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Jack in the Box Inc. (JACK) Q1 2026 Earnings Call Transcript

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Q1: 2026-02-18 Earnings Summary

Insights

EPS of \$1.00 **misses by \$0.11** | Revenue of \$349.52M (-25.55% Y/Y) **misses by \$3.99M**Jack in the Box Inc. ([JACK](#)) Q1 2026 Earnings Call February 18, 2026 5:00 PM EST

Company Participants

Rachel Webb - VP of Finance and Investor Relations

Lance Tucker - CEO & Director

Dawn Hooper - Executive VP & CFO

Ryan Ostrom - Executive VP & Chief Customer & Digital Officer

Conference Call Participants

Alexander Slagle - Jefferies LLC, Research Division

Pratik Patel - Barclays Bank PLC, Research Division

Andrew Charles - TD Cowen, Research Division

Gregory Francfort - Guggenheim Securities, LLC, Research Division

Huiching Chiang - Goldman Sachs Group, Inc., Research Division

Karen Holthouse - Citigroup Inc., Research Division

James Sanderson - Northcoast Research Partners, LLC

Jake Bartlett - Truist Securities, Inc., Research Division

Presentation

Operator

Thank you for standing by. My name is Jordan, and I'll be your conference operator today. At this time, I'd like to welcome everyone to the Jack in the Box First Quarter 2026 Earnings Call. [Operator Instructions] Thank you. I'd now like to turn the call over to Rachel Webb, Vice President of Investor Relations. Please go ahead.

Rachel Webb

VP of Finance and Investor Relations

Thanks, operator, and good afternoon, everyone. We appreciate you joining today's conference call, highlighting results from our first quarter of fiscal 2026. With me today are Chief Executive Officer, Lance Tucker; our Chief Financial Officer, Dawn Hooper; and our Chief Customer and Digital Officer, Ryan Ostrom.

Following their prepared remarks, we will be happy to take questions from our covering sell-side analysts. Note that during both our discussion and Q&A, we may refer to non-GAAP items. Please refer to the non-GAAP reconciliations provided in the earnings release, which is available on our Investor Relations website at jackinthebox.com.

We will also be making forward-looking statements based on current information and judgments that reflect management's outlook for the future. However, actual results may differ materially from these expectations because of business risks. We, therefore, consider the safe harbor statement in the earnings release and the cautionary statements in our most recent 10-K to be part of our discussion. Material risk factors as well as information relating to company operations are detailed in our most recent 10-K, 10-Q and other public documents filed with the SEC and are available on our Investor Relations website.

Additionally, on January 21, 2026, the company filed a definitive proxy statement and related materials with the SEC in connection with the 2026 Annual Meeting of Stockholders. Our directors and certain officers are participants in the solicitation of proxies in connection with the annual meeting. Stockholders are encouraged to read the proxy statement and related materials as they contain important information, including the identity of the participants and their direct or indirect interest by security holdings or otherwise.

While we understand that there may be interest in our ongoing proxy contest, please note the purpose of today's call is to discuss Jack's first quarter earnings results, and we ask that you keep your questions focused on our financial performance.

And with that, I would like to turn the call over to our Chief Executive Officer, Lance Tucker.

Lance Tucker
CEO & Director

Thanks, Rachel, and I appreciate everyone joining us today. I want to begin by thanking our team, our franchisees and our shareholders. This past quarter has been one of hard work, dedication and grit. It was a quarter critical in laying the foundation for 2026 and beyond. We remain focused on simplifying the business, and we've made visible progress since the last quarter.

On this call, I'll provide a brief update on our JACK on Track plans and how I'm thinking about the remainder of 2026. And then I'll turn it over to Dawn to walk through first quarter results.

In December, we successfully closed on the sale of Del Taco, and we then made a significant paydown on our debt. We are doing exactly what we committed to do by simplifying the business and bringing down debt levels, and I'm really pleased with the progress to date. With the transaction complete, only minimal separation activities remain, and the team is fully recentered on strengthening the Jack in the Box brand and executing the remaining elements of our JACK on Track plan.

