legal advice or insulate a person from liability under applicable securities laws.

Compliance with this policy by all Insiders is of the utmost importance both for Insiders individually and for the Company as a whole. Any person who is unsure or has any questions about the application of this policy to any particular situation should seek guidance from the Company's General Counsel *before engaging in any trading or other activities covered by this policy.*

ANNEX A

Individual Rule 10b5-1 Trading Plan Guidelines

The U.S. Securities and Exchange Commission enacted Rule 10b5-1 (the “**Rule**”) to provide directors, executive officers (as designated by the Board of Directors pursuant to Rule 16a-1 under the Securities Exchange Act of 1934, as amended), corporate officers and any employees (including all Vice Presidents of Cracker Barrel Old Country Store, Inc. and all Regional or District Vice Presidents of Cracker Barrel Old Country Store, Inc.) who have regular access to material nonpublic information in the performance of their duties (“**Insiders**”), with greater flexibility to engage in transactions in their company’s stock. If Insiders follow the requirements of the Rule, Insiders will have an affirmative defense from insider trading liability for trades made under an effective written plan for trading securities (commonly referred to as a Rule 10b5-1 Plan). In each case, Insiders must act in good faith with respect to the Plan and not as part of a scheme to evade the prohibitions against unlawful insider trading.

As set forth in the Cracker Barrel Old Country Store, Inc. Statement of Policy Regarding Insider Trading (the “**Policy**”), the Company permits Insiders to purchase or sell shares of Company common stock pursuant to a Rule 10b5-1 plan (a “**Plan**”) under certain circumstances. The Company has set forth the following guidelines (the “**Guidelines**”) to provide Insiders with clarity as to what parameters must be followed in order to adopt a Plan that is compliant with the Company’s Policy. These Guidelines are in addition to, and not in lieu of, the requirements and conditions of the Rule. Any questions regarding the Guidelines should be directed to the Company’s General Counsel.

1. Pre-Clearance. All Plans must be submitted in writing and pre-cleared by the Company’s General Counsel at least five (5) trading days prior to the entry into the Plan. The Company reserves the right to withhold pre-clearance of any Plan that the Company determines is not consistent with the rules regarding such Plans. Notwithstanding any pre-clearance of a Plan, the Company assumes no liability for the consequences of any transaction made pursuant to such Plan.

2. Plan Adoption. All Plans must be entered into during an open trading window and when the Insider is not in possession of any material, nonpublic information.

3. Plan Format. All Plans must be in writing and must not allow the Insider to exercise any subsequent influence over how, when or whether to effect trades in Company securities under the Plan. Additionally, Plans must (a) expressly state the amount, price and dates on which transactions may be executed, (b) provide a written formula for determining amounts, prices and dates or (c) delegate discretion on those matters to an independent third party.

4. Cooling-Off Period.

A. If the Insider is a Company director or executive officer (as designated by the Board of Directors pursuant to Rule 16a-1 under the Securities Exchange Act of 1934, as amended (a “**Section 16 Person**”)), the Plan must not permit any trades to occur until the later of (a) 90 days following adoption or modification of the Plan or (b) two (2) business days following the disclosure of the Company’s financial results in a Form 10-Q or Form 10-K for the fiscal quarter in which the Plan was adopted or modified (but, in any event, this required cooling-off period is subject to a maximum of 120 days after adoption of the Plan).

B. If the Insider is not a Section 16 Person, the Plan must not permit any trades to occur until the expiration of a cooling-off period of 30 days after the adoption or modification of such Plan.

5. Multiple Plans. Pursuant to the Rule, a person may only rely on the affirmative defense for a single-trade plan once during any consecutive 12-month period. A single-trade plan is a 10b5-1 trading plan designed to effect the purchase or sale of the total amount of the securities subject to the plan as a single transaction. Further, only one Plan may be in effect at any time unless one of the following three exemptions is met:

A. A person may enter into more than one Plan with different broker-dealers or other agents and treat the Plans as a single Plan so long as, when taken as a whole, the composite “plan” complies with all of the Rule’s requirements;

B. A person may adopt one later-commencing Plan so long as trading under the later-commencing Plan is not authorized to begin until after all trades under the earlier-commencing Plan are completed or expire without execution. If the earlier-commencing Plan is terminated prior to its expiration, the later-commencing Plan must have a cooling-off period that starts when the first Plan terminates; or

C. A person may have an additional Plan set up solely to sell securities as necessary to satisfy tax-withholding obligations arising exclusively from the vesting of a compensatory award, otherwise known as a “sell-to-cover” transaction.

