

**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): August 4, 2022

CHUY'S HOLDINGS, INC.

(Exact Name Of Registrant As Specified In Its Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-35603
(Commission
File Number)

20-5717694
(IRS Employer
Identification No.)

**1623 Toomey Rd.
Austin, Texas 78704**

(Address of Principal Executive Offices) (Zip Code)
Registrant's telephone number, including area code: **(512) 473-2783**

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))

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	CHUY	Nasdaq Stock Market LLC

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.

In a press release dated August 4, 2022, Chuy's Holdings, Inc. (the "Company") announced financial results for the quarter ended June 26, 2022. The full text of the press release is furnished herewith as Exhibit 99.1 to this report.

This information is intended to be furnished under Item 2.02 of Form 8-K, "Results of Operations and Financial Condition" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, whether made before or after the date of this report, regardless of any general incorporation language in the filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated August 4, 2022
104	Cover Page Interactive Data File (formatted as Inline XBRL)

SIGNATURES

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

CHUY'S HOLDINGS, INC.

By: /s/ Jon W. Howie
Jon W. Howie
Vice President and Chief Financial Officer

Date: August 4, 2022



**Chuy's Holdings, Inc. Announces Second Quarter 2022 Financial Results
Operating Margin of 7.7% and Restaurant-Level Operating Margin ⁽¹⁾ of 19.1%**

AUSTIN, Texas, August 4, 2022 - Chuy's Holdings, Inc. (NASDAQ:CHUY) (the "Company") today announced financial results for the second quarter ended June 26, 2022.

Highlights for the second quarter ended June 26, 2022 were as follows:

- Revenue increased 2.6% to \$110.9 million compared to \$108.2 million in the second quarter of 2021.
- Comparable restaurant sales increased 1.7% as compared to fiscal 2021 and increased 0.6% as compared to fiscal 2019.
- Net income was \$7.9 million, or \$0.41 per diluted share, as compared \$11.5 million, or \$0.57 per diluted share, in the second quarter of 2021. Net income increased \$1.6 million from pre-pandemic net income of \$6.2 million, or \$0.37 per diluted share, in the second quarter of 2019.
- Adjusted net income⁽¹⁾ was \$8.4 million, or \$0.44 per diluted share, as compared to \$12.6 million, or \$0.62 per diluted share, in the second quarter of 2021. Adjusted net income increased \$1.4 million from pre-pandemic adjusted net income of \$7.0 million, or \$0.42 per diluted share, in the second quarter of 2019.
- Restaurant-level operating profit⁽¹⁾ was \$21.1 million and restaurant-level operating profit⁽¹⁾ was 19.1%, compared to \$27.6 million and 25.6%, respectively, in the second quarter of 2021. Restaurant-level operating profit increased 8.4% from pre-pandemic restaurant-level operating profit of \$19.5 million in the second quarter of 2019 and restaurant-level operating margin increased 190 basis points from pre-pandemic restaurant-level operating margin of 17.2% in the second quarter of 2019.
- Cash and cash equivalents were \$96.3 million and the Company had no debt outstanding with \$35.0 million available under its revolving credit facility.

⁽¹⁾ Adjusted net income, restaurant-level operating profit and restaurant-level operating margin are non-GAAP measures. For reconciliations of adjusted net income, restaurant-level operating profit and restaurant-level operating margin to the most directly comparable GAAP measure see the accompanying financial tables. For a discussion of why we consider them useful, see "Non-GAAP Measures" below.

Steve Hislop, President and Chief Executive Officer of Chuy's Holdings, Inc. stated, "Our momentum carried into the second quarter, with solid comparable sales growth, particularly in April and May as compared to both last year and 2019. Furthermore, despite the unprecedented inflationary environment, our team's ongoing focus on cost management and operating efficiencies resulted in over 19% restaurant-level operating margin, one of the best in the casual dining segment. We also successfully opened a new restaurant in Midland, TX during the quarter and are thrilled with the store performance to date."

Hislop added "While the external environment has become increasingly challenging, as we look ahead, we believe our underlying business remains strong and we will continue to focus on what we do best – taking care of our customers by providing high-quality, made-from-scratch food and drinks, all offered at a great value and in a unique atmosphere of our restaurants."

Second Quarter 2022 Financial Results

Revenue was \$110.9 million in the second quarter of 2022 compared to \$108.2 million in the second quarter of 2021. The increase was primarily related to \$2.1 million of incremental revenue from an additional 21 operating weeks provided by new restaurants opened during and subsequent to the second quarter of 2021. For the second quarter of 2022 and 2021, off-premise sales were approximately 27% of total revenue.

