

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 2, 2023

**Rave Restaurant Group, Inc.**

(Exact name of registrant as specified in its charter)

Missouri  
(State or other jurisdiction of incorporation)

0-12919  
(Commission File Number)

45-3189287  
(IRS Employer Identification No.)

3551 Plano Parkway, The Colony, Texas  
(Address of principal executive offices)

75056  
(Zip Code)

Registrant's telephone number, including area code: (469) 384-5000

| Title of each class            | Trading Symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common Stock, \$0.01 par value | RAVE              | Nasdaq Capital Market                     |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). 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.

**Item 2.02 Results of Operations and Financial Condition**

On February 2, 2023, Rave Restaurant Group, Inc. issued a press release discussing financial results of its second fiscal quarter ended December 25, 2022, a copy of which is attached as Exhibit 99.1 hereto.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits.

[99.1](#) Rave Restaurant Group, Inc. press release dated February 2, 2023.

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 hereunto duly authorized.

Rave Restaurant Group, Inc.

Date: February 2, 2023

By: /s/ CLINTON D. FENDLEY

Clinton D. Fendley  
Chief Financial Officer  
(principal financial officer)

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February 2, 2023

**RAVE Restaurant Group, Inc. Reports Second Quarter Results**

**(DALLAS) Feb. 2, 2023** – RAVE Restaurant Group, Inc. (NASDAQ: RAVE) today reported financial results for the second quarter of fiscal 2023 ended December 25, 2022.

**Second Quarter Highlights:**

- The Company recorded net income of \$0.3 million for the second quarter of fiscal 2023 compared to net income of \$0.5 million for the same period of the prior year.
  - Income before taxes remained stable at \$0.5 million for the second quarters of both fiscal 2023 and fiscal 2022.
  - Adjusted EBITDA remained stable at \$0.6 million for the second quarters of both fiscal 2023 and fiscal 2022.
  - Total revenue increased by \$0.2 million to \$2.9 million for the second quarter of fiscal 2023 compared to the same period of the prior year.
  - The Company used \$3.6 million to repurchase shares of its common stock in the second quarter of fiscal 2023.
  - Pizza Inn domestic comparable store retail sales increased 8.4% in the second quarter of fiscal 2023 compared to the same period of the prior year.
  - Pie Five domestic comparable store retail sales increased 6.3% in the second quarter of fiscal 2023 compared to the same period of the prior year.
  - On a fully diluted basis, net income remained stable at \$0.02 per share for the second quarters of both fiscal 2023 and fiscal 2022.
  - Cash and cash equivalents decreased \$4.3 million since year end to \$3.4 million at December 25, 2022.
  - Pizza Inn domestic unit count finished at 125.
  - Pizza Inn international unit count finished at 33.
  - Pie Five domestic unit count finished at 31.
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“Our second quarter results mark 11 consecutive quarters of profitability for RAVE driven by a strong top-line and focused cost controls while investing in the future of our business,” said Chief Executive Officer of RAVE Restaurant Group, Inc., Brandon Solano. “Our second quarter shows continued same-store sales growth at both Pizza Inn and Pie Five, net income and EBITDA stability and strong operating cash performance.”

“We continue to make investment decisions with the goal of driving long-term performance and competitiveness,” Solano said. “We expect key initiatives such as our Pizza Inn rebranding efforts, reimagined Pizza Inn buffet experience, Pie Five menu relaunch and our new group value proposition, will provide returns long after our initial investments.”

“In fiscal 2022, we delivered the first Pizza Inn buffet unit count growth in 24 years. In Q2, we had one buffet opening and zero closures, making us net positive in buffet store count year-to-date. We continue to focus on building our strong pipeline of new buffet stores, including our first new store image Pizza Inn slated to open in April in Asheboro, NC. In the coming months we are poised to begin re-image efforts at Pizza Inn buffets which will give our customers an enhanced Pizza Inn experience.”

