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

FORM 10-Q

(Mark One)
☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended April 29, 2022

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: 001-25225

Cracker Barrel Old Country Store, Inc.

(Exact name of registrant as specified in its charter)

Tennessee (State or other jurisdiction of incorporation or organization)	62-0812904 (I.R.S. Employer Identification Number)
305 Hartmann Drive, Lebanon, Tennessee (Address of principal executive offices)	37087-4779 (Zip code)

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock (Par Value $0.01)	CBRL	The Nasdaq Stock Market LLC
Rights to Purchase Series A Junior Participating Preferred Stock (Par Value $0.01)		(Nasdaq Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes ☑ 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

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

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

22,788,597 Shares of Common Stock
Outstanding as of May 31, 2022

CRACKER BARREL OLD COUNTRY STORE, INC.

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PART I – FINANCIAL INFORMATION
ITEM 1. Financial Statements (Unaudited)

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

	April 29, 2022	July 30, 2021*
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 24,773	$ 144,593
Accounts receivable	31,238	27,372
Income taxes receivable	20,787	21,123
Inventories	192,360	138,320
Prepaid expenses and other current assets	24,938	22,188
Total current assets	294,096	353,596
Property and equipment	2,278,823	2,234,489
Less: Accumulated depreciation and amortization	1,319,895	1,254,639
Property and equipment – net	958,928	979,850
Operating lease right-of-use assets, net	946,813	974,477
Goodwill	4,690	4,690
Intangible assets	21,229	21,285
Other assets	53,378	57,796
Total assets	$ 2,279,134	$ 2,391,694
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 125,436	$ 135,176
Dividends payable	30,303	23,970
Other current liabilities	309,866	306,116
Total current liabilities	465,605	465,262
Long-term debt	372,894	327,253
Long-term operating lease liabilities	731,300	748,305
Other long-term obligations	145,106	187,241
Commitments and Contingencies (Note 10)		
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; 22,912,320 shares issued and outstanding at April 29, 2022, and 23,497,166 shares issued and outstanding at July 30, 2021	229	235
Retained earnings	564,000	663,398
Total shareholders' equity	564,229	663,633
Total liabilities and shareholders' equity	$ 2,279,134	$ 2,391,694

See Notes to unaudited Condensed Consolidated Financial Statements.

* This Condensed Consolidated Balance Sheet has been derived from the audited Consolidated Balance Sheet as of July 30, 2021, as filed with the Securities and Exchange Commission in the Company's Annual Report on Form 10-K for the fiscal year ended July 30, 2021.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands, except share data)
(Unaudited)

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Total revenue	$ 790,196	$ 713,416	$ 2,437,386	$ 2,037,039
Cost of goods sold (exclusive of depreciation and rent)	250,048	205,379	776,460	629,507
Labor and other related expenses	283,664	250,368	854,647	714,418
Other store operating expenses	185,870	167,823	561,715	495,968
General and administrative expenses	40,160	37,356	124,533	110,877
Gain on sale and leaseback transaction	—	—	—	(217,722)
Operating income	30,454	52,490	120,031	303,991
Interest expense, net	2,171	9,614	7,000	31,144
Income before income taxes	28,283	42,876	113,031	272,847
Provision for income taxes	767	9,406	14,515	54,697
Net income	$ 27,516	$ 33,470	$ 98,516	$ 218,150
Net income per share:				
Basic	$ 1.19	$ 1.41	$ 4.22	$ 9.20
Diluted	$ 1.19	$ 1.41	$ 4.21	$ 9.17
Weighted average shares:				
Basic	23,089,521	23,725,185	23,330,093	23,718,777
Diluted	23,170,900	23,807,410	23,409,118	23,788,005

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited and in thousands)

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Net income	$ 27,516	$ 33,470	$ 98,516	$ 218,150
Other comprehensive income before income tax expense:				
Change in fair value of interest rate swaps	—	3,941	—	8,827
Income tax expense	—	983	—	2,202
Other comprehensive income, net of tax	—	2,958	—	6,625
Comprehensive income	$ 27,516	$ 36,428	$ 98,516	$ 224,775

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited and in thousands, except share data)

For the Nine Month Period Ended April 29, 2022

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total Shareholders' Equity
Balances at July 30, 2021	23,497,166	$ 235	$ —	$ —	$ 663,398	$ 663,633
Comprehensive Income:						
Net income	—	—	—	—	33,376	33,376
Other comprehensive income, net of tax	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	33,376	33,376
Cash dividends declared - $1.30 per share	—	—	—	—	(30,838)	(30,838)
Share-based compensation	—	—	2,309	—	—	2,309
Cumulative-effect of change in accounting principle, net of taxes (see Note 1)	—	—	—	—	(36,956)	(36,956)
Issuance of share-based compensation awards, net of shares withheld for employee taxes	22,691	—	(2,309)	—	—	(2,309)
Balances at October 29, 2021	23,519,857	$ 235	$ -	$ -	$ 628,980	$ 629,215
Comprehensive Income:						
Net income	—	—	—	—	37,624	37,624
Other comprehensive income, net of tax	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	37,624	37,624
Cash dividends declared - $1.30 per share	—	—	—	—	(30,471)	(30,471)
Share-based compensation	—	—	2,203	—	—	2,203
Issuance of share-based compensation awards, net of shares withheld for employee taxes	8,339	—	(237)	—	—	(237)
Purchases and retirement of common stock	(279,664)	(3)	(1,966)	—	(32,261)	(34,230)
Balances at January 28, 2022	23,248,532	$ 232	$ —	$ —	$ 603,872	$ 604,104
Comprehensive Income:						
Net income	—	—	—	—	27,516	27,516
Other comprehensive income, net of tax	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	27,516	27,516
Cash dividends declared - $1.30 per share	—	—	—	—	(30,110)	(30,110)
Share-based compensation	—	—	1,906	—	—	1,906
Issuance of share-based compensation awards, net of shares withheld for employee taxes	—	—	—	—	—	—
Purchases and retirement of common stock	(336,212)	(3)	(1,906)	—	(37,278)	(39,187)
Balances at April 29, 2022	22,912,320	$ 229	$ —	$ —	$ 564,000	$ 564,229

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited and in thousands, except share data)

For the Nine Month Period Ended April 30, 2021

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total Shareholders' Equity
Balances at July 31, 2020	23,697,396	$ 237	$ —	$ (20,346)	$ 438,498	$ 418,389
Comprehensive Income:						
Net income	—	—	—	—	170,680	170,680
Other comprehensive income, net of tax	—	—	—	2,601	—	2,601
Total comprehensive income	—	—	—	2,601	170,680	173,281
Cash dividends previously declared in prior quarters	—	—	—	—	(40)	(40)
Share-based compensation	—	—	1,974	—	—	1,974
Issuance of share-based compensation awards, net of shares withheld for employee taxes	22,928	—	(1,974)	—	(18)	(1,992)
Balances at October 30, 2020	23,720,324	$ 237	$ —	$ (17,745)	$ 609,120	$ 591,612
Comprehensive Income:						
Net income	—	—	—	—	14,000	14,000
Other comprehensive income, net of tax	—	—	—	1,066	—	1,066
Total comprehensive income	—	—	—	1,066	14,000	15,066
Cash dividends previously declared in prior quarters	—	—	—	—	(52)	(52)
Share-based compensation	—	—	1,992	—	—	1,992
Issuance of share-based compensation awards, net of shares withheld for employee taxes	4,088	—	(25)	—	18	(7)
Balances at January 29, 2021	23,724,412	$ 237	$ 1,967	$ (16,679)	$ 623,086	$ 608,611
Comprehensive Income:						
Net income	—	—	—	—	33,470	33,470
Other comprehensive income, net of tax	—	—	—	2,958	—	2,958
Total comprehensive income	—	—	—	2,958	33,470	36,428
Cash dividends previously declared in prior quarters	—	—	—	—	(20)	(20)
Share-based compensation	—	—	3,222	—	—	3,222
Issuance of share-based compensation awards, net of shares withheld for employee taxes	1,960	—	(128)	—	—	(128)
Balances at April 30, 2021	23,726,372	$ 237	$ 5,061	$ (13,721)	$ 656,536	$ 648,113

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited and in thousands)

	Nine Months Ended	
	April 29, 2022	April 30, 2021
Cash flows from operating activities:		
Net income	$ 98,516	$ 218,150
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	77,288	80,932
Amortization of debt issuance costs	1,326	—
Loss on disposition of property and equipment	4,140	2,669
Gain on sale and leaseback transaction	—	(217,722)
Share-based compensation	6,418	7,188
Noncash lease expense	43,646	41,601
Amortization of asset recognized from gain on sale and leaseback transactions	9,551	9,551
Changes in assets and liabilities:		
Inventories	(54,040)	6,709
Other current assets	(5,073)	(9,896)
Accounts payable	(9,740)	10,161
Other current liabilities	5,690	24,164
Deferred income taxes	(7,564)	70,581
Long-term operating lease liabilities	(44,495)	(46,202)
Other long-term assets and liabilities	(19,307)	14,651
Net cash provided by operating activities	106,356	212,537
Cash flows from investing activities:		
Purchase of property and equipment	(59,982)	(45,135)
Proceeds from insurance recoveries of property and equipment	1,175	1,020
Proceeds from sale of property and equipment	44	149,910
Acquisition of business, net of cash acquired	(1,500)	(1,500)
Net cash provided by (used in) investing activities	(60,263)	104,295
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	45,000	60,000
Taxes withheld from issuance of share-based compensation awards	(2,546)	(2,127)
Principal payments under long-term debt	(50,049)	(395,049)
Purchases and retirement of common stock	(73,417)	—
Deferred financing costs	—	(420)
Dividends on common stock	(84,901)	(31,645)
Net cash used in financing activities	(165,913)	(369,241)
Net decrease in cash and cash equivalents	(119,820)	(52,409)
Cash and cash equivalents, beginning of period	144,593	436,996
Cash and cash equivalents, end of period	$ 24,773	$ 384,587
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized	$ 5,399	$ 30,522
Income taxes	$ 20,261	$ 1,435
Supplemental schedule of non-cash investing and financing activities*:		
Capital expenditures accrued in accounts payable	$ 4,006	$ 3,497
Change in fair value of interest rate swaps	$ —	$ 8,827
Change in deferred tax asset for interest rate swaps	$ —	$ (2,202)
Dividends declared but not yet paid	$ 30,668	$ 525

*See Note 8 for additional supplemental disclosures related to leases.

See Notes to unaudited Condensed Consolidated Financial Statements.

CRACKER BARREL OLD COUNTRY STORE, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except percentages, share and per share data)
(Unaudited)

1. Condensed Consolidated Financial Statements

Cracker Barrel Old Country Store, Inc. and its affiliates (collectively, in these Notes to Condensed Consolidated Financial Statements, the "Company") are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® ("Cracker Barrel") concept.

The accompanying condensed consolidated financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America and pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") without audit. In the opinion of management, all adjustments (consisting of normal and recurring items) necessary for a fair presentation of such condensed consolidated financial statements have been made. The results of operations for any interim period are not necessarily indicative of results for a full year.

These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended July 30, 2021 (the "2021 Form 10-K"). The accounting policies used in preparing these condensed consolidated financial statements are the same as described in the 2021 Form 10-K. References to a year in these Notes to Condensed Consolidated Financial Statements are to the Company's fiscal year unless otherwise noted.

COVID-19 Impact

The Company continues to recover from the COVID-19 pandemic, and all dining rooms were open to some extent during the first nine months of 2022. While most of our dining rooms are currently operating with few, if any, restrictions, it is possible that renewed outbreaks, increases in cases and/or new variants of the disease, either as part of a national trend or on a more localized basis, could result in COVID-19-related restrictions including capacity restrictions or otherwise limit our dine-in services, or negatively affect consumer demand.

In response to the COVID-19 pandemic, we instituted operational protocols to comply with applicable regulatory requirements to protect the health and safety of employees and guests, and we implemented and continually adapted a number of strategies to support the recovery of our business and navigate through the uncertain environment. We continue to focus on growing our off-premise business and investing in our digital infrastructure to improve the guest experience in the face of these ongoing challenges.