Comparable restaurant sales increased 1.7% for the second quarter of 2022 compared to the same period last year primarily driven by a 3.4% increase in average check, offset by a 1.7% decrease in average weekly customer. Comparable restaurant sales increased 0.6% compared to the same period in fiscal 2019.

Total restaurant operating costs as a percentage of revenue increased by approximately 650 basis points to 80.9% in the second quarter of 2022 from 74.4% in the second quarter of 2021 primarily driven by the following:

- Cost of sales increased 420 basis points driven by a substantial increase in the cost of beef and chicken as well as fresh produce, cheese and grocery items. Overall commodity inflation was approximately 24% during the quarter. This was partially offset by a menu price increase taken during the year.
- Labor costs increased 110 basis points driven by hourly labor rate inflation of approximately 11% at comparable restaurants as well as an incremental improvement in our hourly staffing levels as compared to last year, partially offset by a menu price increase taken during the year.
- Operating costs increased 110 basis points, mainly as a result of higher restaurant repair and maintenance costs, an increase in credit card fees as well as cost pressures on utilities and to-go supplies. Our delivery service charges were higher as compared to the same period last year due to a change in our delivery menu pricing structure during the year.
- Occupancy costs decreased 10 basis points primarily as a result of sales leverage on fixed occupancy expenses.
- Marketing expense increased 40 basis points as compared to the second quarter of 2021 as the Company reinstated its digital advertising campaigns across the nation.

Restaurant pre-opening expenses decreased to \$0.3 million in the second quarter of 2022 compared to \$0.6 million for the same period in 2021 due to the timing of new store openings.

General and administrative expenses decreased to \$6.5 million for the second quarter of 2022 compared to \$6.7 million for the same period in 2021. The decrease was primarily driven by lower performance-based bonuses and professional fees, partially offset by an increase in management salaries as well as travel related expenses as travel resumed to pre-COVID-19 levels. As a percentage of revenues, general and administrative expenses decreased to 5.9% in the second quarter of 2022 from 6.3% in the second quarter of 2021.

Impairment, closed restaurant and other costs were \$0.7 million (\$0.6 million, net of tax or \$0.03 per diluted share) during the second quarter of 2022 compared to \$1.4 million (\$1.1 million, net of tax or \$0.05 per diluted share) during the same period last year. The decrease was primarily driven by a reduction in rent paid on closed restaurants. Closed restaurant costs include rent expense, utilities, insurance and other costs required to maintain the remaining closed locations.

The effective income tax rate for the second quarter of 2022 was 9.2% compared to 16.7% in the same period last year. The decrease in the effective tax rate was mainly attributed to an increase in the proportion of employee tax credits to estimated annual income.

As a result of the foregoing, net income decreased to \$7.9 million, or \$0.41 per diluted share, compared to \$11.5 million, or \$0.57 per diluted share, in the second quarter of 2021.

Adjusted net income decreased to \$8.4 million, or \$0.44 per diluted share, in the second quarter of 2022 compared to \$12.6 million, or \$0.62 per diluted share, in the second quarter of 2021. Please see the reconciliation of net income to adjusted net income in the accompanying financial tables.

Share Repurchase Program

During the second quarter of 2022, the Company repurchased 58,700 shares of its common stock for a total of \$1.3 million. As of June 26, 2022, the Company had \$20.6 million remaining under its \$50.0 million repurchase program, which expires on December 31, 2023. Repurchases of the Company's outstanding common stock will be made in

accordance with applicable securities laws and may be made at management's discretion from time to time in the open market, through privately negotiated transactions or otherwise, including pursuant to Rule 10b5-1 trading plans.

Development Update

During the second quarter of 2022, one new restaurant was opened in Midland, TX.

2022 Outlook

For fiscal 2022, the Company anticipates the following:

- Four new restaurant versus a previous range of four to six new restaurants.
- Net capital expenditures (net of tenant improvement allowances) of approximately \$30 to \$33 million versus a previous range of approximately \$22 to \$33 million.
- Restaurant pre-opening expenses of approximately \$1.5 to \$2.0 million versus a previous range of \$1.5 to \$2.5 million.
- An effective annual tax rate (before unusual items) of approximately 12% to 14%.

The following definitions apply to these terms as used in this release:

Comparable restaurant sales reflect changes in sales for the comparable group of restaurants over a specified period of time as compared to that time in the prior year. We consider a restaurant to be comparable in the first full quarter following the 18th month of operations. Changes in comparable sales reflect changes in customer count trends as well as changes in average check. Our comparable restaurant base consisted of 92 restaurants at June 26, 2022.

