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# Good Times Restaurants Inc. (GTIM) Q2 2026 Earnings Call Transcript

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Good Times Restaurants Inc. (GTIM) Q2 2026 Earnings Call May 7, 2026 5:00 PM EDT

### Company Participants

Keri August - Senior VP of Finance & Accounting and Corporate Secretary
Ryan Zink - President, CEO & Director

### Conference Call Participants

Zachary Segal
David Swartz - Morningstar Inc., Research Division

### Presentation

### Operator

Ladies and gentlemen, thank you for joining us, and welcome to the Q2 2026 Good Times Restaurants, Inc. Earnings Call. I will now hand the conference over to Keri August, Chief Accounting Officer. Please go ahead.

**Keri August**
*Senior VP of Finance & Accounting and Corporate Secretary*

Good afternoon, ladies and gentlemen, and welcome to the Good Times Restaurants, Inc. Fiscal 2026 Second Quarter Earnings Call. I am Keri August, the company's Chief Accounting Officer. By now, everyone should have access to the company's earnings release, which is available in the Investors section of the company's website. As a reminder, a part of today's discussion will include forward-looking statements within the meaning of federal securities laws. These forward-looking statements are not guarantees of future performance, and therefore, you should not put undue reliance on them. These statements involve known and unknown risks, which may cause the company's actual results to differ materially from results expressed or implied by the forward-looking statements.

Such risks and uncertainties include, among other things, the market price of the company's stock prevailing from time to time; the nature of other investment opportunities presented to the company; the disruption to our business from pandemics and other public health emergencies; the impact of staffing constraints at our restaurants; the impact of supply chain constraints and inflation; the uncertain nature of current restaurant development plans and the ability to implement those plans and integrate new restaurants; delays in developing and opening new restaurants because of weather, local permitting or other reasons, increased competition, cost increases or ingredient shortages, general economic and operating conditions; risks associated with our share repurchase program; risks associated with the acquisition of additional restaurants, adequacy of cash flows and the cost and availability of capital or credit facility borrowings to provide liquidity; changes in federal, state or local laws and regulations affecting our restaurants, including wage and tip credit regulations and other matters discussed under the Risk Factors section of Good Times annual report on Form 10-K for the fiscal year ended September 30, 2025, and other reports filed with the SEC.

During today's call, we will discuss non-GAAP measures, which we believe can be useful in evaluating our performance. The presentation of this additional information should not be considered in isolation or as a substitute for results prepared in accordance with GAAP and reconciliation to comparable GAAP measures available in our earnings release. And now I would like to turn the call over to our Chief Executive Officer, Ryan Zink.

**Ryan Zink**

*President, CEO & Director*

Thank you, Keri, and thank you all for joining us today. I'm encouraged by the results that our team has delivered in the second quarter of fiscal 2026. Our same-store sales at both brands again improved sequentially from the first quarter. Profitability also improved from the prior year, the result of a combined partnership between operations and supply chain to improve upon both our food and beverage costs and our cost of labor. While cost management continues to be a fundamental pillar of our forward-looking strategy, our leadership team continues to focus on same-store sales growth as our highest priority. Early in the second quarter, we retained Cultivator based out of Denver to serve as our design and advertising agency for the Good Times brand. Cultivator has extensive experience in the restaurant industry and blends expertise built from working on large accounts with a scrappiness that matches our own culture.

During the past couple of months, we have worked with them to create new brand imagery and refine our brand position, and we are excited to activate this new creative image, starting with on-premise merchandising and ultimately in outside the 4 walls advertising as well. We are having good success with a test of a $2 promotional price for our Bambinos in a handful of our restaurants in Northern Colorado. Bambinos are sliders, topped with burger sauce, American cheese and pickles. We've seen strong results in both same-store sales and same-store traffic improvement in the test restaurants as compared to the balance of the system. We expect to roll this promotional price system-wide beginning in June as a summer promotion to catalyze traffic growth with a simple-to-execute tasty burger that fits the needs of today's customers, both in portion size and in price.

It provides a clear message of value to strike right at the value-based promotions being used by many of our competitors. Bambinos are quintessentially Good Times, having been on our menu for 19 years. Though Bambinos have a strong following, we hope to attract new customers and to increase frequency with our Bambino OGs. Simultaneously, we will strongly merchandise our full-size burger lineup, now featuring a larger cook-to-order patty while remaining a speedy experience for our guests. We continue to have our seasonal burger features as well with our Jalapeno Popper Burger beginning June 1. Our intent is to drive traffic and build guest frequency while managing the impact of the mix shift into the promotionally priced Bambinos. On May 1, based on loud and clear guest feedback, we reintroduced cheese curbs to the menu and are promoting this to build traffic and attract returning guests that really love this proprietary product.