Recent Accounting Pronouncements Adopted

Accounting for Convertible Instruments

In August 2020, the Financial Accounting Standards Board ("FASB") issued accounting guidance to simplify the accounting and measurement of convertible instruments and the settlement assessment for contracts in an entity's own equity. For convertible instruments, the Board decided to reduce the number of accounting models for convertible debt instruments and convertible preferred stock. By removing the separation model, a convertible debt instrument will be reported as a single liability instrument with no separate accounting for embedded conversion features. This new standard also removes certain settlement conditions that are required for contracts to qualify for equity classification and simplifies the diluted earnings per share calculations by requiring that an entity use the if-converted method and that the effect of potential share settlement be included in diluted earnings per share calculations. This guidance is effective for public business entities for fiscal years beginning after December 15, 2021, and interim periods within those fiscal years. Early adoption is permitted. This guidance should be applied through either a modified retrospective method of transition or a fully retrospective method of transition. The Company elected to early adopt this guidance in the first quarter of 2022 using the modified retrospective method. The impact of this adoption in the first quarter of 2022 on the Condensed Consolidated Balance Sheet resulted in the increase in long-term debt of $49,242, a reduction in deferred income taxes of $12,286 and decrease in equity of $36,956. The decrease in equity is comprised of a decrease in Retained Earnings of $36,956, which is due to the depletion of Additional Paid-In Capital as a result of this adoption. There was no impact to earnings per share in the first quarter of 2022 as a result of the adoption.

Accounting for Income Taxes

In December 2019, the FASB issued accounting guidance in order to simplify the accounting for income taxes. This new guidance eliminates certain exceptions to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. This guidance also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. This accounting guidance is effective for public business entities for fiscal years beginning after December 15, 2020, and interim periods within those fiscal years. The new guidance was applied on a prospective basis, except for the guidance on franchise taxes that are partially based on income which was applied using a modified retrospective approach. The adoption of the accounting guidance in the first quarter of 2022 did not have a significant impact on the Company's consolidated financial position or results of operations.

2. Fair Value Measurements

The Company's assets measured at fair value on a recurring basis at April 29, 2022 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents*	$ 1	$ —	$ —	$ 1
Deferred compensation plan assets**				30,715
Total assets at fair value				$ 30,716

The Company's assets measured at fair value on a recurring basis at July 30, 2021 were as follows:

	Level 1	Level 2	Level 3	Total Fair Value
Cash equivalents*	$ 35,001	$ —	$ —	$ 35,001
Deferred compensation plan assets**				32,527
Total assets at fair value				$ 67,528

*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 Condensed Consolidated Balance Sheets as other assets.

The Company did not have any liabilities measured at fair value on a recurring basis at April 29, 2022 and July 30, 2021. The Company's money market fund investments are measured at fair value using quoted market prices. The fair values of the Company's accounts receivable and accounts payable 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 amount at April 29, 2022 and July 30, 2021.

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. The estimated fair value of the Notes was $275,133 and $249,233, respectively, as of April 29, 2022 and July 30, 2021.

3. Inventories

Inventories were comprised of the following at:

	April 29, 2022	July 30, 2021
Retail	$ 154,298	$ 104,143
Restaurant	24,262	21,583
Supplies	13,800	12,594
Total	$ 192,360	$ 138,320

4. Debt

On September 5, 2018, the Company entered into a five-year $950,000 revolving credit facility ("2019 Revolving Credit Facility"). The 2019 Revolving Credit Facility contains an option to increase the revolving credit facility by $300,000, of which $260,605 remains. In the third quarter of 2021, the Company entered into an amendment to the 2019 Revolving Credit Facility which reduced the commitment amount from $950,000 to $800,000.

The Company's outstanding borrowings under the 2019 Revolving Credit Facility were $80,000 and $85,000 on April 29, 2022 and July 30, 2021, respectively.

At April 29, 2022, the Company had $31,896 of standby letters of credit, which reduce the Company's borrowing availability under the 2019 Revolving Credit Facility (see Note 10 for more information on the Company's standby letters of credit). At April 29, 2022, the Company had $688,104 in borrowing availability under the 2019 Revolving Credit Facility.

In accordance with the 2019 Revolving Credit Facility, outstanding borrowings bear interest, at the Company's election, either at the London Inter-Bank Offered Rate ("LIBOR") or prime plus a percentage point spread based on certain specified financial ratios under the 2019 Revolving Credit Facility. At April 29, 2022, the weighted average interest rate on the Company's outstanding borrowings under the 2019 Revolving Credit Facility was 2.91%.

The 2019 Revolving Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. At April 29, 2022, the Company was in compliance with all debt covenants under the 2019 Revolving Credit Facility.

The 2019 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 2019 Revolving Credit Facility, provided there is no default existing and the total of the Company's availability under the 2019 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 leverage ratio is 3.00 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 3.00 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, beginning on December 15, 2021.

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 the payment of dividends to holders of the Company's common stock. As of April 29, 2022, the conversion rate, as adjusted, was 5.5197 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 $291,125, after deducting the initial purchasers' discounts and commissions and the Company's offering fees and expenses.

In accounting for the issuance of the Notes as of July 30, 2021, the Company separated the Notes into liability and equity components. The carrying amount of the liability component before the allocation of any issuance costs was calculated by measuring the fair value of a similar liability that does not have an associated exchangeable feature. The carrying amount of the equity component (before the allocation of any issuance costs), representing the conversion option, which did not require separate accounting as a derivative as it met a scope exception for certain contracts involving an entity's own equity, was determined by deducting the fair value of the liability component from the par value of the Notes. The difference between the principal amount of the Notes and the liability component represented the debt discount, which was recorded as a direct deduction from the related debt liability in the Condensed Consolidated Balance Sheet and accreted over the period from the date of issuance to the contractual maturity date, resulting in the recognition of non-cash interest expense. The equity component of the Notes of $53,004 was included in additional paid-in capital in the Condensed Consolidated Balance Sheet as of July 30, 2021 and was not remeasured since it continued to meet the conditions for equity classification. Issuance costs were allocated to the liability and equity components in the same proportion as the allocation of the proceeds. Issuance costs attributable to the liability component were recorded as debt issuance costs in the Condensed Consolidated Balance Sheet and are amortized to interest expense using the effective interest method over the term of the Notes, and issuance costs attributable to the equity component were netted with the equity component in stockholders' equity.

Due to our adoption of new accounting guidance for convertible instruments on July 31, 2021, the Company no longer bifurcates the Notes into a liability and an equity component in the Company's Condensed Consolidated Balance Sheets (see Note 1 for additional information regarding the adoption of this new accounting guidance). Upon adoption of this new accounting guidance, the Notes are accounted for entirely as a liability, and the issuance costs of the Notes are accounted for wholly as debt issuance costs. The equity conversion feature that was recorded to equity, as well as the unamortized debt discount and amortization expense attributable to equity, have been derecognized.

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

		April 29, 2022
Liability component		
Principal	$	300,000
Less: Debt issuance costs (1)		7,331
Net carrying amount	$	292,669

(1) Debt issuance costs are amortized to interest expense using the effective interest method over the expected life of the Notes.

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 the quarter ended and nine months ended April 29, 2022:

	Quarter Ended April 29, 2022	Nine Months Ended April 29, 2022
Coupon interest	$ 474	$ 1,422
Amortization of issuance costs	415	1,326
Total interest expense	$ 889	$ 2,748

During any calendar quarter after 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 quarter immediately following, convert all or a portion of their Notes. The holders of the Notes were not eligible to convert their Notes during the first nine months of 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 April 29, 2022, the Company could not be required to settle the Notes and, therefore, the Notes are classified as long-term debt.

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. 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. As of April 29, 2022, the strike price, as adjusted, of the Warrant Transactions was $253.64 per share as a result of dividends declared since the Notes were issued.

The portion of the net proceeds to the Company from the offering of the Notes that was used to pay the premium on the Convertible Note Hedge Transactions, net of the proceeds to the Company from the Warrant Transactions, was approximately $30,310. The net costs incurred in connection with the Convertible Note Hedge Transactions and Warrant Transactions were recorded as a reduction to additional paid-in capital on the Company's Condensed Consolidated Balance Sheet during 2021.

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. Seasonality

Historically, the net income of the Company has been lower in the first and third quarters and higher in the second and fourth quarters. Management attributes these variations to the holiday shopping season and the summer vacation and travel season. The Company's retail sales, which are made substantially to the Company's restaurant customers, historically have been highest in the Company's second quarter, which includes the holiday shopping season. Historically, interstate tourist traffic and the propensity to dine out have been higher during the summer months, thereby contributing to higher profits in the Company's fourth quarter. The Company generally opens additional new locations throughout the year. Therefore, the results of operations for any interim period cannot be considered indicative of the operating results for an entire year. Currently, the Company is not able to predict the impact that the COVID-19 pandemic may have on these historical consumer demand patterns or, as a result, on the seasonality of its business generally.

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 currently 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

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's policy is to present sales in the Condensed Consolidated Statements of Income on a net presentation basis after deducting sales tax.

Disaggregation of revenue

Total revenue was comprised of the following for the specified periods:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Revenue:				
Restaurant	$ 632,210	$ 569,402	$ 1,903,704	$ 1,605,869
Retail	157,986	144,014	533,682	431,170
Total revenue	$ 790,196	$ 713,416	$ 2,437,386	$ 2,037,039

Restaurant Revenue

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.

Retail Revenue

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, estimated sales returns are calculated based on return history and sales levels.

Gift Card Breakage

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 Condensed 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. For the quarter and nine months ended April 29, 2022, gift card breakage was $1,514 and $4,783, respectively. For the quarter and nine months ended April 30, 2021, gift card breakage was $1,247 and $3,940, respectively.

Deferred revenue related to the Company's gift cards was $102,390 and $93,098, respectively, at April 29, 2022 and July 30, 2021. Revenue recognized in the Condensed Consolidated Statements of Income for the nine months ended April 29, 2022 and April 30, 2021, respectively, for the redemption of gift cards which were included in the deferred revenue balance at the beginning of the fiscal year was $36,420 and $35,157.

8. 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 advertising billboards, vehicle fleets, and certain equipment under various non-cancellable operating leases. Additionally, the Company completed sale-leaseback transactions in 2009, 2020 and 2021 (see section below entitled "Sale and Leaseback Transactions"). 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 2055. 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 has entered into agreements for real estate leases that are not recorded as right-of-use assets or lease liabilities as we have not yet taken possession. These leases are expected to commence in 2022 and 2023 with undiscounted future payments of $1,086 and $22,559, respectively.

The Company has elected not to separate lease and non-lease components. Additionally, the Company has 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.

The following table summarizes the components of lease cost for operating leases for the quarter ended and nine months ended April 29, 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Operating lease cost	$ 27,266	$ 26,560	$ 81,408	$ 79,445
Short term lease cost	99	116	2,324	2,180
Variable lease cost	622	477	1,852	1,671
Total lease cost	$ 27,987	$ 27,153	$ 85,584	$ 83,296

The following table summarizes supplemental cash flow information and non-cash activity related to the Company's operating leases for the quarter ended and nine months ended April 29, 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Operating cash flow information:				
Gain on sale and leaseback transaction	$ —	$ —	$ —	$ (217,722)
Operating cash flow information:				
Cash paid for amounts included in the measurement of lease liabilities	23,219	22,279	69,080	66,960
Noncash information:				
Right-of-use assets obtained in exchange for new operating lease liabilities	2,893	267	14,550	315,456
Lease modifications or reassessments increasing or decreasing right-of-use assets	4,993	3,471	11,409	28,515
Lease modifications removing right-of-use assets	(90)	(104)	(426)	(452)

The following table summarizes the weighted-average remaining lease term and the weighted-average discount rate for operating leases as of April 29, 2022 and April 30, 2021:

	April 29, 2022	April 30, 2021
Weighted-average remaining lease term	17.61 Years	18.24 Years
Weighted-average discount rate	4.87%	4.83%

The following table summarizes the maturities of undiscounted cash flows reconciled to the total operating lease liability as of April 29, 2022:

Year	Total
Remainder of 2022	$ 23,311
2023	87,563
2024	68,091
2025	64,502
2026	63,731
Thereafter	898,650
Total future minimum lease payments	1,205,848
Less imputed remaining interest	(420,473)
Total present value of operating lease liabilities	$ 785,375

Sale and Leaseback Transactions

In 2009, the Company completed sale-leaseback transactions involving 15 of its owned stores and its retail distribution center. Under the transactions, the land, buildings and improvements at the locations were sold and leased back for terms of 20 and 15 years, respectively. Equipment was not included. The leases include specified renewal options for up to 20 additional years.