6. Trades Outside of the Plan. Once a Plan is established, Insiders may transact in securities that are not subject to the currently existing Plan. Such transactions continue to be subject to the Policy, including, to the extent applicable, the pre-clearance provisions and procedures of the Company’s Special Trading Procedures Policy, as applicable.

7. Plan Duration. The minimum duration of a Plan is six months and the maximum duration is two years.

8. Certification. When entering into a Plan, an Insider must certify that at the time of adoption of the Plan that the Insider is (i) not aware of any material, non-public information; and (ii) adopting the Plan in good faith and not as part of a plan or scheme to evade the prohibitions of the Rule.

9. Modifications. Plan modifications are prohibited. As provided in the Rule, any modification or change to the amount, price, or timing of the purchase or sale of the securities underlying a Plan is a termination of such Plan and the adoption of a new Plan. In addition, a Plan modification, such as the substitution or removal of a broker that is executing trades pursuant to a Rule 10b5-1 arrangement on behalf of the person, that changes the price or date on which purchases or sales are to be executed, is a termination of such Plan and the adoption of a new Plan.

10. Early Terminations. The early termination of a Plan could affect the availability of the Rule’s affirmative defense for prior Plan transactions if the termination calls into question whether the Plan was entered into in good faith and not as part of a plan to avoid the insider trading rules. **Because of this risk, early terminations are strongly discouraged.** In the event an Insider determines to terminate a Plan early, every effort should be taken to terminate the Plan during an open window. Early termination of a Plan during a quiet (or blackout) period requires extenuating circumstances and is subject to legal review. In the event an Insider early terminates their Plan, such Insider (i) will be subject to the cooling-off period for the subsequent Plan that starts when the first Plan is terminated, as noted above, and (ii) may be (A) prohibited from adopting future Plans, (B) prohibited from transacting in securities outside of a Plan or (C) subject to other restrictions at the sole discretion of the Company’s General Counsel.

11. Brokers and Broker Reporting. Each Plan must require the broker counterparty to promptly report to the Company’s designated representative the details of every transaction executed under a Plan, but in any event, such detail shall be provided no later than one (1) trading day after the execution date.

12. Public Disclosure of Plan Transactions. Transactions executed pursuant to a Plan will be indicated as such on the Insider’s Form 4, if applicable. In addition, beginning with the first periodic filing that covers the Company’s first full fiscal period that begins on or after April 1, 2023, the Company will be required to disclose in its periodic reports (i.e., Form 10-Qs and Form 10-Ks) the adoption, modification or termination of a Plan by any Section 16 Person during the last completed quarter, including a description of the material terms of such a Plan, other than terms with respect to price. **Any Section 16 Person is required to confirm the adoption, modification or termination of a Plan to the General Counsel not later than the next**

business day after such action so that it can be appropriately disclosed by the Company, even if pre-clearance of such action was previously obtained.

13. Securities Laws. A Plan does not relieve Insiders from their obligations to comply with the requirements of applicable securities laws. Insiders will need to coordinate with their brokers and the Company to ensure that all of these requirements are satisfied and that all required notices and reports are timely and accurately filed.