Within our custard lineup, we have a trio of brand-new spoon benders made with our signature vanilla custard for June, July and August. The Berry Cool Spoon Bender will kick summer off with strawberries, blueberries and granola, followed by the cherry pie spoon bender and then wrapping up summer will be a Colorado-inspired trail mix spoon bender. We continue to grow our GT Rewards program, which is a key method we have to connect with and engage with our regular guests. Fully 7% of our sales are now generated by GT Rewards members, and this is up from just shy of 4% immediately prior to switching our loyalty engine to Thanx in December from our prior provider. GT Rewards will be a strong supplement to our messaging strategy around the multiple price and product promotional news we will be sharing with guests this summer.

Our approach of growth is aimed at organic sales and traffic growth at Bad Daddy's as well. As discussed during last quarter's call, we have implemented our new monthly drops program that has replaced our previous traditional LTO. Leaning into drop culture, we feature a single item that is limited to a single month. While to date, these items have been exclusively burgers and our pipeline for the balance of this fiscal year is burger-centric, the program is designed to be more expansive than a simple burger of the month program, and a drop could apply to any section of our menu. At both concepts, we are nearing completion of the rollout of our new learning management platform that we call BurgerHub.

Powered by the Schoox LMS, this platform expands beyond our already existing digital access to concept-specific training materials and provides defined learning paths and validations within the system, along with data and reporting that can be accessed both at the unit level and by above-store leadership. Burger Hub itself is but one manifestation of our operations team's strategic focus during the year to deliver high-impact training and learning to employees in all roles within our restaurants. I will now turn the call back over to Keri for a review of our performance during the quarter.

**Keri August**

*Senior VP of Finance & Accounting and Corporate Secretary*

Thank you, Ryan. I'll review this quarter's results now. Total revenues decreased approximately 3.1% for the quarter to $33.2 million. We'll start by going through Bad Daddy's results. Total restaurant sales decreased $0.9 million to $23.9 million for the quarter. The sales decrease was primarily due to the fourth fiscal quarter 2025 closure of one Bad Daddy's restaurant, the first fiscal quarter 2026 closure of one Bad Daddy's restaurant and decreased guest traffic, partially offset by menu price increases. Our average menu price during the quarter was 0.2% higher than Q2 of 2025. Same-store sales decreased 0.8% for the quarter, which continued the improvement trend over the prior quarter.

There were 37 Bad Daddy's in the comp base at quarter end. Food and beverage costs were 29.6% for the quarter, a 110 basis point decrease from last year's quarter. The decrease is primarily attributable to reduced waste and improved chicken pricing, partially offset by higher beef and bacon purchase prices. Due to seasonality and the continued tightening of beef supply, we anticipate ground beef costs will increase in the last half of the fiscal year. We did not take any menu pricing during the quarter and have year-over-year pricing that is approximately 1% higher than prior year. We took approximately 1% menu pricing in April.

Additionally, beginning in May, we have been rolling over our promotional $8 margarita pricing from last year. Labor costs decreased by 20 basis points compared to the prior year quarter to 34.1% for the quarter. This decrease is primarily attributable to lower employee benefit costs, partially offset by higher average wage rates. Occupancy costs were 6.8%, an increase of 10 basis points from the prior year quarter. Other operating costs were 15.6% for the quarter, an increase of 110 basis points, primarily due to increases in customer delivery and repair and maintenance expenses. Overall, restaurant-level operating profit, a non-GAAP measure for Bad Daddy's, remained relatively flat at $3.3 million for the quarter or 13.8% of sales compared to $3.4 million or 13.8% last year.

Moving over to Good Times, total restaurant sales for company-owned restaurants decreased approximately $0.1 million to $9.2 million for the quarter compared to the prior year second quarter. Same-store sales decreased 0.8% for the quarter, which is a notable improvement over the prior quarter's decrease. There were 26 -- good Times restaurants in the comp base at quarter end. The average menu price for the quarter was approximately 1% higher than the prior year quarter. We increased core menu prices by approximately 1% in March and have a blended menu price that is approximately 1.7% higher on a year-over-year basis as of the end of the quarter. Based upon the competitiveness in the current market, we are not currently planning for other price increases during the balance of the year.

Food and packaging costs were 29.7% for the quarter, a decrease of 100 basis points compared to last year's quarter. As with Bad Daddy's, the decrease is primarily attributable to reduced waste, partially offset by higher beef and bacon prices, and we expect higher ground beef prices for the remainder of the fiscal year due to seasonality and the continued tightening of supply. Total labor costs decreased to 35%, a 60 basis point decrease from the 35.6% we ran during last year's quarter, primarily attributable to increased labor efficiency, partially offset by higher average wage rates. Occupancy costs were 10%, a decrease of 10 basis points from the prior year quarter. Other operating costs were 15.2% for the quarter, an increase of 10 basis points, primarily due to increased customer delivery expenses.

Good Times restaurant-level operating profit increased $0.1 million over last year's quarter to $0.9 million. As a percent of sales, restaurant-level operating profit increased by 150 basis points versus last year to 10.1%. Combined general and administrative expenses were $2.2 million during the quarter or 6.6% of total revenues, a decrease of 90 basis points from the prior year quarter, primarily related to decreased multiunit supervision costs and technology costs.