As we entered 2026, Jack in the Box proudly marked its 75th anniversary, a milestone few brands reach. The response to our anniversary activations has been positive, reinforcing what we know to be true. Jack remains beloved by our customers. Guests are leaning into the nostalgia that defines our heritage while embracing the differentiation and innovation that continue to move the brand forward.

2026 is about laying the foundation for sustainable long-term growth, which requires doing a lot of hard work right now. We're confident that the actions we're taking will lead to a stronger, more stable platform from which to grow. We are beginning to see early results that reinforce that we are on the right path. But as a reminder, this is a multistep process, and the benefits of this work will take time to fully materialize.

Turning now to first quarter results. Q1 results were choppy but broadly in line with our expectations. As we discussed on the last call, we got off to a tough start to the quarter, and while we did experience some bright spots throughout the quarter, the end of the calendar year didn't improve to the degree we were looking for. It really wasn't until January that we started experiencing consistent meaningful improvements to performance, and importantly, the improvement was on both a 1- and a 2-year basis.

January featured the launch of our 75th anniversary marketing calendar, including a throwback combo in the Chicken Supreme Munchie Meal coupled with a new fan favorite, Jibbi, a backpack charm. Customers have been trying to collect all 4 Jibbis, and we've seen a great response, which drove an increase in sales of our Munchie Meals, which generate a higher average check.

Customers are still careful about where they spend, and we remain committed to a strategy grounded in driving value for guests while protecting profitability for ourselves and our franchisees. You'll see us continue to feature price pointed value promotions that also drive our barbell strategy with add-ons and upsells through technology. To reiterate, Q1 was in line with our expectations, and we knew the year would get off to a slow start. But as the reaffirmation of our guidance reflects, we expect to see steady improvement on the top line as we move through 2026.

This is really a year of getting back to our roots at Jack in the Box. We have been very deliberate in how we spend our time and capital, focusing on the fundamentals we believe are essential to sustainably improving the business. These efforts will take time to become visible in our results, but they are critical to improving consistency, profitability and long-term returns. And I'm more convinced than ever that we're moving in the right direction.

To frame up some of the early progress we're making on Jack's Way, which is designed to improve the guest experience, I'm pleased with the progress the team has made in improving operations. Last quarter, we identified a gap in field support and restructured that team. Shannon has moved these changes decisively from design to execution, meaning we have a greatly increased presence in the restaurants to give more real-time support to our franchisees and team members as they ultimately work to delight the guest.

Starting in Q1, the team aligned training on our core Jack's Way principles to further simplify the experience for our team members and reinforce the importance of fundamentals. For example, aligning with our Monster Munchies promotion, the team was focused on doubling down on joyful service, and we will continue to see the fundamentals reinforced across every marketing window.

In Q1, we also enhanced our restaurant audit process to reinforce critical behaviors and standards to elevate the guest experience. We have additional high-touch training coming later this year, including in-restaurant workshops, and none of this would be successful without laying the foundation of a new field team to ensure it sticks.

We are also making progress on enhancing our value proposition and menu strategies. As we continue to celebrate our 75th anniversary, you'll see brand activations leaning into classic fan favorites, while we also launched new products designed to drive customer interest in trial, leveraging innovation that can only be found at Jack in the Box.

Just last week, we announced the return of one of our most popular products, the Hot Mess Burger. This limited time offer is paired with another collectible, our antenna ball featuring the Meat Riot Jack head from one of our most memorable Jack commercials. We're also incorporating experiential marketing with an anniversary tour that kicked off in L.A. and is landing in Austin for Jack's actual anniversary later this month.

We've continued to simplify our marketing as well. We simplified our marketing calendar to have a more balanced and consistent focus between value and innovation. We've also reduced our media messages from 3 to 2, which allows our teams to focus on stronger execution of fewer LTOs and drive media effectiveness.