In Q2, RAVE continued the rollout of its modernized Pizza Inn logo and mascot ‘Jojo’ across consumer touch points especially in new buffet units under construction. The company also began the implementation of Revel, its new point of sale system, with full rollout expected in late summer 2023.”

Solano continued, “The restaurant industry continues to abandon dine-in, leaving us an opportunity to win with our differentiated strategy, focusing on the value and variety of Pizza Inn’s buffet while opportunistically capturing delivery and carry-out. We know our customers are hungry for a connection and an ‘experience’ with their family, not just Covid-esque functional feeding, and we are well positioned to fulfill that need.”

“On the Pie Five front the most significant menu and operations changes in our history have been rolled out to all traditional stores and we are seeing strong consumer and franchisee acceptance and an improvement in same-store sales consistent with our testing. These menu changes included the elimination of large pizzas, reinforcing our position as an individual pizza brand where everyone gets what they want with no compromises. To capture the family or group occasion lost with the elimination of large pizzas, we have tested a strong group value proposition called the Pie Five “Free 4<sup>th</sup> All” offering a fourth pizza free when consumers buy three pizzas. This offer drove significant ticket and value for consumers in testing. We will roll this offer out system-wide this month.”

“As always, I’m proud of our results and the inspired efforts of our team members and franchisees. They are a gritty, resilient bunch of dedicated operators and I feel great about our future.”

Clint Fendley, Chief Financial Officer of RAVE Restaurant Group, Inc. further explained, “RAVE’s top-line growth of 6.3% is driven by strong same-store sales growth, unit count stability, and strong performance among remodeled Pizza Inn units. These factors, combined with strong cost controls, yielded our eleventh consecutive quarter of profitability. The first half of fiscal 2023 has been a period of investment for the company as we lay the foundation for accelerating store growth in future years.”

Fendley continued, “While our Q2 net income and year-to-date net income shows a year-on-year decline, our net income before taxes increased nominally in Q2 and year-to-date since the full recognition of our deferred tax asset of \$5.6 million has resulted in higher income tax expense since the end of fiscal 2022. This is a positive development as it reflects our consistent profitability.”

“We leveraged our strong cash position to repurchase \$3.6 million of common stock in the second quarter and continue to hold in excess of \$3.4 million in cash.”

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## **Non-GAAP Financial Measures**

The Company's financial statements are prepared in accordance with United States generally accepted accounting principles ("GAAP"). However, the Company also presents and discusses certain non-GAAP financial measures that it believes are useful to investors as measures of operating performance. Management may also use such non-GAAP financial measures in evaluating the effectiveness of business strategies and for planning and budgeting purposes. However, these non-GAAP financial measures should not be viewed as an alternative or substitute for its financial statements prepared in accordance with generally accepted accounting principles.

The Company considers EBITDA and Adjusted EBITDA to be important supplemental measures of operating performance that are commonly used by securities analysts, investors and other parties interested in our industry. The Company believes that EBITDA is helpful to investors in evaluating its results of operations without the impact of expenses affected by financing methods, accounting methods and the tax environment. The Company believes that Adjusted EBITDA provides additional useful information to investors by excluding non-operational or non-recurring expenses to provide a measure of operating performance that is more comparable from period to period. Management also uses these non-GAAP financial measures for evaluating operating performance, assessing the effectiveness of business strategies, projecting future capital needs, budgeting and other planning purposes.

"EBITDA" represents earnings before interest, taxes, depreciation and amortization. "Adjusted EBITDA" represents earnings before interest, taxes, depreciation and amortization, stock compensation expense, severance, gain/loss on sale of assets, costs related to impairment and other lease charges, franchise default and closed store revenue/expense, and closed and non-operating store costs. A reconciliation of these non-GAAP financial measures to net income is included with the accompanying financial statements.