On July 29, 2020, the Company entered into an agreement with the original lessor and a third party financier to obtain ownership of 64 of the 65 Cracker Barrel properties previously covered in the original sale and leaseback arrangement and simultaneously entered into a sale and leaseback transaction with the financier for an aggregate purchase price, net of closing costs, of $198,083. The Company purchased the remaining property for approximately $3,200. In connection with this sale and leaseback transaction, the Company entered into lease agreements for each of the properties for initial terms of 20 years and renewal options up to 50 years. The aggregate initial annual rent payment for the properties is approximately $14,379 and includes 1% annual rent increases over the initial lease terms. All the properties qualified for sale and leaseback and operating lease accounting classification and the Company recorded a gain on the sale and leaseback transaction of $69,954 in the fourth quarter of 2020. The Company recorded operating lease right-of-use assets, including a non-cash asset recognized as a part of accounting for the transaction of $79,049, and corresponding operating lease liabilities of $261,698 and $182,649, respectively.

On August 4, 2020, the Company completed a subsequent sale and leaseback transaction involving 62 of its owned Cracker Barrel stores for an aggregate purchase price, net of closing costs, of $146,357. 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. The aggregate initial annual rent payment for the properties is approximately $10,393 and includes 1% annual rent increases over the initial lease terms. All of the properties qualified for sale and leaseback and operating lease accounting classification, and the Company recorded a gain of $217,722 which is recorded in the gain on sale and leaseback transaction line in the Condensed Consolidated Statement of Income in the first quarter of 2021. The Company also recorded operating lease right-of-use assets, including a non-cash asset recognized as part of accounting for the transaction of $175,960, and corresponding operating lease liabilities of $309,624 and $133,663, respectively.

9. Net Income Per Share and Weighted Average Shares

Basic consolidated net income per share is computed by dividing consolidated net income available to common shareholders by the weighted average number of shares of common stock 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 shares of common stock were exercised or converted into shares of common stock and is based upon the weighted average number of shares of common stock 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 Company's 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 $181.17 as of April 29, 2022. Warrants were excluded from the computation of diluted earnings per share since the warrants' strike price of $253.64 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.

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

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Net income per share numerator	$ 27,516	$ 33,470	$ 98,516	$ 218,150
Net income per share denominator:				
Weighted average shares	23,089,521	23,725,185	23,330,093	23,718,777
Add potential dilution:				
Nonvested stock awards and units	81,379	82,225	79,025	69,228
Diluted weighted average shares	23,170,900	23,807,410	23,409,118	23,788,005

10. 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 contingencies will not materially affect the Company's financial statements.

Related to its insurance coverage, the Company is contingently liable pursuant to standby letters of credit as credit guarantees to certain insurers. As of April 29, 2022, the Company had $31,896 of standby letters of credit related to securing reserved claims under workers' compensation insurance and the July 29, 2020 and August 4, 2020 sale and leaseback transactions. All standby letters of credit are renewable annually and reduce the Company's borrowing availability under its 2019 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 such indemnification agreements is sufficiently remote that no such liability has been recorded in the Condensed Consolidated Balance Sheet as of April 29, 2022.

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

Cracker Barrel Old Country Store, Inc. and its subsidiaries (collectively, the "Company," "our" or "we") are principally engaged in the operation and development in the United States of the Cracker Barrel Old Country Store® ("Cracker Barrel") concept. At April 29, 2022, we operated 664 Cracker Barrel stores in 45 states and 41 Maple Street Biscuit Company ("MSBC") company-owned locations in nine states. At April 29, 2022, MSBC had seven franchised locations.

All dollar amounts reported or discussed in this Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") are shown in thousands, except per share amounts and certain statistical information (e.g., number of stores). References to years in MD&A are to our fiscal year unless otherwise noted.

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 (i) condensed consolidated financial statements and notes thereto included in this Quarterly Report on Form 10-Q and (ii) audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended July 30, 2021 (the "2021 Form 10-K"). Except for specific historical information, many of the matters discussed in this report 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, 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 which we expect will or may occur in the future are forward-looking statements that, by their nature, involve risks, uncertainties and other factors which may cause our actual results and performance to differ materially from those expressed or implied by such 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," "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 the novel coronavirus ("COVID-19") pandemic, including the duration of the COVID-19 pandemic and its ultimate impact on our business, levels of consumer confidence in the safety of dine-in restaurants, restrictions (including occupancy restrictions) imposed by governmental authorities, the effectiveness of cost saving measures undertaken throughout our operations, disruptions to our operations as a result of the spread of COVID-19 in our workforce, 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; information technology-related incidents, including data privacy and information security breaches, whether as a result of infrastructure failures, employee or vendor errors, or actions of third parties; our ability to identify, acquire and sell successful new lines of retail merchandise and new menu items at our restaurants; our ability to sustain or the effects of plans intended to improve operational or marketing execution and performance; uncertain performance of acquired businesses, strategic investments and other initiatives that we may pursue from time to time; changes in or implementation of additional governmental or regulatory rules, regulations and interpretations affecting tax, wage and hour matters, health and safety, insurance or other undeterminable areas; the effects of plans intended to promote or protect our brands and products; commodity price increases; the ability of and cost to us to recruit, train, and retain qualified hourly and management employees; the effects of increased competition at our locations on sales and on labor recruiting, cost, and retention; workers' compensation, group health and utility price changes; 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 as well as the possible effects of such events on the price or availability of ingredients used in our restaurants; 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 all or portions of our indebtedness; the effects of business trends on the outlook for individual restaurant locations and the effect on the carrying value of those locations; our ability to retain key personnel; the availability and cost of suitable sites for restaurant development and our ability to identify those sites; 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 actual results of pending, future or threatened litigation or governmental investigations and the costs and effects of negative publicity or our ability to manage the impact of social media associated with these activities; economic or psychological effects of natural disasters or other unforeseen events such as terrorist acts, social unrest or war and the military or government responses to such events; disruptions to our restaurant or retail supply chain, including as a result of COVID-19; changes in foreign exchange rates affecting our future retail inventory purchases; the impact of activist shareholders; our reliance on limited distribution facilities and certain significant vendors; 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 the 2021 Form 10-K, as well as the factors described under "Critical Accounting Estimates" on pages 28-30 of this report 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 because the statements speak only as of the report's date. Except as may be required by law, we have no obligation or intention to 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.

Overview

Management believes that the Cracker Barrel's core competitive advantages include our authentic experiential brand, our culture of hospitality, and our homestyle food and retail assortments. We remain focused on these core strengths, and we believe they will continue to drive the long-term success and outperformance of our brand. We plan to leverage these core strengths in 2022 to drive additional frequency from our core guests, attract new customers, and strengthen our operating and business model.

During the third quarter, we focused our efforts on operational execution. We also completed the rollout of our new point of sale system and new food cost management system to all stores.

For the full fiscal year, we currently anticipate adding 15 new MSBC locations, four of which opened in the first nine months of 2022. This expectation includes the purchase of five franchised locations in the fourth quarter of 2022.

Key Performance Indicators

Management uses a number of key performance measures 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 average restaurant sales: To calculate comparable store average restaurant sales, 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, and divide by the number of comparable stores for the applicable 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 retail average weekly sales: To calculate comparable store average retail sales, 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, and divide by the number of comparable stores for the applicable period.

- 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.

- Average check increase per guest: To calculate average check per guest, we determine comparable store restaurant sales, as described above, and divide by comparable guest traffic (as described above). 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.

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 performance indicators are useful for investors by providing 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.

Results of Operations

The following table highlights our operating results by percentage relationships to total revenue for the quarter ended and first nine months ended April 29, 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Total revenue	100.0%	100.0%	100.0%	100.0%
Cost of goods sold (exclusive of depreciation and rent)	31.6	28.8	31.9	30.9
Labor and other related expenses	35.9	35.1	35.1	35.1
Other store operating expenses	23.6	23.5	23.0	24.3
General and administrative expenses	5.0	5.2	5.1	5.5
Gain on sale and leaseback transaction	—	—	—	(10.7)
Operating income	3.9	7.4	4.9	14.9
Interest expense, net	0.3	1.4	0.3	1.5
Income before income taxes	3.6	6.0	4.6	13.4
Provision for income taxes	0.1	1.3	0.6	2.7
Net income	3.5%	4.7%	4.0%	10.7%

The following table sets forth the change in the number of Company-owned and franchised units in operation during the quarters and first nine months ended April 29, 2022 and April 30, 2021 as well as the number of Company-owned and franchised units at the end of the quarters and first nine months ended April 29, 2022 and April 30, 2021:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Net change in units:				
Company-owned – Cracker Barrel	—	1	—	2
Company-owned – MSBC	3	1	4	2
Franchise - MSBC	—	—	—	1
Units in operation at end of the period:				
Company-owned – Cracker Barrel	664	664	664	664
Company-owned – MSBC	41	37	41	37
Total Company-owned units at end of the period	705	701	705	701
Franchise – MSBC	7	7	7	7

Total Revenue

Total revenue for the third quarter and first nine months of 2022 increased 10.8% and 19.7%, respectively, as compared to the same periods in the prior year. The Company continues to recover from the COVID-19 pandemic, and all dining rooms were open to some extent during the first nine months of 2022. During the third quarter of 2022, most dining rooms operated with few, if any, restrictions. However, it is possible that renewed outbreaks, increases in cases and/or new variants of the disease, either as part of a national trend or on a more localized basis, could result in COVID-19-related restrictions including capacity restrictions or otherwise limit our dine-in services, or negatively affect consumer demand. Off-premise sales for the third quarter of 2022 represented approximately 19% of restaurant sales volumes compared to approximately 23% in the third quarter of 2021 when a large number of our restaurants were operating with limitations on dine-in services.

The following table highlights the key components of revenue for the quarter and nine months ended April 29, 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Revenue in dollars:				
Restaurant	$ 632,210	$ 569,402	$ 1,903,704	$ 1,605,869
Retail	157,986	144,014	533,682	431,170
Total revenue	$ 790,196	$ 713,416	$ 2,437,386	$ 2,037,039
Total revenue by percentage relationships:				
Restaurant	80.0%	79.8%	78.1%	78.8%
Retail	20.0%	20.2%	21.9%	21.2%
Average unit volumes(1):				
Restaurant	$ 933.8	$ 842.5	$ 2,814.6	$ 2,380.1
Retail	237.8	216.8	803.1	649.9
Total revenue	$ 1,171.6	$ 1,059.3	$ 3,617.7	$ 3,030.0
Comparable store sales increase (decrease) (2):				
Restaurant	10.9%	56.5%	18.4%	(2.6%)
Retail	9.7%	102.8%	23.9%	8.4%
Restaurant and retail	10.7%	64.2%	19.6%	(0.4%)
Average check increase	6.2%	5.7%	6.7%	2.8%
Comparable restaurant guest traffic increase (decrease)(2):	4.7%	50.8%	11.7%	(5.4%)

(1) Average unit volumes include sales of all stores except for MSBC.
(2) 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.

For the third quarter of 2022, our comparable store restaurant sales increased as a result of a 4.7% guest traffic increase and a 6.2% average check increase (including a 5.9% average menu price increase) as compared to the prior year period. For the first nine months of 2022, our comparable store restaurant sales increased as a result of a 11.7% guest traffic increase and a 6.7% average check increase (including a 5.6% average menu price increase) as compared to the prior year period.

Our retail sales are made substantially to our restaurant guests. For the third quarter of 2022, our comparable store retail sales increase resulted primarily from the guest traffic increase and strong performance in the toys, food and convenience and décor merchandise categories. For the first nine months of 2022, our comparable retail sales increase resulted primarily from the guest traffic increase and strong performance in the toys, food and convenience, décor, apparel and accessories and licensed merchandise categories.