The final component of Jack's Way is modernizing our restaurants. The key takeaway here is that we're focused on a highly cost-effective refresh that substantially improves the current appeal of our restaurants. So far, the many refreshes we've put in market have generated a modest but meaningful uplift, and we remain encouraged by the limited investment they require.

Across roughly 20 restaurants and tests today, we're seeing low single-digit sales lifts. We're now expanding these efforts in Southern California markets, which allows us to capture additional upside potential as we see higher clusters of refreshed restaurants.

As you recall, last year, we also modernized our technology within the restaurant, rolling out both new POS and back-of-house systems. We can now start leveraging these systems not only for cost efficiencies but also better up-sell capabilities, which we expect will improve both the top and bottom lines.

Before I turn it over to Dawn, I want to reiterate just a few key points. First, we're doing exactly what we said we were going to do with regard to both the JACK on Track initiatives to strengthen our business model and also with our Jack's Way programs to improve operating results. Both are yielding tangible results.

Second, we're seeing early positive results from simplification efforts we've made across ops and marketing, allowing our teams to focus on what truly matters, driving trial, frequency and executing on a great customer experience. I'm confident that these changes will drive improved same-store sales as we move through the balance of the year.

And finally, I continue to be inspired by the efforts and resiliency of both our team and our franchisees and by the foundation we're building as we do the hard work to strengthen the business. These efforts are helping us to sharpen our discipline as a brand and position Jack to drive sustained profitability and long-term shareholder value as we move through 2026.

And with that, I'll turn it over to Dawn.

Dawn Hooper

Executive VP & CFO

Thanks, Lance, and good afternoon, everyone. I will start by reviewing the details on our performance in the first quarter as well as provide an update on JACK on Track. Before I begin, I just wanted to remind everyone that the company completed the sale of Del Taco on December 22, 2025, and the results of Del Taco are excluded from continuing operations and associated results for these purposes.

The first quarter same-store sales for Jack in the Box decreased 6.7%, comprised of franchise restaurant same-store sales decrease of 7% and a company-owned same-store sales decrease of 4.7%. This resulted from a decline in transactions and sales mix, partially offset by menu price increases.

Jack's restaurant level margin percentage in the quarter decreased to 16.1%, down from 23.2%. Food and packaging costs as a percentage of sales were 29.7% for the quarter, increasing 380 basis points from the prior year. This was driven by commodity inflation of 7.1% in the quarter, the negative impact from rolling over a prior year beverage benefit and a change in the mix of restaurants.

Labor costs as a percentage of sales were 35.3%, increasing 200 basis points from the prior year. This increase was primarily related to a change in the mix of restaurants driven by our Chicago restaurants. We expected Chicago to have elevated labor in the quarter, and while the market did improve throughout the quarter, there is still work to be done. Shannon and team are working with urgency to address this market.

Occupancy and other costs increased 120 basis points, driven by higher costs for utilities and other operating expenses. Franchise-level margin was \$84.1 million or 38.6% of franchise revenues compared to \$97.1 million or 40.9% a year ago. The decrease was mainly driven by lower sales, driving lower rent and royalty revenue, and a decrease in the number of restaurants.

Turning to restaurant count. There were 6 restaurant openings and 14 restaurant closures in the quarter. SG&A for the quarter was \$37 million or 10.6% of revenues compared to \$41.2 million or 11.1% a year ago. The decrease of \$4.1 million was primarily due to the market fluctuations of our COLI policies and the current period income from our transition services agreement, partially offset by increases in information technology expenses and digital advertising costs. Excluding net COLI gains of \$2.4 million as well as advertising costs, G&A was 2.5% of total system-wide sales for the quarter.

Following the Del Taco sale, we are generating income associated with the transition services agreement, or TSA, and we received approximately \$900,000 in the first quarter. We expect our TSAs to largely be completed by the end of the second quarter. For the full year, we expect the income to be nominal, no more than around \$2 million. This income is included in our reported G&A figures.

Other operating expenses net were \$8.1 million for the quarter, which include proxy contest fees and professional fees for a tax refund settlement, partially offset by gains on real estate sales. The effective tax rate for continuing operations for the first quarter of 2026 was 32.4% compared to 30% for the same quarter a year ago. The adjusted tax rate used to calculate the non-GAAP operating earnings per share this quarter was 31.2%.