**CRACKER BARREL OLD COUNTRY STORE, INC.
SPECIAL TRADING PROCEDURES POLICY**

**(APPLICABLE ONLY TO DIRECTORS, SECTION 16 OFFICERS AND OTHER EMPLOYEES DESIGNATED BY THE
COMPANY)**

Concurrently with the adoption of this Special Trading Procedures Policy (this "**Trading Procedures Policy**"), Cracker Barrel Old Country Store, Inc. (together with its affiliates and subsidiaries, unless context otherwise requires, the "**Company**") has adopted a Statement of Policy Regarding Insider Trading, including the Company's Individual Rule 10b5-1 Trading Plan Guidelines attached as Annex A thereto (collectively, the "**Insider Trading Policy**"), applicable to all Company directors, officers and employees, which also has been furnished to all Covered Persons (as defined below). This Trading Procedures Policy places limitations, in addition to those included in the Insider Trading Policy, on transactions in Company securities for Covered Persons. "**Covered Persons**" includes directors, executive officers (as designated by the Board of Directors pursuant to Rule 16a-1 under the Securities Exchange Act of 1934, as amended), corporate officers and any employees (including all Vice Presidents of Cracker Barrel Old Country Store, Inc. and all Regional or District Vice Presidents of Cracker Barrel Old Country Store, Inc.) who have regular access to material nonpublic information in the performance of their duties, a list of which (by title and/or by name) shall be maintained and periodically communicated to relevant individuals by the Company's Legal Department.

To provide assistance in preventing inadvertent violations and avoiding even the appearance of an improper transaction (which could result, for example, where a Covered Person engages in a trade while unaware of a pending major development), the procedures set forth below must be followed by all Covered Persons.

Window Periods and Preclearance

Covered Persons are prohibited from trading in the Company's securities except during open "window" periods (periods during which the "window" is opened by the Company). A window period typically commences on the **second (2nd) business day** after the earnings release for each quarter is filed and ends on the first day of the third fiscal month of each fiscal quarter, except in the Company's second fiscal quarter in which the window period ends on or about December 15.

In unusual circumstances, the Company may close the window period before the dates described above. If a Covered Person is subject to special closure of the window, such Covered Person will be notified by the Company's legal department. During The existence of a window closure generally will not be announced other than to those who are aware of the event giving rise to the closure. Accordingly, if a Covered Person is notified of a special closure, that information is itself confidential, and such Covered Person should not disclose the existence of the closure to others.

Window periods do not apply to stock option exercises (unless such exercises are accompanied by broker-assisted sales or other open-market sale transactions to cover the exercise price or tax withholding) or other periodic or regular savings or deferred compensation plan purchases, unless the Company has suspended such option exercises or purchases (which would occur only under unusual circumstances). Moreover, window periods do not apply to transactions pursuant to a previously submitted written plan approved by the Company's General Counsel, as consistent with Rule 10b5-1 and the Insider Trading Policy, or pursuant to the Company's Employee Stock Purchase Plan.

Window periods do apply to market sales of stock received pursuant to the Cracker Barrel Old Country Store, Inc. 2020 Omnibus Stock and Incentive Plan (or other stock plan) and transfers into or out of the self-directed portions of the Company's 401(k) plan. In addition, transactions involving Company securities held by or in the name of the spouse, children and other relatives of a Covered Person sharing



their household, as well as other entities such as trusts, corporations and partnerships in which they have an interest, also are restricted.

It is Company policy that all transactions by the Company's directors, executive officers and other corporate officers (a group more narrow than the Covered Persons) involving Company securities must be specifically precleared by the Company's General Counsel.

If, upon requesting preclearance, a Covered Person is advised that Company securities may be traded, the Covered Person may buy or sell the securities within **five (5) business days** after receiving permission, provided that the Covered Person does not acquire material nonpublic information during that time. If for any reason the trade is not executed within the five (5) business days, preclearance must be obtained again before the securities may be traded. If, upon requesting preclearance or otherwise, a Covered Person is advised that the securities may not be traded, the Covered Person may not buy or sell any securities under any circumstances, or inform anyone within or outside the Company of the restriction. This trading restriction will remain in effect until the Covered Person subsequently receives preclearance to trade.