Cost of Goods Sold (Exclusive of Depreciation and Rent)

The following table highlights the components of cost of goods sold (exclusive of depreciation and rent) in dollar amounts and as percentages of revenues for the third quarter and first nine months of 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Cost of Goods Sold in dollars:				
Restaurant	$ 175,937	$ 138,481	$ 515,905	$ 411,563
Retail	74,111	66,898	260,555	217,944
Total Cost of Goods Sold	$ 250,048	$ 205,379	$ 776,460	$ 629,507
Cost of Goods Sold by percentage of revenue:				
Restaurant	27.8%	24.3%	27.1%	25.6%
Retail	46.9%	46.5%	48.8%	50.5%

The increase in restaurant cost of goods sold as a percentage of restaurant revenue in the third quarter of 2022 as compared to the same period in the prior year were primarily the result of commodity inflation partially offset by our menu price increase referenced above. Commodity inflation was 18.0% for the third quarter of 2022.

The increase in restaurant cost of goods sold as a percentage of restaurant revenue in the first nine months of 2022 as compared to the same period in the prior year was primarily the result of commodity inflation partially offset by our menu price increase referenced above and a shift to lower cost menu items. Commodity inflation was 11.4% for the first nine months of 2022. Lower cost menu items accounted for a decrease of 0.5% as a percentage of restaurant revenue for the first nine months of 2022 as compared to the same period in the prior year.

We continue to partially offset inflationary pressures through menu price increases and operational improvements, and we presently expect the rate of commodity inflation to be approximately 13.0% for the full year 2022.

The increase in retail cost of goods sold as a percentage of retail revenue in the third quarter of 2022 as compared to the same period in the prior year resulted from the change in the provision for obsolete inventory, higher shrinkage and higher freight expense partially offset by lower markdowns and higher initial margin.

	Third Quarter Increase (Decrease) as a Percentage of Total Revenue
Provision for obsolete inventory	1.0%
Inventory shrinkage	0.6%
Freight expense	0.6%
Markdowns	(1.5%)
Higher initial margin	(0.3%)

The decrease in retail cost of goods sold as a percentage of retail revenue in the first nine months of 2022 as compared to the same period in the prior year resulted from lower markdowns partially offset by the change in the provision for obsolete inventory.

	First Nine Months (Decrease) Increase as a Percentage of Total Revenue
Markdowns	(2.2%)
Provision for obsolete inventory	0.5%

Labor and Related Expenses

Labor and related expenses include all direct and indirect labor and related costs incurred in store operations. The following table highlights labor and related expenses as a percentage of total revenue for the third quarter and first nine months of 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Labor and related expenses	35.9%	35.1%	35.1%	35.1%

This percentage change for the third quarter of 2022 as compared to the prior year third quarter resulted from the following:

	Third Quarter Increase (Decrease) as a Percentage of Total Revenue
Store hourly labor	1.6%
Store bonus expense	(0.8%)

Labor and related expenses as a percentage of total revenue for the first nine months of 2022 as compared to the same period in the prior year remained flat primarily due to the following:

	First Nine Months Increase (Decrease) as a Percentage of Total Revenue
Store hourly labor	0.9%
Store management compensation	(0.5%)
Store bonus expense	(0.5%)

The increases in store hourly labor expense as a percentage of total revenue for the third quarter and first nine months of 2022 as compared to the same periods in the prior year resulted primarily from wage inflation exceeding menu price increases and lower productivity. In addition to menu price increases, we continue to partially offset inflationary pressures through labor productivity initiatives, and we presently expect the rate of wage inflation to be approximately 10% in 2022.

The decrease in store management compensation as a percentage of total revenue for the first nine months of 2022 as compared to the same period in the prior year was primarily driven by the increase in total revenue in 2022 partially offset by wage inflation.

The decreases in store bonus expense as a percentage of total revenue for the third quarter and first nine months of 2022 as compared to the same periods in the prior year resulted from lower performance against financial objectives for certain components of the incentive plan in 2022 as compared to 2021.

Other Store Operating Expenses

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

The following table highlights other store operating expenses as a percentage of total revenue for the third quarter and first nine months of 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Other store operating expenses	23.6%	23.5%	23.0%	24.3%

This percentage change for the third quarter of 2022 as compared to the prior year third quarter resulted from the following:

	Third Quarter Increase (Decrease) as a Percentage of Total Revenue
Maintenance expense	0.4%
Supplies expense	0.2%
Depreciation expense	(0.5%)

This percentage change for the first nine months of 2022 as compared to the prior year resulted from the following:

	First Nine Months (Decrease) Increase as a Percentage of Total Revenue
Depreciation expense	(0.8%)
Rent expense	(0.4%)
Advertising expense	(0.3%)
Utilities expense	(0.2%)
Maintenance expense	0.2%
Other store expenses	0.2%

The increases in maintenance expenses as a percentage of total revenue for the third quarter and first nine months of 2022 as compared to the same periods in the prior year resulted primarily from higher expenditures resulting from repair costs due to limited availability of replacement equipment.

The increase in supplies expense as a percentage of total revenue for the third quarter of 2022 as compared to the same period in the prior year resulted primarily from higher costs resulting from supply chain constraints.

The decrease in depreciation expense as a percentage of total revenue for the third quarter of 2022 as compared to the same period in the prior year was primarily driven by the increase in total revenue in the third quarter of 2022.

The decreases in depreciation expense, rent expense, advertising expense and utilities expense as a percentage of total revenue in the first nine months of 2022 as compared to the same period in the prior year were primarily driven by the increase in total revenue in 2022.

The increase in other store expenses as a percentage of total revenue for the first nine months of 2022 as compared to the same period in the prior year resulted primarily from costs associated with the expansion of our off-premise business.

General and Administrative Expenses

The following table highlights general and administrative expenses as a percentage of total revenue for the third quarter and first nine months of 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
General and administrative expenses	5.0%	5.2%	5.1%	5.5%

This percentage change for the third quarter of 2022 as compared to the prior year third quarter resulted from the following:

	Third Quarter (Decrease) Increase as a Percentage of Total Revenue
Incentive compensation expense	(0.8%)
Payroll and related expense	0.3%
Travel expense	0.3%

This percentage change for the first nine months of 2022 as compared to the prior year resulted from the following:

	First Nine Months Decrease as a Percentage of Total Revenue
Proxy expenses	(0.2%)
Incentive compensation expense	(0.2%)

The decreases in incentive compensation expense as a percentage of total revenue for the third quarter and first nine months of 2022 as compared to the same periods in the prior year resulted primarily from lower performance against financial objectives in 2022 as compared to 2021.

The increase in payroll and related expense as a percentage of total revenue for the third quarter of 2022 as compared to the same period in the prior year resulted from an increase in headcount due to strategic initiatives and an increase in managers-in-training.

Additionally, the Company experienced an increase in travel-related expenses during the third quarter of 2022 as compared to the same period in the prior year.

In the first nine months of 2021, the Company incurred expenses related to a proxy contest initiated by affiliates of Sardar Biglari in connection with the Company's 2020 annual shareholders meeting held on November 19, 2020.

Gain on Sale and Leaseback Transaction

On August 4, 2020, the Company completed a sale and leaseback transaction involving 62 of its owned Cracker Barrel stores and recorded a gain of $217,722 which is recorded in the gain on sale and leaseback transaction line in the Condensed Consolidated Statement of Income in the first quarter of 2021. See Note 8 to the Condensed Consolidated Financial Statements for additional information regarding this sale and leaseback transaction.

Interest Expense

The following table highlights interest expense, net in dollars for the third quarter and first nine months of 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Interest expense	$ 2,171	$ 9,614	$ 7,000	$ 31,144

The decreases in interest expense for the third quarter and first nine months of 2022 as compared to the same periods in the prior year resulted primarily from lower debt levels and lower average weighted interest rates.

Provision for Income Taxes

The following table highlights the provision for income taxes as a percentage of income before income taxes ("effective tax rate") for the third quarter and first nine months of 2022 as compared to the same periods in the prior year:

	Quarter Ended		Nine Months Ended	
	April 29, 2022	April 30, 2021	April 29, 2022	April 30, 2021
Effective tax rate	2.7%	21.9%	12.8%	20.0%

The significant decrease in the effective tax rate from the third quarter of 2021 to the third quarter of 2022 is primarily due to the disproportionate impact of increased tax credits resulting from lower earnings. The decrease in the effective tax rate from the first nine months of 2021 to the first nine months of 2022 also resulted primarily from the disproportionate impact of increased tax credits partially offset by the carryback of 2020 federal net operating losses in 2021.

We presently expect our effective tax rate for 2022 to be approximately 12%.

Liquidity and Capital Resources

Our primary sources of liquidity are cash generated from our operations and our borrowing capacity under our 2019 Revolving Credit Facility. Our internally generated cash, along with cash on hand at July 30, 2021, were sufficient to finance all of our growth, dividend payments, share repurchases, working capital needs, interest payments under our revolving credit facility and other cash payment obligations in the first nine months of 2022. We believe that cash on hand at April 29, 2022, 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 continuing expansion plans, share repurchases and working capital needs over the next twelve months. We believe that 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, capital expenditures, interest expense on long-term debt obligations, operating lease obligations, continuing expansion plans, share repurchases and working capital needs beyond the next twelve months. Our ability to draw on our revolving credit facility is subject to the satisfaction of 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 to their maturity.

Cash Generated From Operations

Our operating activities provided net cash of $106,356 for the first nine months of 2022, representing a decrease from the $212,537 net cash provided during the first nine months of 2021. This decrease primarily reflected higher retail inventory, the timing of payments for accounts payable and certain taxes and higher bonus payments made in 2022 as a result of the prior year's performance.

Borrowing Capacity, Debt Covenants and Notes

On September 5, 2018, we entered into the 2019 Revolving Credit Facility, a five-year $950,000 revolving credit facility, which also contains an option to increase the revolving credit facility by $300,000, of which $260,605 remains. In the third quarter of 2021, we entered into an amendment to the 2019 Revolving Credit Facility which reduced the commitment amount from $950,000 to $800,000.

At April 29, 2022, we had $80,000 of outstanding borrowings under the 2019 Revolving Credit Facility and $31,896 of standby letters of credit related to securing reserved claims under our workers' compensation insurance and our July 29, 2020 and August 4, 2020 sale and leaseback transactions, which reduce our borrowing availability under the 2019 Revolving Credit Facility. At April 29, 2022, we had $688,104 in borrowing availability under our 2019 Revolving Credit Facility. During the first nine months of 2022, we borrowed $45,000 and repaid $50,000 of borrowings under the 2019 Revolving Credit Facility. See Note 4 to our Condensed Consolidated Financial Statements for further information on our long-term debt.

The 2019 Revolving Credit Facility contains customary financial covenants, which include maintenance of a maximum consolidated total leverage ratio and a minimum consolidated interest coverage ratio. We were in compliance with the 2019 Revolving Credit Facility's financial covenants at April 29, 2022, and we expect to be in compliance with the 2019 Revolving Credit Facility's financial covenants for the remaining term.

On June 18, 2021, the Company entered into an issuance and sale of $300,000 aggregate principal amount of 0.625% Convertible Senior Notes due 2026. The Notes are senior, unsecured obligations of the Company and bear cash interest at a rate of 0.625% per annum, payable semi-annually in arrears on June 15 and December 15 of each year, beginning on December 15, 2021. The Notes mature on June 15, 2026, unless earlier converted, repurchased or redeemed.

Capital Expenditures and Proceeds from Sale of Property and Equipment

Capital expenditures (purchase of property and equipment) net of proceeds from insurance recoveries were $58,807 for the first nine months of 2022 as compared to $44,115 for the same period in the prior year. Our capital expenditures consisted primarily of capital investments for existing stores, new store locations and capital expenditures for strategic initiatives. The increase in capital expenditures from the first nine months of 2021 to the first nine months of 2022 resulted primarily from capital expenditures for existing stores. We estimate that our capital expenditures during 2022 will be approximately $90,000. This estimate includes the acquisition of sites and construction costs of new MSBC locations that have opened or that we expect to open during 2022, as well as for acquisition and construction costs for new Cracker Barrel and MSBC locations that we plan to be opened in 2023. We intend to fund our capital expenditures with cash generated by operations and borrowings under our 2019 Revolving Credit Facility, as necessary.