We anticipate 6% to 7% general and administrative costs on a full year basis for fiscal 2026. Our net income to common shareholders for the quarter was $0.1 million or income of $0.01 per share versus a net loss of $0.6 million or $0.06 per share in the second quarter last year. There was $23,000 of income tax benefit recorded during the quarter compared to $57,000 of expense in the prior year quarter. Adjusted EBITDA for the quarter was $1.4 million compared to $1 million for the second quarter of 2025. We finished the quarter with $2.7 million in cash and $1 million of long-term debt. And now I will turn the call back to Ryan.

**Ryan Zink**
*President, CEO & Director*

Thank you, Keri. As Keri discussed, we've made strides in lowering our leverage, strengthening our balance sheet so far in fiscal 2026. We believe that a debt-free balance sheet with adequate liquidity is important given our scale and the specific operating segment that we operate in, and it additionally creates greater flexibility for value creation. At this time, we can open the call for questions.

**Question-and-Answer Session**

**Operator**

[Operator Instructions] Your first question comes from the line of Zachary Segal from August Investors.

**Zachary Segal**

I was just curious if you guys could speak about the settlement with the White Winston lawsuit and what proceeds, if any, have been received or will be received from that?

**Ryan Zink**
*President, CEO & Director*

Yes. So with respect to that, I think the disclosure that we provided last quarter in the 10-Q gives as much information as I'll speak to. I think we said ultimately from that, that it was not substantially material to our financials. I will say all of those funds have been received and all of that has been recognized in the results of this quarter.

**Operator**

Your next question comes from the line of David Schwartz from Morningstar.

**David Swartz**
*Morningstar Inc., Research Division*

So maybe you can tell us a little bit more about what the marketing plans have been in the last few quarters and how they're going to change with this new advertising relationship you talked about? And how do you think this will be more effective than what you've done in the past?

**Ryan Zink**

*President, CEO & Director*

So I'll step back to maybe about 18 months ago and with that prior to that, we were significantly heavy on radio advertising. And I would say about 12 months ago, we went away from nearly all radio advertising and we're pretty much -- and I'm speaking specifically to -- Good Times now, that concept and switched really to primarily social media advertising. Without substantial additional media that we had been using. What we are looking at moving forward and although the final media plans have not been fully developed and committed to, we are looking at a greater deployment of digital media, which could include some digital audio streaming, will likely include digital video streaming, whether that is on connected TV or on platforms such as YouTube as well as just general display campaigns.

I think the biggest difference in terms of what we are looking at moving forward compared to any of the prior campaigns that we've run in the past year. And I would go so far to say back towards even the past 2 or 3 years is the message itself and that we are really looking at what our guests are demanding in the market. And it's very clear that as components of value, what they are specifically looking for are smaller portion size and lower price. And I think the smaller portion size is driven in part by a need for a lower price, but it's also being driven by factors such as healthy eating and even the use of GLP-1 drugs. And I think -- so what has changed really is our focus on that and the fact that we have a really salient message to deliver with a very compelling $2 price point with a product that already is very attractive to our guests and that we expect to create greater awareness around.

**David Swartz**

*Morningstar Inc., Research Division*

That's helpful. So how do you plan to use this marketing plan to drive more membership in GT Rewards? I know you had said in past calls that because it's primarily a drive-thru restaurant that it's difficult to get people to sign up for the loyalty program.

**Ryan Zink**

*President, CEO & Director*

So we are doing a couple of things there. One is we do have and we are updating the, I'd call it, window-based point-of-sale materials and so posters with QR code to invite guests to join with more attractive creative that have a much clearer call to action. Beyond that, we expect to begin using what we call bag stuffers basically little cards with QR code and/or link, explaining the benefits on that, that we would include with each order.

We have some other ideas that we're tossing around that are not committed to yet. Those are the primary ways. I will say that in the past 6 months, we have done a much improved job within the operations capability of speaking to GT Rewards at the window and at the order box. And we are growing that membership base right now at a clip of about 5% per month. So if you do the math on that, that's about a 75% annual growth rate. As we grow the system base, that obviously will decline at the rate of increase, but we're very happy with the progress we're making on a monthly basis of growing the participants in that program right now.

**Operator**

There are no further questions at this time. I would like to turn the call back to Ryan Zink, CEO, for closing remarks. Ryan, please go ahead.

**Ryan Zink**
*President, CEO & Director*

Our operations leaders as well as our support capability leaders are committed to delighting our guests and creating memorable experiences during each visit in the mission of building a same-store sales flywheel. My sincere gratitude goes out to every single member of our team at every level for every contribution they make to our brands. And as always, I'd like to thank all of you for joining us today.

**Operator**

This concludes today's call. Thank you for attending. You may now disconnect.

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