Section 16

Periodic Reporting

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "**1934 Act**"), and rules promulgated under that section, requires each director and executive officer (as designated by the Board of Directors pursuant to Rule 16a-1 under the 1934 Act ("**Section 16 Insiders**") and beneficial owners of more than 10% any of the Company's equity securities to file reports of securities transactions with the U.S. Securities and Exchange Commission ("**SEC**"). Section 16 Insiders are required to make timely filings of their reports, as required by Section 16(a) of the 1934 Act, concerning their beneficial ownership and trading activities in the Company's securities. As in the past, the Company will prepare and file the forms as required by the SEC; however, **it remains the responsibility of Section 16 Insiders to timely notify the Company of any stock transactions and to review, approve and sign the forms.** The following forms are required to be filed within the applicable timeframes noted below:

- Form 3 must be filed within 10 calendar days following when a person first becomes a Section 16 Insider (*i.e.*, such person becomes a director, officer or the beneficial owner of more than 10% of the Company's equity securities);
- Form 4 must be filed within two (2) business days following any change in the Section 16 Insider's beneficial ownership of the Company's equity securities; and
- Form 5 must be filed within 45 calendar days following the end of each fiscal year to report any transactions that were exempt from Form 4 reporting or with respect to which the Section 16 Insider failed to file a Form 4.

These forms, and complete information concerning the filing requirements, are available from the Company's Legal Department.

For purposes of the foregoing forms, a Section 16 Insider may be deemed to be the beneficial owner of securities held by a partnership, corporation, trust or other entity over which they have a controlling influence, and special rules exist for fiduciaries and beneficiaries of trusts and partners of partnerships. Given the complex analysis involved making an assessment of "beneficial ownership," questions regarding Section 16(a) reporting and "beneficial ownership" should be directed to the Company's General Counsel before the transaction so that an appropriate analysis can be made.

Short-Swing Profits

Supplementing the reporting requirements of Section 16(a) is the "short-swing" trading provision contained in Section 16(b) of the 1934 Act. Section 16(b) provides that any profit realized by an executive officer or director from any purchase and sale, or sale and purchase, of any equity security of the Company

within any period of less than six months shall be recovered by the Company (referred to as “disgorgement”). Unlike other provisions in the U.S. federal securities laws, disgorgement under Section 16(b) is required even if there is no intent by the insider to take unfair advantage of non-public information. In other words, transactions in the Company’s securities within six (6) months of one another can lead to disgorgement, irrespective of the reasons for or purposes of the transaction. The recovery for short-swing profits belongs to the Company and cannot be waived, indemnified or reimbursed by the Company. Additionally, the 1934 Act authorizes stockholders to bring these actions under certain circumstances, and claims and/or lawsuits to that effect are invariably brought by stockholders represented by plaintiff’s law firms promptly (often within minutes) after the disclosure of any transactions requiring disgorgement.

It is irrelevant for Section 16(b) purposes whether the purchase or the sale comes first. Furthermore, courts will match the lowest purchase price with the highest sale price to maximize the disgorgement amount. Thus, although the executive officer or director may have realized an overall economic loss, they may be treated for Section 16(b) purposes as having realized a “profit” that will be required to be disgorged to the Company.

Other Securities Law Restrictions

Covered Persons also should be aware that their sales of Company securities also may be limited by and subject to Rule 144 promulgated by the SEC. The Company will assist directors and officers with Rule 144’s reporting requirements. **Questions about Rule 144 should be addressed to the Company’s General Counsel prior to the consummation of a transaction.**

Compliance With the Insider Trading Policy

The procedures set forth in this Trading Procedures Policy are in addition to, and not a substitute for, the policies set forth in the Insider Trading Policy. A Covered Person is responsible for complying with both the Insider Trading Policy and this Trading Procedures Policy. Thus, even if a Covered Person receives preclearance and no blackout period is in effect, a Covered Person, their spouse and any member of their immediate family sharing their household may not “tip” or trade in Company securities if they are in possession of material nonpublic information about the Company.

If there are any questions regarding this Trading Procedures Policy or the Insider Trading Policy, please contact the Company’s General Counsel.