The proceeds from sale of property and equipment were $44 for the first nine months of 2022 as compared to $149,910 for the same period in the prior year. This decrease primarily relates to the sale and leaseback transaction entered into during the first quarter of 2021. See Note 8 to the Condensed Consolidated Financial Statements for additional information regarding this sale and leaseback transaction.

Dividends, Share Repurchases and Share-Based Compensation Awards

Our 2019 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 2019 Revolving Credit Facility, provided there is no default existing and the total of our availability under the 2019 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 leverage ratio is 3.00 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 3.00 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.

During the first nine months of 2022, we paid regular dividends of $3.60 per share and declared a dividend of $1.30 per share that was subsequently paid on May 3, 2022, to shareholders of record on April 18, 2022. In addition, in the fourth quarter of 2022, our Board of Directors approved a regular dividend payable on August 5, 2022 to shareholders of record on July 15, 2022 of $1.30 per share.

In September 2021, we were authorized by our Board of Directors to repurchase shares of the Company’s outstanding common stock at management’s discretion up to a total value of $100,000. During the first nine months of 2022, we repurchased 615,876 shares of our common stock in the open market at an aggregate cost of $73,417 pursuant to this authorization. In the fourth quarter of 2022, we were authorized by our 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; this authorization replaced the previous unused portion of the previous $100,000 authorization.

During the first nine months of 2022, we issued 31,030 shares of our 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 use of cash of $2,546.

Working Capital

In the restaurant industry, virtually all sales are either for third-party credit or debit card or cash. Restaurant inventories purchased through our principal food distributor are on terms of net zero days, while restaurant inventories purchased locally are generally financed from normal trade credit. Because of our retail gift shops, which have a lower product turnover than the restaurant business, we carry larger inventories than many other companies in the restaurant industry. Retail inventories purchased domestically are generally financed from normal trade credit, while imported retail inventories are generally purchased through wire transfers. These various trade terms are aided by the rapid turnover of the restaurant inventory. Employees generally are paid on weekly or semi-monthly schedules in arrears for hours worked 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.

We had negative working capital of $171,509 at April 29, 2022 versus negative working capital of $111,666 at July 30, 2021. The change in working capital from July 30, 2021 to April 29, 2022 primarily resulted from a decrease in cash partially offset by higher inventory levels.

Off-Balance Sheet Arrangements

We have no material off-balance sheet arrangements.

Material Commitments

There have been no material changes in our material commitments other than in the ordinary course of business since the end of 2021. Refer to the sub-section entitled "Material Commitments" under the section entitled "Liquidity and Capital Resources" presented in the MD&A of our 2021 Form 10-K for additional information regarding our material commitments.

Recent Accounting Pronouncements Adopted

See Note 1 to the accompanying Condensed Consolidated Financial Statements for a discussion of recent accounting guidance adopted. The adoption of the accounting guidance on income taxes discussed in Note 1 did not have a significant impact on our consolidated financial position or results of operations. See Note 1 regarding the impact of the adoption of the convertible instruments guidance.

Critical Accounting Estimates

We prepare our Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America. 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 2 to the Consolidated Financial Statements contained in the 2021 Form 10-K. 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 our 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 first nine months of 2022, 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 in the future 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. It is possible that we may recognize impairment as a result of the unknown impacts of the COVID-19 pandemic and our response.

Insurance Reserves

We self-insure a significant portion of our expected workers' compensation and general liability insurance programs. We purchase insurance for individual workers' compensation claims that exceed $250, $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 at the end of our first quarter and is adjusted by the actuarially determined losses and actual claims payments for 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. Additionally, we 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 first nine months of 2022 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, management judgments or claims experience 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 first nine months of 2022 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 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.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes in our quantitative and qualitative market risks since July 30, 2021. For a discussion of the Company's exposure to market risk, refer to the Company's market risk disclosures set forth in Part II, Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" of the 2021 Form 10-K.

Interest Rate Risk. We have interest rate risk relative to our outstanding borrowings under our revolving credit facility. At April 29, 2022, our outstanding borrowings totaled $80,000 under our revolving credit facility (see Note 4 to the Condensed Consolidated Financial Statements). Loans under the 2019 Revolving Credit Facility bear interest, at our election, either at the prime rate or LIBOR plus a percentage point spread based on certain specified financial ratios. Our policy has been to manage interest cost using a mix of fixed and variable rate debt (see Note 4 to our Condensed Consolidated Financial Statements). In the fourth quarter of 2021, we issued and sold the Notes, which bear cash interest at a fixed rate of 0.625% per annum.

The impact of a one-percentage point increase or decrease in the $80,000 of our outstanding borrowings under our revolving credit facility is approximately $800 on a pre-tax annualized basis.

Credit Risk. In the fourth quarter of 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 changes in the market price of 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.

ITEM 4. Controls and Procedures

Our management, including our principal executive and principal financial officers, 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 April 29, 2022, our disclosure controls and procedures were effective for the purposes set forth in the definition thereof in Exchange Act Rule 13a-15(e).

There have been no changes (including corrective actions with regard to significant deficiencies and material weaknesses) during the quarter ended April 29, 2022 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.

PART II. OTHER INFORMATION

ITEM 1A. Risk Factors

There have been no material changes in the risk factors previously disclosed in "Item 1A. Risk Factors" of our 2021 Form 10-K.

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

Unregistered Sales of Equity Securities

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

Issuer Purchases of Equity Securities

The following table sets forth information with respect to purchases of shares of the Company's common stock made during the quarter ended April 29, 2022 by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act.

Period	Total Number of Shares Purchased	Average Price Paid Per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares (or Approximate Dollar Value) that May Yet Be Purchased Under the Plans or Programs
1/29/22 – 2/25/22	—	$ —	—	Indeterminate (2)
2/26/22 – 3/25/22	219,653	$ 117.30	219,653	Indeterminate (2)
3/26/22 – 4/29/22	94,660	$ 114.33	94,660	Indeterminate (2)
Total for the quarter	314,313	$ 116.41	314,313	Indeterminate (2)

(1) Average price paid per share is calculated on a settlement basis.

(2) On September 15, 2021, our Board of Directors approved the repurchase of up to $100,000 of our common stock, with such authorization to expire on October 7, 2022, to the extent it remains unused. On June 2, 2022, our Board of Directors approved the repurchase of up to $200,000 of our common stock with such authorization to expire on June 2, 2023 to the extent any portion remains unused. This authorization was effective immediately and replaced the previous $100,000 share repurchase authorization. Repurchases are subject to prevailing market prices, may be made in open market or private transactions and may occur or be discontinued at any time. There can be no assurance that we will repurchase any shares.

ITEM 5. Other Information

Effective June 3, 2022, our Board of Directors amended and restated our bylaws (as so amended and restated, the "Bylaws"), effective immediately, to, among other things:

- Expressly authorize shareholder meetings conducted solely or in part by means of electronic communication (i.e., virtual meetings) and specify further the procedural and other powers of our Board of Directors and the chairperson of a shareholder meeting over the conduct of such meeting; and

- Update the procedural and informational requirements for shareholders to submit director nominations and shareholder proposals to be put before our shareholders at a meeting.

The Bylaws also contain conforming, clarifying, and updating changes to supplement the above amendments, as well as certain other routine, technical, and non-substantive updates and revisions. The description above of the amendments does not purport to be complete and is qualified by reference to the Bylaws, which are filed as Exhibit 3.2 to this Quarterly Report on Form 10-Q and incorporated in this Part II, Item 5 by reference.

ITEM 6. Exhibits

INDEX TO EXHIBITS

Exhibit	
3.1	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. 001-25225)
3.2	Second Amended and Restated Bylaws of Cracker Barrel Old Country Store, Inc. (filed herewith)
10.1	Amendment No. 1 to Employment Agreement, dated as of February 24, 2022, by and between Sandra B. Cochran and the Company (incorporated by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed under the Exchange Act on February 24, 2022). †
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)
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.

SIGNATURES

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

CRACKER BARREL OLD COUNTRY STORE, INC.

Date: June 7, 2022	By: /s/Craig A. Pommells Craig A. Pommells, Senior Vice President and Chief Financial Officer
Date: June 7, 2022	By: /s/Kara S. Jacobs Kara S. Jacobs, Vice President, Corporate Controller and Principal Accounting Officer

Exhibit 3.2

**SECOND AMENDED AND RESTATED BYLAWS
OF
CRACKER BARREL OLD COUNTRY STORE, INC.,
a Tennessee Corporation**

**ARTICLE 1.
OFFICES**

Section 1.1 Tennessee Office. The principal office of Cracker Barrel Old Country Store, Inc. (the "Corporation") in the State of Tennessee shall be located in the City of Lebanon, County of Wilson, as provided in the Charter of the Corporation (the "Charter"). The Board of Directors may, by resolution, amend the Charter to change the address of the principal office.

Section 1.2 Other Offices. The Corporation may have such other offices, either within or without the State of Tennessee, as the Board of Directors may designate or as the business of the Corporation may from time to time require.

**ARTICLE 2.
REGISTERED AGENT**

Section 2.1 Registered Agent. The Corporation has designated and shall continue to have a registered agent in the State of Tennessee. If the registered agent resigns or is for any reason unable to perform his duties, the Corporation shall promptly designate another registered agent. The Corporation may, by resolution of the Board of Directors, appoint such other agents for the service of process in such other jurisdictions as the Board of Directors may determine.

**ARTICLE 3.
BOARD OF DIRECTORS**

Section 3.1 Number and Qualification. The business and affairs of the Corporation shall be managed by a Board of Directors, consisting of such number of directors as shall be set from time to time in accordance with the Charter.

Section 3.2 Nominations by Shareholders. In order for a shareholder to nominate persons for election as directors of the Corporation, the shareholder must comply with the requirements of Article 6 of these bylaws.

Section 3.3 Election and Term of Office; Resignation. Members of the Board of Directors shall be elected at the annual meeting of shareholders; but if any such annual meeting is not held or if the directors are not elected at any such annual meeting, directors may be elected at any special meeting of the shareholders. Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. Directors shall hold office until the next annual meeting of shareholders and thereafter until their respective successors have been elected and qualified. Any director may resign at any time by giving written notice to the Chairperson of the Board of Directors, the Chief Executive Officer, the President or the Secretary. The resignation shall take effect upon delivery unless the notice specifies a later date.

Section 3.4 Removal of Directors. Directors may be removed only in accordance with the Charter.

Section 3.5 Director Vacancies. Newly created directorships resulting from an increase in the number of directors, and vacancies occurring in any existing directorship for any reason, including death, resignation, disqualification, removal of a director or other cause, may be filled by the vote of a majority of the remaining directors then in office, even if less than a quorum exists, or by the sole remaining director.

Section 3.6 Executive and Other Committees. The Board of Directors, by a resolution adopted by a majority of the directors, may designate committees consisting of one (1) or more persons who may or may not be directors, and the Board may delegate to any committee any authority that the Board of Directors deems desirable, including the right to delegate to an Executive Committee the power to exercise all the authority of the Board of Directors in the management of the affairs and property of the Corporation, provided, however, that all members of any committees that exercise powers of the Board of Directors must be members of the Board and shall serve at the pleasure of the Board. Without limiting the foregoing, a committee may not: (i) authorize distributions, except according to a formula or method prescribed by the Board of Directors; (ii) fill vacancies on the Board of Directors or on any committee thereof; (iii) adopt, amend or repeal bylaws; or (iv) authorize or approve the issuance, sale or contract for sale of shares, or determine the designation and relative rights, preferences and limitations of a class or series of shares, except that the Board of Directors may authorize such committee to do so within limits specifically prescribed by the Board of Directors.