Earnings from continuing operations was \$14.4 million for the first quarter of 2026 as compared to \$31 million for the first quarter of the prior year. We reported a GAAP diluted earnings per share from continuing operations for the first quarter of \$0.75 compared to diluted net earnings per share from continuing operations of \$1.61 in the same period of the prior year. Operating earnings per share, which includes adjustments for certain items, was \$1 for the quarter versus \$1.86 in the first quarter of the prior year. Consolidated adjusted EBITDA was \$68.2 million, down from \$88.8 million in the prior year due primarily to the impact from sales deleverage.

Now for some specifics regarding JACK on Track. As a reminder, while Lance discussed elements of Jack's Way, which focuses on operational and sales improvements, JACK on Track is meant to bolster the long-term financial performance of the company by strengthening the balance sheet and positioning the company for sustainable growth.

I've already mentioned a few points in regards to our JACK on Track plan but to put a finer point on it: first, we simplified the company by selling Del Taco and successfully closing on the transaction in December; second, we are focusing on franchisee economics by closing underperforming restaurants. In the first quarter, franchisees closed 12 restaurants. Based on closures so far, we have generally seen a roughly 30% sales benefit to nearby restaurants. This element of JACK on Track is moving a little slower than we would have expected as franchisees are evaluating lease dynamics and sales transfer benefits on a case-by-case basis.

Third, we are preserving our capital expenditures for technology and restaurant reimages. For the first quarter, our capital expenditures were \$23.2 million, which primarily includes spending on restaurant information technology. Approximately \$8 million reported in Q1 relates to prior year expenditures primarily for our new Chicago restaurants that were incurred in fiscal '25 but paid in fiscal '26. This is solely a timing impact and does not represent incremental fiscal year 2026 spend.

Lastly and importantly, our focus on debt reduction. During the quarter, we made a partial prepayment of \$105 million on our August 2026 tranche. Our total debt outstanding at quarter end was \$1.6 billion our net debt to adjusted EBITDA leverage ratio was 6.5x. Please note that this figure now excludes any historical adjusted EBITDA impact for Del Taco. We remain committed to paying down an additional \$200 million in debt over the course of our JACK on Track plan.

As it pertains to real estate sales, we generated \$10.9 million of proceeds in the first quarter with associated gains of approximately \$6.3 million. We expect to sell real estate with proceeds of \$50 million to \$60 million by the end of fiscal year 2026, with the expectation that these proceeds, along with cash on hand, would be applied to pay down debt. We are thoughtfully assessing refinancing options related to our upcoming tranches, taking into account market conditions, interest rates and our long-term capital structure objectives. It is likely we will be in the market in the coming months. Lastly, as we mentioned in today's release, we are reiterating our guidance from November 2025.

In closing, this quarter reflects steady progress on JACK on Track as we continue to build a stronger foundation for sustainable long-term growth. We look forward to keeping you updated on our progress throughout this fiscal year.

Thanks again for your time this afternoon. Operator, please open the line for questions.

Question-and-Answer Session

Operator

[Operator Instructions] Your first question comes from your line, Alex Slagle from Jefferies.

Alexander Slagle

Jefferies LLC, Research Division

I guess I wanted to follow up on just some of the trends you're seeing. I mean, it sounds like the initial response to some of the 75th anniversary work has been good, and January trends were improved. And maybe you could elaborate on what you saw. I'm not sure like how much there is weather that maybe came into an impact at all in your system into February, if that's something we should consider also.

Lance Tucker

CEO & Director

Sure, Alex. So kind of to your point, once we hit the beginning of '26, we did start to see some kind of meaningful improvements. Certainly, when we got off to the new window, that helped a lot. And as we got into Q2 -- because, bear in mind, our quarter ended kind of mid-January as we got into Q2, we're really seeing kind of same-store sales play out the way we thought they would. We started the second quarter really a couple of hundred basis points better than we were in the first quarter, and that's before the weather impact, to your question about weather.