## **Note Regarding Forward Looking Statements**

Certain statements in this press release, other than historical information, may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, and are intended to be covered by the safe harbors created thereby. These forward-looking statements are based on current expectations that involve numerous risks, uncertainties and assumptions. Assumptions relating to these forward-looking statements involve judgments with respect to, among other things, future economic, competitive and market conditions, regulatory framework and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of RAVE Restaurant Group, Inc. Although the assumptions underlying these forward-looking statements are believed to be reasonable, any of the assumptions could be inaccurate and, therefore, there can be no assurance that any forward-looking statements will prove to be accurate. In light of the significant uncertainties inherent in these forward-looking statements, the inclusion of such information should not be regarded as a representation that the objectives and plans of RAVE Restaurant Group, Inc. will be achieved.

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**About RAVE Restaurant Group, Inc.**

Dallas-based RAVE Restaurant Group [NASDAQ: RAVE] has inspired restaurant innovation and countless customer smiles with its trailblazing pizza concepts. The Company owns, franchises, licenses and supplies Pie Five and Pizza Inn restaurants operating domestically and internationally. The Pizza Inn experience is unlike your typical buffet. Since 1958, Pizza Inn's house-made dough, house-shredded 100% whole milk mozzarella cheese, fresh ingredients and house-made signature sauce combined with friendly service solidified the brand to become America's favorite hometown pizza place. This, in addition to its small-town vibe, are the hallmarks of Pizza Inn restaurants. In 2011, RAVE introduced Pie Five Pizza, pioneering a fast-casual pizza brand that transformed the classic pizzeria into a concept offering personalization, sophisticated ingredients and speed. Pie Five's craft pizzas are baked fresh daily and feature house-made ingredients, creative recipes and craveable crust creations. For more information, visit [www.raverg.com](http://www.raverg.com), and follow on Instagram [@pizzainnofficial](https://www.instagram.com/pizzainnofficial) and [@piefivepizza](https://www.instagram.com/piefivepizza).

**Contact:**

Investor Relations  
RAVE Restaurant Group, Inc.  
469-384-5000

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**RAVE RESTAURANT GROUP, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
*(In thousands, except share amounts)*  
*(Unaudited)*

|   | Three Months Ended   |                      | Six Months Ended     |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 25,<br>2022 | December 26,<br>2021 | December 25,<br>2022 | December 26,<br>2021 |
| <b>REVENUES:</b>  | \$ 2,866             | \$ 2,696             | \$ 5,871             | \$ 5,249             |
| <b>COSTS AND EXPENSES:</b>  |                      |                      |                      |                      |
| General and administrative expenses   | 1,453                | 1,377                | 2,796                | 2,583                |
| Franchise expenses  | 867                  | 784                  | 2,069                | 1,770                |
| Impairment of long-lived assets and other lease charges                         | —                    | —                    | 5                    | —                    |
| Bad debt expense  | 5                    | 3                    | 9                    | 8                    |
| Interest expense  | —                    | 23                   | 1                    | 47                   |
| Depreciation and amortization expense   | 53                   | 48                   | 104                  | 92                   |
| Total costs and expenses  | <u>2,378</u>         | <u>2,235</u>         | <u>4,984</u>         | <u>4,500</u>         |
| <b>INCOME BEFORE TAXES</b>  | 488                  | 461                  | 887                  | 749                  |
| Income tax expense  | (140)                | (4)                  | (232)                | (7)                  |
| <b>NET INCOME</b>   | <u>\$ 348</u>        | <u>\$ 457</u>        | <u>\$ 655</u>        | <u>\$ 742</u>        |
| <b>INCOME PER SHARE OF COMMON STOCK - BASIC:</b>                                | <u>\$ 0.02</u>       | <u>\$ 0.03</u>       | <u>\$ 0.04</u>       | <u>\$ 0.04</u>       |
| <b>INCOME PER SHARE OF COMMON STOCK - DILUTED:</b>                              | <u>\$ 0.02</u>       | <u>\$ 0.02</u>       | <u>\$ 0.04</u>       | <u>\$ 0.04</u>       |
| <b>Weighted average common shares outstanding - basic</b>                       | <u>16,351</u>        | <u>18,005</u>        | <u>16,491</u>        | <u>18,005</u>        |
| <b>Weighted average common and potential dilutive common shares outstanding</b> | <u>16,351</u>        | <u>18,803</u>        | <u>16,491</u>        | <u>18,803</u>        |