Section 3.7 Compensation. Unless otherwise restricted by the Charter or these bylaws, the Board of Directors shall have the authority to fix the compensation of directors. Without limiting the generality of the foregoing, the directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as a director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE 4.
OFFICERS

Section 4.1 Number. The Corporation shall have a Chairperson of the Board, a Chief Executive Officer, a President and a Secretary, and such other officers as may from time to time be appointed by the Board of Directors, the Chairperson of the Board, the Chief Executive Officer, or the President. The Chairperson of the Board, or the Chief Executive Officer or the President after consultation with the Chairperson of the Board, may appoint any officer or assistant officer other than one who is an “executive officer” for purposes of Item 401(b) of Regulation S-K promulgated by the Securities and Exchange Commission. The same person may hold any two (2) or more offices, except the offices of President and Secretary.

Section 4.2 Election and Term. The officers shall be elected or appointed annually at a meeting of the Board of Directors. Each officer shall serve until the expiration of the term for which he or she is elected, and thereafter until a successor has been elected and qualified or until his death or until he or she shall resign, but any officer may be removed from office at any time, with or without cause, by the affirmative vote of a majority of the Board of Directors or if appointed by the Chairperson of the Board, the Chief Executive Officer or the President, by those officers. Such removal shall be without prejudice to the contractual rights, if any, of the person so removed. Any officer may resign at any time by giving written notice to the Chairperson of the Board of Directors, the Chief Executive Officer, the President or the Secretary. The resignation shall take effect upon delivery unless the notice specifies a later date.

Section 4.3 Duties. All officers shall have the authority and perform those duties in the management of the Corporation which are normally incident to their offices and as the Board of Directors provides from time to time, including those duties specified below.

A. Chairperson of the Board. The Chairperson of the Board shall, when present, preside at meetings of the Board of Directors and shareholders and shall exercise all powers and perform all other duties assigned by the Board of Directors.

B. Chief Executive Officer. The Board of Directors may designate a Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation and shall have general responsibility for the implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation. In the absence of the Chairperson of the Board, or if there is no Chairperson of the Board, the Chief Executive Officer shall preside at meetings of the Board of Directors or shareholders unless the Board of Directors has designated a lead director to do so.

C. President. Subject to any supervisory powers given by the Board of Directors to the Chairperson of the Board and the Chief Executive Officer, the President shall be the chief operating officer of the Corporation and shall have general supervision, direction, and control of the operations and the officers and employees of the Corporation.

D. Vice Presidents. In the absence or disability of the Chief Executive Officer or the President, the Vice Presidents, in order of their rank as fixed by the Board of Directors, or if not ranked, a Vice President designated by the Board of Directors, shall perform all the duties of the Chief Executive Officer or the President, as applicable, and when so acting shall have all the powers of, and be subject to all the restrictions upon, the Chief Executive Officer or the President, as applicable. The Vice Presidents shall have the other powers and perform the other duties prescribed for them respectively by the Board of Directors, by the Chief Executive Officer, the President, or by the Chairperson of the Board and may have additional designations such as "Executive," "Senior," or "Assistant."

E. Chief Financial Officer. The Chief Financial Officer (who may be either the Controller or a vice president or both) shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including amounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and shares. The books of account shall be open at all reasonable times for inspection by any director. The Chief Financial Officer shall arrange for deposit of all moneys and other valuables in the name and to the credit of the Corporation with the depositories designated generally by the Board of Directors, shall disburse the funds of the Corporation as provided by the Board of Directors, shall render to the Chairperson, the Chief Executive Officer, the President and directors, whenever requested, an account of all transactions as Chief Financial Officer and an account of the financial condition of the Corporation.

F. Secretary. The Secretary shall keep or cause to be kept a corporate minute book. The minute book shall contain minutes of all meetings and actions of directors, committees of directors, and shareholders. The Secretary shall keep or cause a transfer agent to keep a share register or a duplicate share register showing the names of all shareholders and their addresses, the number and classes of shares held by each, the number and date of certificates issued for shares if such shares are certificated, and the number and date of cancellation of certificates surrendered for cancellation. The Secretary shall give, or cause to be given, notice of all meetings of the shareholders and of the Board of Directors, as required by law or these bylaws, and shall keep the seal of the Corporation, if any. The Board of Directors may also from time to time designate Assistant Secretaries to assist the Secretary or, in the absence of the Secretary, to carry out the duties of the Secretary.

Section 4.4 Officer Vacancies. If any office becomes vacant by reason of the death, resignation, disqualification or removal of the incumbent, or from any other cause, the Board of Directors may, by the vote of a majority, elect a successor to hold office for the unexpired term in respect to which the vacancy occurred or was created. In case of the absence of any officer of the Corporation, or for any reason that the Board of Directors considers sufficient, the Board, for the time being, may delegate the powers of the absent officer to any other officer or to any director, except where otherwise provided by these bylaws or by statute.

Section 4.5 Bonds of Officers. The Board of Directors shall determine which officers of the Corporation, if any, shall give bond, and the bond terms and amount, the expense of the bond to be paid by the Corporation.

Section 4.6 Compensation. The Board of Directors, or one of its duly appointed committees, shall fix the salaries of the executive officers of the Corporation subject to applicable law and requirements of the Nasdaq Stock Market. The compensation of other officers and employees of the Corporation shall be set by the executive officers of the Corporation pursuant to authority delegated to such executive officers from time to time.

ARTICLE 5.
MEETINGS OF DIRECTORS

Section 5.1 Meetings. Meetings of the Board of Directors may be held at such time and place either within or without the State of Tennessee as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called at any time by the Chairperson of the Board, the Chief Executive Officer, the President or a majority of the directors then in office. The directors shall designate the place of any meeting.

Section 5.2 Notice of Directors’ Meeting. Regular Board meetings may be held without notice. Special meetings shall be held upon notice of time, date and place sent by any usual means of communication not less than one (1) day before the special meeting. A director may waive the right to notice in writing before, during, or after a meeting. Unless a director promptly objects to holding the meeting for lack of notice, any meeting at which all of the directors are present shall be a valid meeting whether or not notice of the meeting was given, and any business may be transacted at that meeting.

Section 5.3 Quorum and Vote. The presence of a majority of the directors constitutes a quorum for the transaction of business. A meeting may be adjourned despite the absence of a quorum, and notice of an adjourned meeting is not necessary if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed one (1) month in any one (1) adjournment. The vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the vote of a greater number is required by the Charter, these bylaws or the laws of the State of Tennessee.

Section 5.4 Presence through Communications Equipment. Any regular or special meeting of the Board of Directors, and any meeting of any Board committee, may be held through any communications equipment (e.g., video or telephone conference) if all persons participating can simultaneously hear each other, and participation in a meeting pursuant to this Section 5.4 shall constitute presence in person at that meeting.

Section 5.5 Meetings and Actions of Committees. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall constitute a quorum. Each committee of the Board of Directors and its members shall be governed by the same statutory requirements regarding meetings, action without meetings, notice and waiver of notice and voting requirements as are applicable to the Board of Directors and its members.

Section 5.6 Action Without a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting by written consent if (i) all of the members of the Board of Directors or committee, as the case may be, consent to taking such action without a meeting, and (ii) such action is approved by the affirmative vote of the number of directors or committee members that would be necessary to authorize or take such action at a meeting. The written consent shall (a) describe the action taken, (b) be signed by all directors entitled to vote on that action, (c) indicate each director’s vote or abstention on the action, and (d) be included in the minutes or filed with the corporate records of the Corporation. Action taken by written consent shall be effective when the last director signs the consent unless the consent specifies a different effective date.

ARTICLE 6.
MEETINGS OF SHAREHOLDERS

Section 6.1 Annual Meeting. An annual meeting of the shareholders shall be held at the place, if any, or pursuant to the means of remote communication, if any, by which shareholders may be deemed to be present in person and vote at such meeting pursuant to the Tennessee Business Corporation Act and on the date and at the time, in each case, designated by the Board of Directors, for the purpose of electing directors and for the transaction of such other business as may properly come before the meeting. Any business may be transacted at the annual meeting without specific notice of any business being given, except business for which the law requires specific notice.

Section 6.2 Special Meetings. Special meetings of the shareholders, for any purpose or purposes unless otherwise prescribed by law, (i) may be called by the Board of Directors pursuant to a resolution adopted by the affirmative vote of the majority of the total number of directors then in office, the Chairperson of the Board of Directors, the Chief Executive Officer or the President, and (ii) shall be called by the Chief Executive Officer, the President or the Secretary at the written request of any person or persons holding of record not less than twenty percent (20%) of all the votes entitled to be cast on any issue contemplated to be considered at such proposed special meeting, which written request shall state with specificity the purpose or purposes of such meeting. Business transacted at all special meetings shall be confined to the purpose or purposes stated in the notice of meeting. In the case of a valid written request for a meeting by shareholders, the Corporation shall mail notice of the meeting pursuant to Section 6.3 below within thirty (30) days of the receipt of a written request complying with this Section 6.2. The Board of Directors shall designate the time, date, place, if any, and the means of remote communication, if any, by which shareholders may be deemed to be present in person and vote at any special meeting.

Section 6.3 Notice of Shareholder Meetings. Written notice stating the place, date, and time of, and, if applicable, any means of remote communication by which shareholders may attend and vote at, the meeting, and, in the case of a special meeting, the purpose or purposes for which the special meeting is called and identifying those calling the special meeting, shall be delivered either personally or by mail by or at the direction of the Chief Executive Officer, the President, the Secretary or the person calling the meeting, to each shareholder entitled to vote at the meeting. The notice shall be delivered not less than ten (10) days nor more than two (2) months before the date of the meeting. If mailed, the notice shall be considered delivered when deposited in the United States mail, postage prepaid, and addressed to the shareholder at the address which appears on the stock transfer books of the Corporation; if delivered personally, the notice shall be considered delivered when actually received by the shareholder. The person giving the notice shall certify that the required notice has been given. Any shareholder may, in writing, waive the right to notice of annual or special meetings either before, during or after the meeting. Attendance by a shareholder in person or by proxy (including, in either case, through any means of remote communication, if applicable) shall constitute a waiver of objection to lack of, or any defect in, notice and to consideration of any matter that was not described in the meeting notice unless the shareholder expressly objects in the manner required by applicable law.

Section 6.4 Quorum Requirements. Unless otherwise set forth in the Charter or required by applicable law, a majority of the shares entitled to vote on a matter shall constitute a quorum for the transaction of business at such meeting. A meeting may be adjourned despite the absence of a quorum by an officer entitled to preside at or to act as secretary of the meeting, and notice of an adjourned meeting is not necessary if the time and place to which the meeting is adjourned are announced at the meeting before the adjournment. Other than for the election of directors, who are chosen by plurality votes, when a quorum is present at any meeting and votes cast in favor of an action exceed votes cast in opposition to that action, then the action shall constitute corporate action and shall decide any question brought before that meeting, unless the question is one upon which, by express provision of the Charter, these bylaws or by the laws of the State of Tennessee, a larger vote is required, in which case the express provision shall govern the decision on that question.

Section 6.5 Voting and Proxies. Every shareholder entitled to vote at a meeting may do so either in person or by written proxy. The written proxy shall be filed with the Secretary of the Corporation or other officer or agent authorized to tabulate votes before being voted. A proxy entitles the holder of that proxy to vote at any adjournment of the meeting, but shall not be valid after the final adjournment of that meeting. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution, unless the proxy expressly provides otherwise.

Section 6.6 Record Date for Shareholder Notice, Voting and Consent.

A. To determine the shareholders entitled to notice of or to vote at any meeting of the shareholders, or any adjournment thereof, or entitled to consent to corporate action without a meeting, the Board of Directors may fix a record date. The record date shall not be more than seventy (70) days nor less than ten (10) days before the date of any meeting or any action without a meeting. Only shareholders of record on the specified date are entitled to notice and to vote or to give consents, notwithstanding any transfer of shares on the books of the Corporation after the record date.

B. If the Board of Directors does not fix a record date: (i) the record date for determining shareholders entitled to notice of or to vote at a shareholders' meeting is the close of business on the business day immediately preceding the day on which notice is given; and (ii) the record date for determining shareholders entitled to consent in writing to corporate action without a meeting is the date on which the first written consent is given.