We're actually over 400 basis points better when you factor in the winter storm, which, on a full quarter basis, will have about a 60 or 70 basis point impact to the quarter. Since we're talking about roughly a month of impact, it's a couple of hundred basis points just for the month. So when you factor out the weather, we're really low single digits right now, which we're pleased with. We're not quite where we want to be but -- 200 negative. Let me rephrase that. I think I misspoke there. We're not quite where we want to be, but we're certainly gaining on it, and we're getting really good initial response to our 75th anniversary marketing.

Alexander Slagle

Jefferies LLC, Research Division

Awesome. The Chicago performance and the efforts to recover from some of the labor inefficiencies there, what's the issue going on there? I guess why is it still a drag? I would have thought it was more about the openings and staffing up, and that would sort of be able to get out of that heading into the 2Q, I guess.

Lance Tucker

CEO & Director

We're still working on it, as you can see from the results. I think from a top line standpoint, we're kind of performing reasonably well, particularly given that we have not yet turned on our 24-hour operations. We've not yet turned on digital. We don't have our full menu yet. So there's still a lot of upside on the top line.

We haven't turned those things on yet because we do still have some issues we're working through. And I think the easiest thing I can say about it is it's a tough labor market. We opened 8 restaurants in the span of under 3 months, which for us and our corporate operations side's a lot and we're just still dialing in the P&L there.

So we -- it is one of the big priorities we have right now. We're spending a lot of time up in Chicago to get that fixed. I think it will be fixed in the coming months, and then you'll see us be able to turn on the sales side full steam. And I think you'll see that market come around the way we expect to.

Dawn Hooper

Executive VP & CFO

And the only thing I'd add to that, Lance, is we did expect continued margin compression of Chicago in our guidance that we provided, specifically in Q1.

Operator

Your next question comes from the line of Jeff Bernstein from Barclays.

Pratik Patel

Barclays Bank PLC, Research Division

This is Pratik on for Jeff. Lance, I had a question on franchisee four-wall margins. They were presumably below the company margin at 16.1% given the ongoing disparity in comp performance. Beyond JACK on Track, is there anything in the short term that you can do to help franchisees navigate this difficult environment maybe on the commodity side to secure better prices or maybe rent release? And I have one follow-up.

Lance Tucker

CEO & Director

So generally speaking, our franchisees have pretty good economics with AUVs still approaching \$2 million. But you're right, we are seeing pressure on four-wall EBITDA right now between the sales conditions and then beef inflation in particular. So at this point, no, we're not doing any kind of blanket assistance, but we are looking at what we need to do in those kind of one-off cases where we have a franchisee struggling.

But generally speaking, I mean, as you can imagine right now, particularly with where beef is, yes, the four-wall margins are not where they need to be, but we're doubling down, doing a lot on the profitability side. We just actually restructured our team to make sure we're more focused on profitability. We're doing things like rolling out a new soft drink dispenser. We're doing a number of things within the supply chain to try to cut costs. So yes, we're kind of putting a full-court press on our digital -- or on all of our profitability. And then we're also making some revamps to our digital programs, including loyalty, that are going to add some profitability back in that channel as well.

Pratik Patel

Barclays Bank PLC, Research Division

Got it. And Dawn, it was encouraging to see the company traffic trend improve modestly on a 2-year basis. Believe you were at the mid-2% pricing range to close fiscal '25, and you ended this quarter at 3%, it looks like, per the 10-Q. Just wanted to get your thoughts on how you think about the price value equation in this environment while at the same time, protecting your margins and unit economics.

Lance Tucker
CEO & Director

This is Lance. I'll start with that one, and Dawn can come on in and jump in here as she needs to. We have been able to take a little more price on the company side. It's interesting, the franchisees have taken a little more price than we had historically. So our absolute prices are still lower, but throughout the quarter, we were able to take a little more price on the company side and still leave ourselves in a spot where we feel very comfortable with the value proposition we're giving to our guests.