Comparable restaurant sales as compared to 2019 reflect changes in sales for the comparable group of restaurants over a specified period of time as compared to that time in fiscal year 2019. The comparable group of restaurants include the restaurants that were in the comparable base as of the end of fiscal year 2019. Our comparable restaurant base consisted of 81 restaurants at June 26, 2022.

Average check is calculated by dividing revenue by total entrées sold for a given time period. Average check reflects menu price increases as well as changes in menu mix.

Average Unit Volume ("AUV") consists of the average sales of our comparable restaurants over a certain period of time. This measure is calculated by dividing total comparable restaurant sales within a period of time by the total number of comparable restaurants within the relevant period. This indicator assists management in measuring changes in customer traffic, pricing and development of our brand.

Average weekly customers is measured by the number of entrées sold per week. Our management team uses this metric to measure changes in customer traffic.

Total restaurant operating costs includes cost of sales, labor, operating, occupancy and marketing costs.

Conference Call

The Company will host a conference call to discuss financial results for the second quarter of 2022 today at 5:00 p.m. Eastern Time. Steve Hislop, President and Chief Executive Officer, and Jon Howie, Vice President and Chief Financial Officer, will host the call.

The conference call can be accessed live over the phone by dialing 201-689-8560. A replay will be available after the call and can be accessed by dialing 412-317-6671; the passcode is 13729627. The replay will be available until Thursday, August 11, 2022.

The conference call will also be webcast live from the Company's corporate website at Chuys.com under the investors section. An archive of the webcast will be available on the Company's corporate website shortly after the call has concluded.

About Chuy's

Founded in Austin, Texas in 1982, Chuy's owns and operates full-service restaurants across 17 states serving a distinct menu of authentic, made from scratch Tex-Mex inspired dishes. Chuy's highly flavorful and freshly prepared fare is served in a fun, eclectic and irreverent atmosphere, while each location offers a unique, "unchained" look and feel, as expressed by the concept's motto "If you've seen one Chuy's, you've seen one Chuy's!" For further information about Chuy's, including the nearest location, visit the Chuy's website at www.chuys.com.

Forward-Looking Statements

Certain statements in this release that are not historical facts, including, without limitation, those relating to the Company's 2022 outlook, including restaurant openings in 2022, net capital expenditures, restaurant pre-opening expenses and effective annual tax rate, shares repurchases, continued strength of the business and continued focus on what Chuy's does best and other statements that can often be identified by words such as "expect," "believe," "intend," "estimate," "plans" and similar expressions, and variations or negatives of these words are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties. Such statements are based upon the current beliefs and expectations of management of the Company. Actual results may vary materially from those contained in forward-looking statements based on a number of factors including, without limitation, the ultimate duration and severity of the COVID-19 pandemic and any new variants, and the effectiveness of actions taken, or actions that may be taken, by governmental authorities to contain the pandemic or treat its impact, the actual number of restaurant openings, the sales at the Company's restaurants, changes in restaurant development or operating costs, such as food and labor, the Company's ability to leverage its existing management and infrastructure, changes in restaurant pre-opening expense, general and administrative expenses, capital expenditures, our effective tax rate, impairment, closed restaurant and other costs, changes in the number of diluted shares outstanding, strength of consumer spending, conditions beyond the Company's control such as timing of holidays, weather, natural disasters, acts of war or terrorism, the timing and amount of repurchases of our common stock, if any, changes to the Company's expected liquidity position, the possibility that the repurchase program may be suspended or discontinued and other factors disclosed from time to time in the Company's filings with the U.S. Securities and Exchange Commission. Investors should take such risks into account when making investment decisions. Stockholders and other readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The Company undertakes no obligation to update any forward-looking statements, except as required by law.

Non-GAAP Measures

We prepare our financial statements in accordance with GAAP. Within our press release, we make reference to non-GAAP restaurant-level operating profit, restaurant-level operating margin and adjusted net income. Restaurant-level operating profit represents income from operations plus the sum of general and administrative expenses, restaurant pre-opening costs, impairment, closed restaurant and other costs, legal settlement, and depreciation. Restaurant-level operating profit is presented because: (i) we believe it is a useful measure for investors to assess the operating performance of our restaurants without the effect of non-cash depreciation expense; and (ii) we use restaurant-level operating profit internally as a benchmark to evaluate our restaurant operating performance and to compare our performance to that of our competitors. Additionally, we present restaurant-level operating profit because it excludes the impact of general and administrative expenses, which are not incurred at the restaurant level, restaurant pre-opening costs as well as impairment, closed restaurant and other costs, legal settlement and depreciation. Although we incur pre-opening costs on an ongoing basis as we continue to open new restaurants, the pre-opening costs and impairment, closed restaurant and other costs, legal settlement, and depreciation, are not components of a restaurant's ongoing operating expenses. The use of restaurant-level operating profit thereby enables us and our investors to compare operating performance between periods and to compare our operating performance to the performance of our competitors. The measure is also widely used within the restaurant industry to evaluate restaurant-level productivity, efficiency and performance. The use of restaurant-level operating profit as a performance measure permits a comparative assessment of our operating performance relative to our performance based on our GAAP results, while isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. We present restaurant-level operating margin for the same reasons we present restaurant-level operating profit.