Section 6.7 Business at Annual and Special Meetings. No business may be transacted at an annual or special meeting of shareholders other than business that is:

A. specified in a notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors or an authorized committee thereof, or given by the Corporation in response to a valid written request for a special meeting from a shareholder pursuant to Section 6.2,

B. otherwise brought before the meeting by or at the direction of the Board of Directors or an authorized committee thereof, or

C. otherwise brought before an annual meeting or, in the case of a special meeting at which directors are to be elected, nominations otherwise brought before a special meeting by a shareholder who:

(i) was a shareholder of record (and, with respect to any beneficial owner, if such person is different from the shareholder of record, on whose behalf such nominations of persons for election to the Board of Directors or other business is proposed, only if such beneficial owner was the beneficial owner of shares of the Corporation) (such shareholder, the "Noticing Shareholder") both at the time of giving the notice provided for in this Section 6.7 and at the time of the meeting,

(ii) is entitled to vote at the meeting, and

(iii) has complied with the notice procedures set forth in these bylaws.

Clause C of this Section 6.7 shall be the exclusive means for a Noticing Shareholder to make director nominations or submit other business before a meeting of shareholders (other than proposals brought under Rule 14a-8 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and included in the Corporation's notice of meeting, which proposals are not governed by these bylaws).

Section 6.8 Notice of Shareholder Business to be Conducted at a Meeting of Shareholders. In order for any nominations or any other business to be properly brought before an annual or special meeting of shareholders pursuant to Section 6.7(C)(iii), the Noticing Shareholder must give notice thereof in writing to the Secretary of the Corporation, such notice must be timely and in proper form pursuant to the requirements of this Section 6.8, and such business must otherwise be a proper matter for shareholder action under applicable law. This Section 6.8 shall constitute an "advance notice provision" for annual meetings for purposes of Rule 14a-4(c)(1) under the Exchange Act.

A. To be timely, a Noticing Shareholder's notice shall be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation:

(i) in the case of an annual meeting of shareholders, not earlier than the 5:00 p.m. Central Time on the one hundred twentieth (120th) day and not later than 5:00 p.m. Central Time on the ninetieth (90th) day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice by the Noticing Shareholder, to be timely, must be so delivered or mailed and received not earlier than 5:00 p.m. Central Time on the one hundred twentieth (120th) day prior to the date of such annual meeting and not later than 5:00 p.m. Central Time on the later of the ninetieth (90th) day prior to the date of such annual meeting or, if the first public announcement of the date of such annual meeting is less than one hundred (100) days prior to the date of such annual meeting, the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation.

(ii) in the case of a special meeting of shareholders called by or at the direction of the Board of Directors or an authorized committee thereof at which directors are to be elected, in which case such Noticing Shareholder's notice shall be limited to nominations, not earlier than 5:00 p.m. Central Time on the one hundred twentieth (120th) day prior to such special meeting and not later than 5:00 p.m. Central Time on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which notice of the date of the special meeting was mailed or public disclosure of the date of the special meeting was made, whichever first occurs, and

(iii) in the case of a special meeting of shareholders called pursuant to Section 6.2 following receipt of a valid written request from the holders of at least twenty percent (20%) of all votes entitled to be cast on any issue to be considered at such special meeting, not later than the day on which such written demand is delivered to the Secretary.

In no event shall any adjournment or postponement of an annual or special meeting, or the announcement thereof, commence a new time period for the giving of a shareholder's notice as described above

B. To be in proper form, whether in regard to a nominee for election to the Board of Directors or other business, a Noticing Shareholder's notice to the Secretary must:

(i) set forth, as to the Noticing Shareholder and any Shareholder Associated Person thereof, and, if the Noticing Shareholder or such Shareholder Associated Person holds for the benefit of another, the beneficial owner on whose behalf the nomination or proposal is made, the following information together with a representation as to the accuracy of the information:

(A) the name(s) and address(es) of the Noticing Shareholder and any Shareholder Associated Person as they appear on the Corporation's books and, if the Noticing Shareholder or any such Shareholder Associate Person holds for the benefit of another, the name and address of such beneficial owner (collectively "Holder"),

(B) the class or series and number of shares of the Corporation that are, directly or indirectly, owned beneficially and/or of record by such Holder, and the date such ownership was acquired,

(C) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the Corporation or with a value derived in whole or in part from the value of any class or series of shares of the Corporation, whether or not such instrument or right shall be subject to settlement in the underlying class or series of capital stock of the Corporation or otherwise (a "Derivative Instrument") that is directly or indirectly owned beneficially by the Holder and any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of shares of the Corporation,

(D) any proxy, contract, arrangement, understanding, or relationship pursuant to which the Holder has a right to vote or has granted a right to vote any shares of any security of the Corporation,

(E) any short interest in any security of the Corporation (for purposes of these bylaws, a person shall be deemed to have a short interest in a security if the Holder directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has the opportunity to profit or share in any profit derived from any decrease in the value of the subject security),

(F) any rights to dividends on the shares of the Corporation owned beneficially by the Holder that are separated or separable from the underlying shares of the Corporation,

(G) any proportionate interest in shares of the Corporation or Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company or similar entity in which the Holder is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is the manager, managing member or, directly or indirectly, beneficially owns an interest in the manager or managing member of a limited liability company or similar entity,

(H) any performance-related fees (other than an asset-based fee) that the Holder is entitled to based on any increase or decrease in the value of shares of the Corporation or Derivative Instruments, if any,

(I) any arrangements, rights, or other interests described in Sections 6.8.B(i)(C)-(H) held by members of such Holder's immediate family sharing the same household,

(J) a representation that the Noticing Shareholder intends to appear in person or by proxy at the meeting to nominate the person(s) named or propose the business specified in the notice,

(K) a representation that the Noticing Shareholder intends to solicit proxies in support of director nominees other than the Corporation's director nominees in accordance with Rule 14a-19 promulgated under the Exchange Act, and, if such Shareholder proposes other business, whether or not such shareholder intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding shares required to approve the business proposed and/or otherwise to solicit proxies from shareholders in support of the business proposed,

(L) a certification regarding whether or not the Holder has complied with all applicable federal, state and other legal requirements in connection with such Holder's acquisition or ownership of shares or other securities of the Corporation,

(M) any other information relating to the Holder that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations thereunder, and

(N) any other information as reasonably requested by the Corporation.

Such information shall be provided as of the date of the notice and shall be supplemented by the Holder not later than ten (10) days after the record date for the meeting to disclose such ownership as of the record date.

(ii) if the notice relates to any business other than a nomination of a director or directors that the shareholder proposes to bring before the meeting, set forth:

(A) a brief description of the business desired to be brought before the meeting (including the text of any resolutions proposed for consideration), the reasons for conducting such business at the meeting, and any material direct or indirect interest of the Holder in such business, and

(B) a description of all agreements, arrangements and understandings, direct and indirect, between the Holder, and any other person or persons (including their names) in connection with the proposal of such business by the Holder.

(iii) set forth, as to each person, if any, whom the Holder proposes to nominate for election or reelection to the Board of Directors:

(A) all information relating to the nominee (including, without limitation, the nominee's name, age, business and residence address and principal occupation or employment and the class or series and number of shares of capital stock of the Corporation that are owned beneficially or of record by the nominee) that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations thereunder (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected),

(B) a description of any agreements, arrangements and understandings, direct or indirect, between or among such Holder, on the one hand, and any other persons (including any Shareholder Associated Person), on the other hand, in connection with the nomination of such person for election as a director,

(C) a description of all direct and indirect compensation and other material monetary agreements, arrangements, and understandings during the past three (3) years, and any other material relationships, between or among the Holder and his, her or its affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the Holder making the nomination or on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for purposes of Item 404 and the nominee were a director or executive officer of such registrant,

(D) the class and number of shares of the Corporation that are held of record or are beneficially owned by the nominee and any derivative positions held or beneficially held by the nominee,

(E) the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any securities of the Corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of the nominee, and

(F) any other information relating to the nominee that would be required to be disclosed about such nominee if proxies were being solicited for the election of the nominee as a director, or that is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act.

(iv) with respect to each nominee for election or reelection to the Board of Directors, include a completed and signed questionnaire, representation, and agreement required by Section 6.9.

The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of the proposed nominee to serve as an independent director of the Corporation or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of the nominee.

C. Notwithstanding anything in Section 6.8.A to the contrary, if the number of directors to be elected to the Board of Directors is increased and there is no public announcement by the Corporation naming all of the nominees for director or specifying the size of the increased Board of Directors at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a shareholder's notice required by these bylaws shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the 5:00 p.m. Central Time on the tenth (10th) day following the day on which the public announcement naming all nominees or specifying the size of the increased Board of Directors is first made by the Corporation.

D. For purposes of these bylaws, "public announcement" shall mean disclosure in a press release reported by a national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14, or 15(d) of the Exchange Act and the rules and regulations thereunder. As used in these bylaws, the term "Shareholder Associated Person" means, with respect to any shareholder, (i) any person acting in concert with such shareholder, (ii) any beneficial owner of shares of stock of the Corporation owned of record or beneficially by such shareholder (other than a shareholder that is a depositary) and (iii) any person controlling, controlled by or under common control with any shareholder, or any Shareholder Associated Person identified in clauses (i) or (ii) above. The terms "Affiliate" and "Associate" are fairly broad and are defined by reference to Rule 12b-2 under the Exchange Act. An "affiliate" is any "person that directly, or indirectly through one (1) or more intermediaries, controls, or is controlled by, or is under common control with, the person specified." "Control" is defined as the "possession, direct or indirect, of the power to direct or cause the direction of the management policies of a person, whether through the ownership of voting securities, by contract, or otherwise."

The term "associate" of a person means:

1. any corporation or organization (other than the registrant or a majority owned subsidiary of the registrant) of which such person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of equity securities,

2. any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity, and

3. any relative or spouse of such person, or any relative of such spouse, who has the same home as such person or who is a director or officer of the registrant or any of its parents or subsidiaries.

E. Only those persons who are nominated in accordance with the procedures set forth in these bylaws shall be eligible to serve as directors. Only such business shall be conducted at a meeting of shareholders as shall have been brought before the meeting in accordance with the procedures set forth in these bylaws. If any information submitted pursuant to this Section 6.8 by any shareholder proposing a nominee(s) for election as a director at a meeting of shareholders is inaccurate in any material respect, such information shall be deemed not to have been provided in accordance with this Section 6.8. Except as otherwise provided by law, the Charter or these bylaws, the Chairperson of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in compliance with the procedures set forth in these bylaws and, if any proposed nomination or business is not in compliance with these bylaws, to declare that such proposal or nomination is defective, in which case it shall be disregarded.

F. Notwithstanding the foregoing provisions of these bylaws, a Noticing Shareholder also shall comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in these bylaws; provided, however, that any references in these bylaws to the Exchange Act or the rules thereunder are not intended to and shall not limit the requirements applicable to nominations or proposals as to any other business to be considered pursuant to Section 6.7 or Section 6.8.

G. Nothing in these bylaws shall be deemed to affect any rights of shareholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act. Notice of shareholder proposals that are, or that the Noticing Shareholder intends to be, governed by Rule 14a-8 under the Exchange Act are not governed by these bylaws.

H. Notwithstanding the foregoing provisions of this Section 6.8, unless otherwise required by applicable law, if any Holder (i) provides notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act and (ii) subsequently fails to comply with the requirements of Rule 14a-19(a)(2) and Rule 14a-19(3) promulgated under the Exchange Act, then the Corporation shall disregard any proxies or votes solicited for any nominee proposed by such Holder. Upon request by the Corporation, any Holder that has provided notice pursuant to Rule 14a-19(b) promulgated under the Exchange Act shall deliver to the Corporation, no later than five (5) business days prior to the applicable meeting, reasonable evidence that it has met the requirements of Rule 14a-19(a)(3) promulgated under the Exchange Act.