The other thing we did do during the quarter was we took several of our bundles and made sure that we lowered prices kind of in one of our chicken bundles, in one of our burger combos and a breakfast combo. We also added ounces into the soft drink amounts. So we're doing a lot of things to try to make sure that we're showing that value to the customer, while, at the same time, making sure that we're protecting profitability not only here on the corporate side but ultimately to the franchisees as well.

Operator

Your next question comes from the line of Sara Senatore from Bank of America.

Unknown Analyst

[Isaiah] on for Sara. Just kind of touching on what you were just discussing. Anything specific as to why there was such a large gap in comp between the company restaurants and the franchise ones, maybe anything related to operations, tech, anything that you have there?

Lance Tucker
CEO & Director

I'd say a couple of things. One is, we think, a little bit of pricing disparity, but I think probably the bigger factor is our company restaurants are pretty much 100% religious about opting into the offers that we do on the digital side. The franchisees tend to be a little more selective as to which actual promotions they're going to opt into. And so we've seen, on the company side, a lot more overall effectiveness on the digital side than we have with the franchisees. And I think that's probably the biggest singular driver.

Unknown Analyst

Got it. And then just kind of switching gears. Just thinking about how -- if you could give us a little color on just how you guys have historically competed against larger competitors just in periods of intense value competition and when you're thinking about scale, do you guys think more about the importance of competing nationally? Or do you view scale on a more local, easier to compete kind of basis more?

Lance Tucker

CEO & Director

Let me start with that, and then I'll ask Ryan to jump in and supplement me a little bit, too. But I think, first of all, we've always been smaller than some of these really big chains like a McDonald's or Taco Bell, Burger King, whoever it may be. I think in order for us to be successful when they're out there with heavy value, we've got to have our own consistent value.

And then we've got to lean into what really differentiates Jack, which is innovation. We have a lot of innovation, both within our LTOs but also within our core menu. And so making sure we've got our own consistent price, that, that price is in a reasonable spot and that we continue to bring innovative products that you can't get somewhere else is the biggest piece. And I'll turn it over to Ryan, let him supplement that.

Ryan Ostrom

Executive VP & Chief Customer & Digital Officer

Yes, we know to be relevant, we have to have that price pointed value, which we have in every single window moving forward, which is something we didn't have in '25. So that really goes after our value guests. But it's about the distinctive and ownable value that we have out there, so when you think about Jack in the Box, it's really about that abundance value. It's about the Munchie Meals. We saw great response to our Jibbis, so adding some gift with purchase on our abundant meals have done really well.

On top of aggressive quick hit value, I mean, we are an iconic brand that has tacos. And so our ability to pulse in some aggressive, disruptive price points on tacos, celebrating our 75th like we are once a month with \$0.75 tacos, we have a \$0.75 Jumbo Jacks coming in next week or this Saturday, these type of offers that are ownable and distinctive to us really drive a quick impact to drive traffic to our brand.

But we also have to look at value differently and where we really need to compete is how do we improve value for the guests through quality. And so it's not all just about price points. It's about improving the quality of our goods. And we've already executed some of that in our latest window with improving our core grilled chicken. And our next step is looking across our core platform and improving across our items to make sure that value for the money score that's really important to the guest matches up with the product they're getting. And so you'll see a lot more quality improvements from our brand moving forward.

Operator

Your next question comes from the line of Andrew Charles with TD Cowen.

Andrew Charles

TD Cowen, Research Division

Dawn, you called out the 7% commodity inflation in the quarter. Can you just remind us what you're expecting for commodity inflation for the year? And really just how much of that 7% increase was in beef as well as the forecast for that within the '26 guidance?

Dawn Hooper

Executive VP & CFO

Yes. So our guidance still stands. We had guided to mid-single digits back in November. Beef is definitely the most impactful. Q1 actually came in a little higher than we had anticipated, but you can look to see beef up double digits, and as the year continues, that impact will moderate. It was definitely the highest in Q1.

