

Good Times Restaurants Inc. (GTIM) Q4 2025 Earnings Call Transcript

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Good Times Restaurants Inc. ([GTIM](#)) Q4 2025 Earnings Call December 23, 2025 5:00 PM EST

Company Participants

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

Ryan Zink - President, CEO & Director

Presentation

Keri August

Senior VP of Finance & Accounting and Corporate Secretary

Good afternoon, ladies and gentlemen, and welcome to the Good Times Restaurants Inc. Fiscal 2025 Fourth Quarter and Year-end Earnings Call. I am Keri August, the company's Senior Vice President of Finance and Accounting.

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 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 24, 2024, and other reports filed with the SEC, including Form 10-K for the fiscal year ended September 30, 2025.

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. As have been reported by other company-operated quick service burger companies, the fourth fiscal quarter was a challenging 1 for us, in particular, at our Good Times concept.

The combination of soft sales and higher costs most specifically, the significantly elevated cost of ground beef put a dent in profitability for the quarter. Keri will go into details surrounding the financial performance during the quarter, but it goes without saying that we are disappointed in the results and committed to immediate improvement.

Of note, although the same-store sales at Good Times remained negative in the fourth quarter, the 6.6% decline represented a 240 basis point sequential improvement from the fiscal third quarter. And for the first 11 weeks of the first fiscal quarter, Good Times same-store sales were down approximately 3.6% compared to the same time period in the prior year.

Craig Soto, our Director of Operations, for Good Times continues to demonstrate strong leadership and has been holding a higher level of accountability among above store leaders, which is cascaded down to our restaurant level general managers.

Craig is focused on realigning general manager schedules to better align the time GMs are in restaurant with peak revenue periods, which is creating greater GM level awareness and interaction with team members throughout the day, enabling them to address product and service opportunities that exist primarily in the dinner and late-night dayparts.

Craig, along with our learning and development team, have made significant strides in improving restaurant-level training paving the way for us to roll out true cook to order among all of our burger products with minimal impact on speed of service.

We have several different price tiers within our system and remain sensitive to menu price increases as the quick service burger segment has earned a poor reputation recently for value as a result of the significant price increases major players have taken in the years since the pandemic.

Our core menu pricing at Good Times remains near its lowest premium to our large competitors in fast food as we have only taken approximately 1% of menu price, since January of 2024. With our upcoming cook-to-order process and continued improvements in ops execution, we believe we can re-earn a premium to those competitors over time.

We continue to be averse to large-scale discounting due to its impacts on profitability however, we will be addressing value concerns with highly targeted value promotions starting this spring and expect expanded offerings through our GT Rewards loyalty program and a recently refreshed mobile app meant to simplify the mobile ordering experience.

For Bad Daddy's, although our same-store sales weakened during the fourth quarter, they have improved sequentially to date in the first quarter and were down approximately 1.6% through the first 11 weeks of the quarter compared to the same time period in the prior year.

Same-store sales improvement has been most evident in our Colorado restaurants marking a change in trend from 2025, when our Colorado restaurants had been a drag on same-store sales for the Bad Daddy's system. Similar to Good Times, we've made some targeted pricing adjustments and have made some upward adjustments to our bad a** margarita pricing in the fall.

We currently have a blended year-over-year price increase covering food and beverage of less than 1% and expect an average year-over-year price increase for the first quarter of approximately 1.7%.

Our fall product promotion, which, among other items, featured a giant shareable Bavarian pretzel served with a house-made sauce trio of Jalapeño Cheddar, Sam Adams Beer Cheese and whole grain Dijonnaise, was a hit with our guests, and we see opportunity for the pretzel to be included in our core menu at some point in the future.

Our holiday promotion includes the chocolate cookie cheesecake that is made in-house and has satisfied a long-term guest request for a chocolate dessert. Similar to the Pretzel, we see the Cheesecake as a potential future core menu addition.

Following a winter promotion anchored by a Mediterranean Power Bowl and 2 regional burger features, we expect to move to a burger of the month platform, which will simplify messaging around the product feature, enable a sharper focus on product execution and salesmanship, but more importantly, will feature approachable and familiar items to our guests, but still with Bad Daddy's quality, and scratch-made ingredients.

I'll now turn the call 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. Let's review this quarter's results. Total revenues decreased approximately 5.1% for the quarter to \$34 million and decreased approximately 0.5% compared to our all-time record fiscal year 2024 sales to \$141.6 million.

We'll start by going through Bad Daddy's results. Total restaurant sales decreased \$1.7 million to \$24 million for the quarter and decreased \$2.2 million to \$101.4 million for the full year. The sales decrease for the quarter was primarily driven by reduced customer traffic as well as the closure of the Longmont, Colorado restaurant in the fourth quarter of fiscal 2024, partially offset by menu price increases.

Our average menu price during the quarter was 0.4% higher than Q4, 2024. Same-store sales decreased 4.6% for the quarter with 38 Bad Daddy's in the comp base at quarter end. As Ryan mentioned, same-store sales have improved into the first quarter of the new year, with the most significant improvement in our Colorado restaurants.

We expect an average price increase of approximately 1.7% for the first quarter 2026. With the exception of certain targeted adjustments due to menu engineering, we do not expect any significant price increases over the next 6 months.