Section 6.9 Submission of Questionnaire, Representation and Agreement. To be eligible to be a nominee for election or reelection as a director of the Corporation by a Holder, a person must complete and deliver (in accordance with the time periods prescribed for delivery of notice under Section 6.8) to the Secretary at the principal executive offices of the Corporation a written questionnaire providing the information requested about the background and qualifications of such person and the background of any other person or entity on whose behalf the nomination is being made and a written representation and agreement (the questionnaire, representation, and agreement to be in the form provided by the Secretary upon written request) that such person:

A. is not and will not become a party to:

(i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how the person, if elected as a director of the Corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the Corporation, or

(ii) any Voting Commitment that could limit or interfere with the person's ability to comply, if elected as a director of the Corporation, with the person's fiduciary duties under applicable law,

B. is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a director that has not been disclosed therein, and

C. in the person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the Corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines of the Corporation, and

D. if elected, intends to serve a full term as a director of the Corporation and, as a director of the Corporation, acknowledges that such person will owe fiduciary duties under applicable law with respect to the Corporation and its shareholders.

Section 6.10 Conduct of Shareholder Meetings. The Board may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of shareholders as it shall deem appropriate. Except to the extent inconsistent with rules, regulations and procedures adopted by the Board, the Chairperson of a shareholder meeting shall have the right and authority to convene and (for any or no reason) to recess and/or adjourn the meeting, to prescribe such rules, regulations and procedures and to do all such acts, as, in the judgment of such Chairperson, are necessary, appropriate or convenient for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or the Chairperson of the meeting, may include, without limitation, the following: (a) the establishment of an agenda for the meeting; (b) rules and procedures for maintaining order at the meeting and the safety of those present at the meeting; (c) limitations on attendance at or participation in the meeting to shareholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the Chairperson of the meeting shall determine; (d) restrictions on entry to the meeting after the time fixed for the commencement thereof; (e) limitations on the time allotted to questions or comments by participants; (f) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (g) removal of any shareholders or any other individual who refuses to comply with meeting rules, regulations or procedures; (h) restrictions on the use of audio and video recording devices, cell phones and other electronic devices; (i) rules, regulations and procedures for compliance with any federal, state or local laws or regulations, including those concerning safety, health or security; (j) procedures (if any) requiring attendees to provide the Corporation advance notice of their intent to attend the meeting; and (k) rules, regulations or procedures regarding the participation by means of remote communication, if any, of shareholders and proxyholders not physically present at a meeting.

ARTICLE 7.
CAPITAL STOCK

Section 7.1 Stock Certificates. The Board of Directors may determine to issue to each shareholder a certificate or certificates of capital stock of the Corporation in the form prescribed by the Board. Unless otherwise decided by the Board of Directors, all certificates shall be signed in the name of the Corporation by the Chairperson of the Board, the Chief Executive Officer, or the President and by the Chief Financial Officer or the Secretary of the Corporation. Any or all of the signatures on the certificates may be facsimile. If any officer, transfer agent, or registrar who has signed or whose facsimile signature has been placed on a certificate ceases to be an officer, transfer agent, or registrar before that certificate is issued, it may be issued by the Corporation with the same effect as if that person were an officer, transfer agent, or registrar at the date of issue. The Board of Directors also may elect, in lieu of issuing certificates, to provide for the issuance of uncertificated shares of the capital stock of the Corporation. Notwithstanding the foregoing, shares of the Corporation's stock may also be evidenced by registration in the holder's name in uncertificated book-entry form on the books of the Corporation in accordance with a direct registration system approved by the Securities and Exchange Commission and by the Nasdaq Stock Market or any securities exchange on which the stock of the Corporation may from time to time be traded.

Section 7.2 Transfer of Shares. Subject to any restrictions on transfer imposed by either the applicable securities laws or any shareholder agreement, shares of stock may be transferred on the books of the Corporation by (i) delivery and surrender of the properly endorsed certificate, or (ii) with respect to a transfer of uncertificated shares, a written order to the Corporation, in a form acceptable to the Corporation and its transfer agent, authorizing and instructing the Corporation to effect the transfer and executed by (a) the holder of record thereof, (b) his or her legal representative, who, upon request of the Corporation shall furnish proper evidence of authority to transfer, or (c) his or her attorney, authorized by a power of attorney duly executed and filed with the Secretary of the Corporation or a duly appointed transfer agent.

Section 7.3 Lost or Destroyed Certificates. In case of loss, mutilation or destruction of a certificate of stock, a duplicate certificate may be issued upon the terms prescribed by the Board of Directors, including provision for indemnification of the Corporation secured by a bond or other security sufficient to protect the Corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft, or destruction of the certificate or the issuance of the replacement certificate.

ARTICLE 8.
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 8.1 Right to Indemnification. The Corporation, to the fullest extent permitted by applicable law as then in effect, shall indemnify any person (an “Indemnitee”) who was or is involved in any manner (including, without limitation, as a party or a witness), or is threatened to be involved, in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor (each, a “Proceeding”), by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, or employee or agent of another corporation, partnership, joint venture, trust or other enterprise against all expenses (including attorneys’ fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with any Proceedings. This indemnification shall be a contract right and shall include the right to receive payment in advance of any expenses incurred by an Indemnitee in connection with Proceedings, consistent with the provisions of applicable law as then in effect.

Section 8.2 Contracts and Funding. The Corporation may enter into contracts with any director, officer, employee or agent of the Corporation in furtherance of the provisions of this Article 8, and may create a trust fund, grant a security interest, or use other means (including, without limitation, a letter of credit) to ensure the payment of all amounts necessary to effect indemnification as provided in this Article 8.

Section 8.3 Employee Benefit Plans. For purposes of this Article 8, references to “other enterprises” shall include employee benefit plans and employee welfare benefit plans; references to “fines” shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to “serving at the request of the Corporation” shall include any service as a director, officer, partner, trustee, employee or agent of the Corporation which imposes duties on, or involves services by, that director, officer, partner, trustee, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner not opposed to the best interests of the Corporation.

Section 8.4 Indemnification Not Exclusive Right. The right of indemnification and advancement of expenses provided in this Article 8 is not exclusive of any other rights to which a person seeking indemnification may otherwise be entitled under any statute, bylaw, agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding the office. The provisions of this Article 8 shall benefit the heirs and legal representatives of any person entitled to indemnity under this Article 8 and shall be applicable to Proceedings commenced or continuing after the adoption of this Article 8, whether arising from acts or omissions occurring before or after adoption.

Section 8.5 Advancement of Expenses and Procedures. In furtherance, but not in limitation, of the provisions in this Article 8, the following procedures and remedies apply with respect to advancement of expenses and the right to indemnification:

A. Advancement of Expenses. All reasonable expenses incurred by or on behalf of an Indemnitee in connection with Proceedings shall be advanced from time to time to the Indemnitee by the Corporation within twenty (20) days after the receipt by the Corporation of a statement or statements from the Indemnitee requesting the advance, whether prior to or after final disposition of a Proceeding. Each statement shall reasonably evidence the expenses incurred by the Indemnitee, and if required by law at the time of the advance, shall include or be accompanied by an undertaking by or on behalf of the Indemnitee to repay the amounts advanced if it should ultimately be determined that the Indemnitee is not entitled to be indemnified against those expenses, and shall include such other information or affirmation as required by law.

B. Written Request for Indemnification. To obtain indemnification under this Article 8, an Indemnitee shall submit to the Secretary of the Corporation a written request, including all documentation and information reasonably available to the Indemnitee and reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification (the "Supporting Documentation"). The determination of the Indemnitee's entitlement to indemnification shall be made within a reasonable time after receipt by the Corporation of the written request for indemnification together with the Supporting Documentation. The Secretary of the Corporation, promptly upon receipt of a request for indemnification, shall advise the Board of Directors in writing of that request.

C. Procedure for Determination. An Indemnitee's entitlement to indemnification shall be determined: (i) by the Board of Directors by majority vote of a Board quorum consisting of directors not at the time parties to the Proceeding; (ii) if a quorum cannot be obtained under subdivision C(i), by a majority vote of a committee duly designated by the Board of Directors (in which designation directors who are parties may participate), consisting solely of two (2) or more directors not at the time parties to the Proceeding; (iii) by independent special legal counsel selected by the Board of Directors or its committee in the manner prescribed in subdivision C(i) or C(ii); or if those subdivisions cannot be satisfied, selected by majority vote of the full Board (in which selection directors who are parties may participate); or (iv) by the shareholders, but shares owned by or voted under the control of directors who are at the time parties to the Proceeding may not be voted on the determination.

ARTICLE 9.
RECORDS AND REPORTS

Section 9.1 Maintenance of Certain Records. The Corporation shall keep at its principal executive office, or at the office of its transfer agent or registrar, and as otherwise determined by resolution of the Board of Directors, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each.

Section 9.2 Inspection of Records by Shareholders.

A. A shareholder may, during regular business hours on five (5) business days prior written demand on the Corporation, inspect and copy:

(i) the Corporation's then existing charter and all amendments currently in effect;

(ii) the Corporation's then existing bylaws and all amendments currently in effect;

(iii) resolutions adopted by the Board of Directors creating one (1) or more classes or series of shares, and fixing their relative rights, preferences, and limitations, if shares issued pursuant to those resolutions are outstanding;

(iv) the minutes of all shareholders' meetings and records of all action taken by shareholders without a meeting, if any, for the past three (3) years;

(v) all written communications to shareholders generally within the past three (3) years, including certain financial statements prepared for the past three (3) years;

(vi) a list of the names and business addresses of the current directors and officers; and

(vii) the most recent annual report delivered to the Tennessee Secretary of State.

B. Shareholders may inspect other specified corporate records pursuant to Section 48-26-102 of the Tennessee Business Corporation Act.

Section 9.3 Inspection of Records by Directors. Every director has the right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the Corporation and each of its subsidiaries. Inspection by a director may be made in person or by an agent or attorney duly designated by the director, and the right of inspection includes the right to copy and make extracts.

ARTICLE 10.
GENERAL CORPORATE MATTERS

Section 10.1 Record Date for Purposes Other than Notice and Voting.

A. For purposes of determining the shareholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other lawful action (other than notice of a meeting, voting, or action by the shareholders by written consent without a meeting), the Board of Directors may fix, in advance, a record date, which shall not be more than seventy (70) days before that action, and only shareholders of record on the date fixed are entitled to receive the dividend, distribution, or allotment of rights or to exercise the rights, notwithstanding any transfer of any shares on the books of the Corporation after the specified record date, except as otherwise provided in the Tennessee Business Corporation Act.

B. If the Board of Directors does not fix a record date, the record date for determining shareholders for any of these purposes shall be at the close of business on the day on which the Board adopts the applicable resolution.

Section 10.2 Contracts. Except as otherwise required by law, the Charter or these bylaws, any contracts or other instruments may be executed and delivered in the name and on behalf of the Corporation by such officer or officers (including any assistant officer) of the Corporation as the Board of Directors may from time to time direct. Such authority may be general or confined to specific instances as the Board of Directors may determine. Subject to any restrictions imposed by the Board of Directors or the Chairperson of the Board, the Chief Executive Officer, the President or any Vice President of the Corporation may delegate contractual power to others under his jurisdiction, it being understood, however, that any such delegation of power shall not relieve such officer of responsibility with respect to the exercise of such delegated power.

Section 10.3 Distributions. The Board of Directors may, from time to time, declare, and the Corporation may pay, distributions on its outstanding shares of capital stock in the manner and upon the terms and conditions provided by applicable law.

ARTICLE 11.
AMENDMENT OF BYLAWS

These bylaws may be amended, supplemented or repealed as provided by the laws of the State of Tennessee and the Charter.

Amended and restated as of June 3, 2022.

EXHIBIT 31.1 CERTIFICATION

I, Sandra B. Cochran, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: June 7, 2022

/s/Sandra B. Cochran
Sandra B. Cochran, President and
Chief Executive Officer

EXHIBIT 31.2 CERTIFICATION

I, Craig A. Pommells, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: June 7, 2022

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

Exhibit 32.1

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the "Issuer") on Form 10-Q for the fiscal quarter ended April 29, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Sandra B. Cochran, 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: June 7, 2022

By: /s/Sandra B. Cochran
Sandra B. Cochran
President and Chief Executive Officer

Exhibit 32.2

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

In connection with the Quarterly Report of Cracker Barrel Old Country Store, Inc. (the “Issuer”) on Form 10-Q for the fiscal quarter ended April 29, 2022, 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: June 7, 2022

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