**RAVE RESTAURANT GROUP, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
*(In thousands, except share amounts)*  
*(Unaudited)*

|  | December 25,<br>2022 | June 26,<br>2022 |
|--|----------------------|------------------|
| <b>ASSETS</b>  |                      |                  |
| <b>CURRENT ASSETS</b>  |                      |                  |
| Cash and cash equivalents  | \$ 3,429             | \$ 7,723         |
| Accounts receivable, less allowance for bad debts of \$32 and \$27, respectively   | 1,276                | 1,981            |
| Notes receivable, current  | 167                  | 172              |
| Property held for sale   | 9                    | —                |
| Deferred contract charges, current   | 34                   | 36               |
| Prepaid expenses and other current assets  | 105                  | 146              |
| <b>Total current assets</b>  | <b>5,020</b>         | <b>10,058</b>    |
| <b>LONG-TERM ASSETS</b>  |                      |                  |
| Property, plant and equipment, net   | 304                  | 365              |
| Operating lease right of use asset, net  | 1,447                | 1,664            |
| Intangible assets definite-lived, net  | 312                  | 232              |
| Notes receivable, net of current portion   | 132                  | 201              |
| Deferred tax asset, net  | 5,590                | 5,772            |
| Deferred contract charges, net of current portion  | 224                  | 224              |
| <b>Total assets</b>  | <b>\$ 13,029</b>     | <b>\$ 18,516</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                      |                  |
| <b>CURRENT LIABILITIES</b>   |                      |                  |
| Accounts payable - trade   | \$ 578               | \$ 669           |
| Accrued expenses   | 487                  | 1,082            |
| Other current liabilities  | 1                    | 81               |
| Operating lease liability, current   | 498                  | 490              |
| Short term loan  | —                    | 30               |
| Deferred revenues, current   | 292                  | 538              |
| <b>Total current liabilities</b>   | <b>1,856</b>         | <b>2,890</b>     |
| <b>LONG-TERM LIABILITIES</b>   |                      |                  |
| Operating lease liability, net of current portion  | 1,172                | 1,421            |
| Deferred revenues, net of current portion  | 740                  | 793              |
| <b>Total liabilities</b>   | <b>3,768</b>         | <b>5,104</b>     |
| <b>COMMITMENTS AND CONTINGENCIES (SEE NOTE D)</b>  |                      |                  |
| <b>SHAREHOLDERS' EQUITY</b>  |                      |                  |
| Common stock, \$0.01 par value; authorized 26,000,000 shares; issued 25,090,058 and 25,090,058 shares, respectively; outstanding<br>14,154,453 and 17,511,430 shares, respectively | 251                  | 251              |
| Additional paid-in capital   | 37,557               | 37,384           |
| Retained earnings  | 1,481                | 826              |
| Treasury stock at cost   |                      |                  |
| Shares in treasury: 10,935,605 and 7,578,628 respectively  | (30,028)             | (25,049)         |
| <b>Total shareholders' equity</b>  | <b>9,261</b>         | <b>13,412</b>    |
| <b>Total liabilities and shareholders' equity</b>  | <b>\$ 13,029</b>     | <b>\$ 18,516</b> |