Subsidiaries of the Registrant

The following is a list of the significant subsidiaries of the Registrant as of August 2, 2024, all of which are wholly-owned:

<u>Parent</u>	<u>State of Incorporation</u>
Cracker Barrel Old Country Store, Inc.	Tennessee

Subsidiaries

CBOCS Distribution, Inc. (dba Cracker Barrel Old Country Store)	Tennessee
CBOCS Properties, Inc. (dba Cracker Barrel Old Country Store)	Michigan
CBOCS West, Inc. (dba Cracker Barrel Old Country Store)	Nevada
Rocking Chair, Inc.	Nevada
Agincourt Industries, LLC (dba Maple Street Biscuit Company)	Florida

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-174744 on Form S-8 of our reports dated September 27, 2024, relating to the financial statements of Cracker Barrel Old Country Store, Inc., and the effectiveness of Cracker Barrel Old Country Store, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K of Cracker Barrel Old Country Store, Inc. for the year ended August 2, 2024.

/s/Deloitte & Touche LLP

Nashville, Tennessee

September 27, 2024

CERTIFICATION

I, Julie Masino, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cracker Barrel Old Country Store, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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: September 27, 2024

/s/Julie Masino
Julie Masino, President
and Chief Executive Officer

CERTIFICATION

I, Craig A. Pommells, certify that:

1. I have reviewed this Annual Report on Form 10-K of Cracker Barrel Old Country Store, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(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: September 27, 2024

/s/Craig A. Pommells

Craig A. Pommells, Senior Vice President
and Chief Financial Officer

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

In connection with the Annual Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-K for the fiscal year ended August 2, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Julie Masino, President and Chief Executive Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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 Issuer.

Date: September 27, 2024

By: /s/Julie Masino
Julie Masino
President and Chief Executive Officer

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

In connection with the Annual Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-K for the fiscal year ended August 2, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Craig A. Pommells, Senior Vice President and Chief Financial Officer of the Issuer, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 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 Issuer.

Date: September 27, 2024

By: /s/Craig A. Pommells
Craig A. Pommells
Senior Vice President and Chief Financial Officer

Description of Capital Stock

The following description of the capital stock of Cracker Barrel Old Country Store, Inc. (“us,” “our,” “we,” “CBRL” or the “Company”) is a summary of the rights of our common stock and certain provisions of our amended and restated charter (the “Charter”) and amended and restated bylaws (the “Bylaws”) as currently in effect. This summary does not purport to be complete and is qualified in its entirety by the provisions of our Charter, Bylaws and Rights Agreement (defined below), copies of which are filed as exhibits to this Annual Report on Form 10-K and are incorporated by reference herein, and to the applicable provisions of Tennessee law. We encourage you to read our Charter, Bylaws, and Rights Agreement and the applicable provisions of Tennessee law for additional information.

General

Our authorized capitalization consists of 500,000,000 shares, of which 400,000,000 shares are classified and designated common stock, par value \$0.01 per share, and 100,000,000 shares are classified and designated preferred stock, par value \$0.01 per share. Our board of directors (the “Board of Directors”) has designated and authorized the issuance of a series of up to 300,000 shares of Series A Junior Participating Preferred Stock, \$0.01 par value per share (the “Series A Junior Participating Preferred Stock”).

Common Stock

Our common stock is listed and principally traded on the Nasdaq Global Select Market under the symbol “CBRL.” All outstanding shares of our common stock are fully paid and nonassessable. Each outstanding share of our common stock is entitled to one vote on all matters submitted to a vote of shareholders. Our Board of Directors is classified, and each director stands for election every year. The holders of our outstanding common stock do not have the right to cumulate their votes with respect to the election of directors or any other matters. The holders of outstanding shares of our common stock are entitled to receive dividends out of assets legally available for the payment of dividends at the times and in the amounts as our Board of Directors may from time to time determine. The shares of common stock are neither redeemable nor convertible. Holders of our common stock have no preemptive or subscription rights to purchase any securities of CBRL. Upon liquidation, dissolution or winding up of CBRL, the holders of our common stock are entitled to receive pro rata the assets of CBRL that are legally available for distribution, after payment of all debts and other liabilities and subject to the prior rights of any holders of preferred stock then outstanding.