Operator

Your next question comes from the line of Gregory Francfort from Guggenheim.

Gregory Francfort

Guggenheim Securities, LLC, Research Division

My first one just on weather. I guess there was some maybe drag later in January, but you guys have a lot of stores in the West Coast. Are you guys able to identify if it may have helped late December, early January?

Lance Tucker

CEO & Director

We didn't see any meaningful improvements or benefits, I would say, relative to weather. Certainly, everything we saw was more related, particularly with the big Texas footprint and where we are in the Midwest to, I think, it was called Fern, Winter Storm Fern that impacted us by a couple of hundred basis points actually.

Gregory Francfort

Guggenheim Securities, LLC, Research Division

Got it. And then just maybe going back to kind of franchisee health and performance. How much is beef up now versus where it was a few years ago? And if that reverses, I guess what could that do to franchisee cash flows? And do you expect that to happen over the next 12 to 18 months?

Lance Tucker

CEO & Director

I think Dawn is going to look back and see if she can give a reasonable estimate as to what it's done for the last few years. I don't have that off the top of my head. Obviously, though, beef is trading very, very high relative to where it's been, and we would expect a fairly significant benefit. If it were to go down, as Dawn said, we expect it to moderate some throughout '26, but I think, at least as far as the predictions I've seen in the next 12 to 18 months, we wouldn't expect it to become a tailwind.

Operator

Your next question comes from the line of Samantha Chiang from Goldman Sachs.

Huiching Chiang

Goldman Sachs Group, Inc., Research Division

This is Samantha on for Christine Cho. I wanted to ask about breakfast. I know many of your competitors have called out this daypart as an underperforming part of the day as it tends to be more economically sensitive with some peers recently making breakfast optional for franchisees. Could you share an update on how you're thinking about breakfast and how this daypart has performed at Jack relative to the rest of the day, particularly following the launch of your Munch Better Deals lineup?

Lance Tucker

CEO & Director

Sure. So breakfast for us has actually been pretty consistent. It's always been a big part of what we do at Jack. And of course, we have breakfast all day, which I'm sure you're aware. So from our perspective, as we look like at this past quarter as an example, it was pretty consistent with all our other dayparts with the exception of late night, which is where we really had some gains. So overall, we haven't seen much change. We are aware that other competitors are giving some optionality to their franchisees as to whether or not they do breakfast, but we'll have to wait and see if that impacts us.

Ryan Ostrom

Executive VP & Chief Customer & Digital Officer

With us, it's all day breakfast is the core of our brand. It's been around for -- since this brand has been around. So basically, it's something that we don't -- we take really serious in making sure that we continue to drive breakfast and an all-day solution to our guests.

Operator

Your next question comes from the line of Karen Holthouse from Citi.

Karen Holthouse

Citigroup Inc., Research Division

This is Karen on for Jon Tower. Just going back to the remodel program, I don't know if you've shared or willing to share your guardrails around what you're thinking in terms of your cost per unit. What are like the key elements you think are really driving that curbside appeal or change in curbside appeal? And how do your franchisees plan on funding this? Do they think they can do it through existing cash flows? Is there appetite for financing it? Anything on that would be great.

Lance Tucker

CEO & Director

Sure, Karen. As I know I said a couple of times here over the last few of these calls, our ultimate goal is to get a full-scale reimage program established and going kind of towards the end of the year. Really, what we're doing right now, though, is much more of what we're considering kind of a mini refresh. And the intent, honestly, is just to improve the curb appeal until we get to such point as we can do the full reimage program because, as you know, even if we kick that off within the next 12 months or so, it takes usually a number of years for those things to play out.

So this is really more cosmetic, is what I would tell you. It's paint. It's re-stripping and sealing the parking lot. It's cleaning up the landscaping. It's making sure the drive path looks good. And that can be done for a very, very low cost. I'm talking under \$20,000, and franchisees tend to have a way of getting things done more cheaply than we do. So for them, it's probably under \$10,000. So this is the kind of thing that really is intended just to give us a better curb appeal, get us through to the point when we are ready to get the full-scale reimage program going and do so at a tremendously economical price.