RAVE RESTAURANT GROUP, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(In thousands)  
(Unaudited)

|   | Six Months Ended     |                      |
|---|----------------------|----------------------|
|   | December 25,<br>2022 | December 26,<br>2021 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                  |                      |                      |
| Net income  | \$ 655               | \$ 742               |
| Adjustments to reconcile net income to cash provided by operating activities: |                      |                      |
| Impairment of long-lived assets and other lease charges                       | 5                    | —                    |
| Stock-based compensation expense  | 173                  | 85                   |
| Depreciation and amortization   | 70                   | 72                   |
| Amortization of operating right of use assets                                 | 217                  | 209                  |
| Amortization of intangible assets definite-lived                              | 34                   | 20                   |
| Amortization of debt issue costs  | —                    | 14                   |
| Allowance for bad debts   | 9                    | 8                    |
| Deferred income tax   | 182                  | —                    |
| Changes in operating assets and liabilities:                                  |                      |                      |
| Accounts receivable   | 696                  | (74)                 |
| Notes receivable  | 14                   | 46                   |
| Deferred contract charges   | 2                    | (12)                 |
| Prepaid expenses and other  | 41                   | 110                  |
| Accounts payable - trade  | (91)                 | (43)                 |
| Accrued expenses  | (675)                | (394)                |
| Operating lease liability   | (241)                | (230)                |
| Deferred revenues   | (299)                | (539)                |
| <b>Cash provided by operating activities</b>                                  | <b>792</b>           | <b>14</b>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                  |                      |                      |
| Payments received on notes receivable   | 60                   | 94                   |
| Purchase of intangible assets definite-lived                                  | (114)                | (34)                 |
| Purchase of property, plant and equipment                                     | (23)                 | (12)                 |
| <b>Cash (used in)/provided by investing activities</b>                        | <b>(77)</b>          | <b>48</b>            |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                  |                      |                      |
| Purchase of treasury stock  | (4,979)              | —                    |
| Payments on short term loan   | (30)                 | (160)                |
| <b>Cash (used in) financing activities</b>                                    | <b>(5,009)</b>       | <b>(160)</b>         |
| Net (decrease) in cash and cash equivalents                                   | (4,294)              | (98)                 |
| Cash and cash equivalents, beginning of period                                | 7,723                | 8,330                |
| Cash and cash equivalents, end of period                                      | <u>\$ 3,429</u>      | <u>\$ 8,232</u>      |
| <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>                      |                      |                      |
| <b>CASH PAID FOR:</b>   |                      |                      |
| Income taxes  | <u>\$ 91</u>         | <u>\$ 8</u>          |

**RAVE RESTAURANT GROUP, INC.**  
**ADJUSTED EBITDA**  
*(In thousands)*  
*(Unaudited)*

|   | Three Months Ended   |                      | Six Months Ended     |                      |
|---|----------------------|----------------------|----------------------|----------------------|
|   | December 25,<br>2022 | December 26,<br>2021 | December 25,<br>2022 | December 26,<br>2021 |
| Net income  | \$ 348               | \$ 457               | \$ 655               | \$ 742               |
| Interest expense  | —                    | 23                   | 1                    | 47                   |
| Income taxes  | 140                  | 4                    | 232                  | 7                    |
| Depreciation and amortization                           | 53                   | 48                   | 104                  | 92                   |
| EBITDA  | <u>\$ 541</u>        | <u>\$ 532</u>        | <u>\$ 992</u>        | <u>\$ 888</u>        |
| Stock-based compensation expense                        | 87                   | 43                   | 173                  | 85                   |
| Severance   | —                    | —                    | —                    | 33                   |
| Impairment of long-lived assets and other lease charges | —                    | —                    | 5                    | —                    |
| Franchisee default and closed store revenue             | (13)                 | (11)                 | (13)                 | (12)                 |
| Closed and non-operating store costs                    | —                    | 1                    | —                    | 2                    |
| Adjusted EBITDA   | <u>\$ 615</u>        | <u>\$ 565</u>        | <u>\$ 1,157</u>      | <u>\$ 996</u>        |