Preferred Stock

Our Charter authorizes our Board of Directors to issue, without further shareholder approval, up to 100,000,000 shares of preferred stock from time to time in one or more series with such designations, powers, preferences and relative rights, including voting rights, conversion rights, distribution rights, dividend rights, liquidation preference, transfer rights, redemption rights, merger rights and other rights, or restrictions as may be provided for the issue of such series by resolution and amendment to our Charter adopted by our Board of Directors. This generally is referred to as “blank check” preferred stock. The preferred stock could have priority over common stock as to dividends and as to the distribution of our assets upon any liquidation, dissolution or winding up of CBRL. Accordingly, the Board of Directors’ ability to authorize, without shareholder approval, the issuance of preferred stock with conversion and other rights may adversely affect the rights of holders of our common stock or other series of preferred stock that may be outstanding. No shares of our preferred stock are currently issued and outstanding and we currently have no plans to issue any of the 100,000,000 authorized shares of preferred stock, except as described under “-Series A Junior Participating Preferred Stock” and “-Shareholder Rights Agreement.”

Series A Junior Participating Preferred Stock

On February 22, 2024, the Board of Directors authorized the issuance of a series of 300,000 shares of Series A Junior Participating Preferred Stock. The Series A Junior Participating Preferred Stock may be issued in fractions of one one-hundredth of a share upon the exercise by holders of our common stock of certain preferred share purchase rights (the “Rights”) pursuant to the Rights Agreement. Our Board of Directors authorized and declared a dividend to shareholders of record at the close of business on March 8, 2024 of one Right for each outstanding share of common stock of the Company. The terms of the Series A Junior Participating Preferred Stock are governed by our Charter.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock and the Rights is Equiniti Trust Company, LLC.

Our Charter and Bylaws Contain Provisions That May Have an Anti-Takeover Effect

Our Charter and Bylaws contain certain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of the Company. These provisions, which are summarized below, could discourage takeovers, coercive or otherwise. These provisions are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our Board of Directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us.

Undesignated preferred stock. As discussed above, our Board of Directors has the ability to designate and issue preferred stock with voting or other rights or preferences that could deter hostile takeovers or delay changes in our control or management.

Limits on the ability of shareholders to act by written consent. Our Charter does not provide that our shareholders may act by written consent, which, under Tennessee law, has the effect of requiring all shareholders to consent to taking an action without a meeting. Accordingly, the holders of a majority of our capital stock would not be able to amend our Charter or Bylaws or remove directors without holding a meeting of shareholders called in accordance with our Bylaws, which may lengthen the amount of time required to take shareholder actions.

Requirements for advance notification of shareholder nominations and proposals. Our Charter and Bylaws contain advance notice procedures with respect to shareholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our Board of Directors or a committee of the Board of Directors. These advance notice procedures may have the effect of precluding the conduct of certain business at a meeting if the proper procedures are not followed and may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer’s own slate of directors or otherwise attempt to obtain control of the Company.

Amendment of Certificate of Incorporation and Bylaws. Tennessee law provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation’s certificate of incorporation or Bylaws, unless a corporation’s Charter or Bylaws, as the case may be, requires a greater percentage. Our Charter provides that certain sections of our Charter and Bylaws may only be amended or revised by the affirmative vote of at least 75% of the outstanding shares of the capital stock of the Company entitled to vote, voting as one class.

Removal of directors. Under Tennessee law, a director can be removed by shareholders with or without cause, unless a corporation’s charter provides that the director can only be removed for cause. Our Charter includes this restriction, which could make it more difficult for shareholders to remove existing members of our Board other than in connection with an annual meeting elect directors at which their annual terms expire.

Calling a special meeting. Under Tennessee law, a special meeting of a Tennessee corporation’s shareholders can be called by its board of directors or, unless the charter provides otherwise, the holders of at least 10% of the outstanding voting stock. Our Charter provides that a special meeting can be called only by the holders of 20% or more of the voting stock, which could diminish the ability of shareholders to call special meetings or effect proposals outside the annual meeting context.

Tennessee Anti-Takeover Statutes

In addition to certain of the Charter and Bylaws provisions discussed above and below, Tennessee has adopted a series of statutes which can have an anti-takeover effect and may delay or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for our capital stock.