Food and beverage costs were 31.6% for the quarter, a 40 basis point increase from last year's quarter. The increase is primarily attributable to record high ground beef prices in fourth quarter 2025, as well as significantly higher prices for other proteins over the prior year quarter, partially offset by the impact of the 24% average increase in menu pricing. Thus far in the first quarter 2026, we have experienced lower input costs and despite the large number of complementary burgers for our military guests on Veterans Day, expect food and beverage costs as a percent of sales to improve quarter-over-quarter.

Labor costs increased by 140 basis points compared to the prior year quarter to 35.7% for the quarter. This increase as a percentage of sales is primarily attributable to lower team member productivity resulting from sales deleverage. Although we expect improvement in this metric in the current year, in January, Colorado's minimum wage increases to \$15.16, a 2.4% increase and the tipped minimum wage increases to \$12.14, a 3% increase.

Occupancy costs were 6.7%, an increase of 50 basis points from the prior year quarter. The increase is primarily due to a decrease in benefit from the GAAP required noncash rent adjustments between the quarterly periods. Other operating costs were 16% for the quarter, an increase of 80 basis points primarily due to increased repair and maintenance and utility expenses.

Overall, restaurant-level operating profit, a non-GAAP measure, for Bad Daddy's was approximately \$2.4 million for the quarter or 9.9% of sales compared to \$3.4 million or 13.2% last year, primarily due to increases in labor and food and beverage costs as well as the deleveraging impact of lower sales on various fixed costs.

Moving over to Good Times, total restaurant sales for company-owned restaurants decreased approximately \$0.3 million to \$9.7 million for the quarter compared to the prior year fourth quarter and increased \$1.2 million to \$39.2 million for the year compared to the 2024 fiscal year.

Same-store sales decreased 6.6% for the quarter with 27 Good Times restaurants in the comp base at quarter end. The average menu price for the quarter was approximately the same as the prior year quarter. We have taken a small menu price increase for the first quarter of fiscal 2026 and currently expect to take only modest price increases as we have assessed our relative pricing position in the market.

We expect to monitor competitive pricing in January and continue to make very targeted adjustments to the pricing of specific menu items, but believe it is unlikely we will take any significant across-the-board price increases. Food and packaging costs were 32.1% for the quarter, an increase of 120 basis points compared to last year's quarter.

As with Bad Daddy's, we experienced record high beef prices during the quarter. We also saw significantly higher costs for bacon and eggs. As is the case with Bad Daddy's, input costs have decreased into the first quarter, and we expect food and beverage costs as a percent of sales to improve quarter-over-quarter.

Total labor cost increased to 35.9%, a 200 basis point increase from the 33.9% we ran during last year's quarter due to higher average wage rates resulting from market forces and the CPI index minimum wage in Denver and the state of Colorado, as well as decreased productivity due to sales deleverage.

Occupancy costs were 9.1%, an increase of 10 basis points from prior year quarter. Other operating costs were 15% for the quarter, an increase of 110 basis points, primarily due to increased customer delivery, technology and utility expenses. Good Times restaurant-level operating profit decreased by \$0.4 million for the quarter to \$0.8 million.

As a percent of sales, restaurant-level operating profit decreased by 420 basis points versus last year to 8% due to elevated costs throughout the P&L. Combined general and administrative expenses were \$2.4 million during the quarter or 7% of total revenues, a decrease of 70 basis points from the prior year quarter.

Primarily related to decreased multi-unit supervision costs, legal and professional services and outsourced accounting fees as well as health insurance underwriting costs, partially offset by an increase in recruiting and training related costs.

We anticipate 6% to 7% general and administrative costs in fiscal 2026. Our net loss to common shareholders for the quarter was \$3,000 or \$0.00 per share versus net income of \$0.2 million, \$0.02 per share in the fourth quarter last year. There was approximately \$0.5 million of income tax benefit recorded during the current quarter versus \$0.4 million in the prior year quarter.

Adjusted EBITDA for the quarter was negative \$74,000 compared to \$1.3 million for the fourth quarter of 2024. We finished the quarter with \$2.6 million in cash and \$2.3 million of long-term debt. And now I will turn the call back to Ryan.

Ryan Zink

President, CEO & Director

Thank you, Keri. Abby, we can open the call for questions at this time.

Question-and-Answer Session

Operator

[Operator Instructions] And we have no questions at this time. I will turn the conference back over to Mr. Ryan Zink.

Ryan Zink

President, CEO & Director

Thank you, Abby. Although the fourth quarter was a difficult one for our concepts, the first quarter of fiscal 2026 is shaping to mark improvement in same-store sales and in adjusted EBITDA. Our product and promotional road map at both concepts is robust and targeted towards broadcast appeals, and we continue to drive operating improvements translating into great guest experiences.

I am proud of our leaders and team members in our restaurants, who each day deliver memorable experiences for our guests and who ultimately are the ones who create value for our shareholders. Thank you all for joining us today. And in conclusion, I wish all of you as well as all of the members of the Good Times and Bad Daddy's teams happy holidays.

Operator

And ladies and gentlemen, this concludes today's call, and we thank you for your participation. You may now disconnect.

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