Karen Holthouse

Citigroup Inc., Research Division

And then just a follow-up. When we get there end of this year, hopefully, talking about legging into a broader remodel program, is your expectation that there would be some incentives tied to doing that or any sort of financial support for franchisees?

Lance Tucker

CEO & Director

100%. We -- let me rephrase that. 100%, there will be assistance from corporate. Corporate will not pay for it 100%. Figure I'd better clean that up. But the -- you know how these things can get taken out of context. But anyway, yes, we would expect to make a meaningful contribution to whatever reimage program we would eventually roll out. The most recent one we did was in the 35% neighborhood if I'm not mistaken, and so I would think a little bit either side of that is what we'd be talking about.

Operator

Your next question comes from the line of Jim Sanderson from Northcoast Research.

James Sanderson

Northcoast Research Partners, LLC

I wanted to find out a little bit more about Hispanic consumer demand. I think you had called that out in the past to something that was unusually more difficult for Jack in the Box. Has that improved over the past year and most recently? And is it improving at a much richer pace?

Lance Tucker

CEO & Director

What we've seen, let's say, over the last quarter, is not a whole lot of movement frankly. We've seen both in the low income and the consumer -- and the Hispanic consumer segments, we've seen maybe the slightest amount of change, meaning improvement but not anything significant at this point.

James Sanderson

Northcoast Research Partners, LLC

Okay. So that's more or less trending with the sequential improvements you've observed across the board. Is that the right way to look at that? Nothing then?

Lance Tucker

CEO & Director

It's kind of in that ballpark. Certainly, we're not seeing anything meaningful as far as improvement there yet.

James Sanderson

Northcoast Research Partners, LLC

All right. And if I could follow up on a question on -- you had mentioned some technology you were leveraging in store. And I was wondering, is that related to the new point-of-sale system to the kiosks? Anything there to call out that might be beneficial, especially in the back half to drive traffic or transaction?

Lance Tucker

CEO & Director

Jim, there's a couple of things we've done, actually. So we completed the rollout of the POS system along -- I think it was about the end of August. And so as we continue to make refinements to that system and learn it, I would expect to see some benefit there. But the other thing we did, and this is a real tribute to the ops team as well as our IT team led by Doug Cook, we did deploy new back of house, both on the labor management side and the inventory side, and that was completed in November of '25.

And so again, it's kind of very early days. We're getting to know the systems. We're learning how to utilize them. But our focus for the balance of the year is really going to be how do we leverage those systems now that we've made those investments to get more efficiencies out of them, both on the top line and the bottom line.

Operator

Your next question comes from Jake Bartlett from Truist Securities.

Jake Bartlett

Truist Securities, Inc., Research Division

Mine was about your regional performance. And as we compare Jack in the Box to the larger peers, it might be unfair just given your exposure to certain markets. So I'm wondering whether markets like California are particularly weighing the system down and maybe how you think you might compare to your peers within a big market like California.

Lance Tucker

CEO & Director

Sure. I'll start with that, and then I'll ask Ryan to jump in if there's anything he wants to add or Rachel for that matter. California has been difficult for, I believe, most brands, at least from the information that we have. So I do believe that is a little more of a headwind not only on the sales front but certainly on the profitability front with some of the labor pressures that you see in California.

Now as we look at first quarter, in particular, I think the weather, obviously, the weather impact we've already talked about was more Texas and Midwest phenomenon than it was in California. But just generally speaking, what we've seen in my time back here is that California has been challenging. And I think when you look at our over 40% of restaurants being based in California, we certainly have a little more of a headwind when you're looking at an overall consolidated number than some of our competitors may.

Operator

That concludes the question-and-answer session. I'd now like to turn the call back over to Lance Tucker, CEO, for closing remarks.

Lance Tucker

CEO & Director

As always, just want to say thanks, everybody, for your time, and we look forward to seeing you this time next quarter.

Operator

That concludes today's meeting. You may now disconnect.

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