The Tennessee Business Combination Act

The Tennessee Business Combination Act (the “TBCA”) applies to all Tennessee companies. It imposes a five-year standstill on transactions such as mergers, share exchanges, sales of assets, liquidations and other interested party transactions between Tennessee corporations and “interested shareholders” and their associates or affiliates, unless the business combination is approved by the board of directors before the interested shareholder goes above the 10% ownership threshold. Thereafter, the transaction either requires a two-thirds vote of the shareholders other than the interested shareholder or satisfaction of certain fair price standards.

The TBCA also provides for additional exculpatory protection for the board of directors in resisting mergers, exchanges and tender offers if a Tennessee corporation’s charter specifically incorporates such provisions. A Tennessee corporation’s charter may authorize the members of a board of directors, in the exercise of their judgment, to give due consideration to factors other than price and to consider whether a merger, exchange, tender offer or significant disposition of assets would adversely affect the corporation’s employees, customers, suppliers, the communities in which the corporation operates, or any other relevant factor in the exercise of their fiduciary duty to the shareholders.

The Tennessee Control Share Acquisition Act

The Tennessee Control Share Acquisition Act (the “TCSA”) limits the voting rights of shares owned by a person above certain percentage thresholds, unless the non-interested shareholders of the corporation approve the interested shareholder’s acquisition above the designated threshold. However, the TCSA only applies to corporations whose charter or bylaws contain an express declaration that control share acquisitions are to be governed by the TCSA. In addition, the charter or bylaws may specifically provide for the redemption of control shares or appraisal rights for dissenting shareholders in a control share transaction. Our Charter makes all of the express declarations necessary to avail us of the full protection under the TCSA.

Our charter makes all of the express declarations necessary to avail us of the full protection under the TBCA and TCSA. The provisions described above will have the general effect of discouraging, or rendering more difficult, unfriendly takeover or acquisition attempts. Consequently, such provisions could make takeover transactions less likely or have an adverse effect on the market price of our securities. However, our Board of Directors believes that such provisions are advantageous to shareholders in that they will encourage potential acquirers to negotiate with the Board of Directors with respect to any takeover proposal, thus enabling our Board of Directors to seek the greatest value and most favorable terms reasonably obtainable for our shareholders in such circumstances.

Shareholder Rights Agreement

Effective as of February 27, 2024, our Board of Directors adopted the Rights Agreement, dated as of February 27, 2024, by and between us and Equiniti Trust Company, LLC, as rights agent (the “Rights Agreement”). In connection with the adoption of the Rights Agreement, our Board of Directors authorized and declared a dividend to shareholders of record at the close of business on March 8, 2024 of one right (a “Right”) for each outstanding share of common stock of the Company. Upon certain triggering events, each Right would entitle the holder to purchase from the Company one one-hundredth (subject to adjustment) of one share of Series A Junior Participating Preferred Stock, at an exercise price of \$600.00 (the “Purchase Price”) per one one-hundredth of a share of Series A Junior Participating Preferred Stock. In addition, if a person or group acquires beneficial ownership of 20% or more of the Company’s common stock without prior approval of the Board of Directors, each holder of a Right (other than the acquiring person or group whose Rights will become void) will have the right to purchase, upon payment of the Purchase Price and in accordance with the terms of the Rights Agreement, a number of shares of the Company’s common stock having a market value of twice the Purchase Price.

The Rights Agreement is intended to enable all of our shareholders to realize the full potential value of their investment in the Company and to protect the interests of the Company and its shareholders by reducing the likelihood that any person or group gains control of the Company through open market accumulation or other tactics without paying an appropriate control premium. The Rights Agreement could render more difficult, or discourage, a merger, tender offer, or assumption of control of the Company that is not approved by our Board of Directors. The Rights Agreement, however, is not intended to interfere with any merger, tender or exchange offer or other business combination approved by our Board of Directors. In addition, the Rights Agreement does not prevent our Board of Directors from considering any offer that it considers to be in the best interest of the Company's shareholders.