Adjusted net income represents net income before impairment, closed restaurant and other costs, legal settlement and the income tax effect of these adjustments. We believe the use of adjusted net income provides additional information to

enable us and our investors to facilitate year-over-year performance comparison and a comparison to the performance of our peers.

Restaurant-level operating profit, restaurant-level operating margin and adjusted net income exclude various expenses as discussed above that may materially impact our consolidated results of operations. As a result, these measures are not indicative of the Company's consolidated results of operations. We present these measures exclusively as supplements to, and not substitutes for, net income or income from operations computed in accordance with GAAP. As supplemental disclosures, restaurant-level operating profit, restaurant-level operating margin and adjusted net income should not be considered as alternatives to net income or income from operations as an indicator of our performance or as alternatives to any other measure determined in accordance with GAAP.

Chuy's Holdings, Inc.
Condensed Consolidated Income Statements
(Unaudited, in thousands, except share and per share data)

	Thirteen Weeks Ended				Twenty-Six Weeks Ended			
	June 26, 2022		June 27, 2021		June 26, 2022		June 27, 2021	
Revenue	\$ 110,946	100.0 %	\$ 108,153	100.0 %	\$ 211,432	100.0 %	\$ 195,863	100.0 %
Costs and expenses:								
Cost of sales	30,874	27.8	25,565	23.6	57,117	27.0	46,012	23.5
Labor	32,267	29.1	30,306	28.0	62,092	29.4	55,135	28.1
Operating	17,493	15.8	15,944	14.7	33,723	15.9	29,415	15.0
Occupancy	7,556	6.8	7,459	6.9	15,208	7.2	14,698	7.5
General and administrative	6,494	5.9	6,679	6.3	13,148	6.2	13,527	6.9
Marketing	1,614	1.5	1,238	1.1	3,027	1.4	2,215	1.1
Restaurant pre-opening	342	0.3	615	0.6	467	0.2	1,292	0.7
Impairment, closed restaurant and other costs	734	0.7	1,404	1.3	2,013	1.0	3,748	1.9
Depreciation	4,981	4.4	5,086	4.7	9,963	4.8	10,004	5.2
Total costs and expenses	102,355	92.3	94,296	87.2	196,758	93.1	176,046	89.9
Income from operations	8,591	7.7	13,857	12.8	14,674	6.9	19,817	10.1
Interest (income) expense, net	(75)	(0.1)	21	—	(47)	(0.1)	44	—
Income before income taxes	8,666	7.8	13,836	12.8	14,721	7.0	19,773	10.1
Income tax expense	795	0.7	2,306	2.1	1,332	0.7	1,589	0.8
Net income	\$ 7,871	7.1 %	\$ 11,530	10.7 %	\$ 13,389	6.3 %	\$ 18,184	9.3 %
Net income per common share:								
Net income per common share: Basic	\$ 0.42		\$ 0.58		\$ 0.70		\$ 0.92	
Net income per common share: Diluted	\$ 0.41		\$ 0.57		\$ 0.70		\$ 0.90	
Weighted-average shares outstanding:								
Weighted-average shares outstanding: Basic	18,919,473		19,980,513		19,009,613		19,866,721	
Weighted-average shares outstanding: Diluted	18,983,553		20,197,574		19,136,313		20,165,155	

Chuy's Holdings, Inc.
Reconciliation of GAAP Net Income and Net Income Per Share to Adjusted Results
(Unaudited, in thousands, except share and per share data)

	Thirteen Weeks Ended			Twenty-Six Weeks Ended		
	June 26, 2022	June 27, 2021	June 30, 2019	June 26, 2022	June 27, 2021	June 30, 2019
Net income as reported	\$ 7,871	\$ 11,530	\$ 6,245	\$ 13,389	\$ 18,184	\$ 9,462
Impairment, closed restaurant and other costs	734	1,404	216	2,013	3,748	588
Legal settlement	—	—	775	—	—	775
Income tax effect on adjustments ⁽¹⁾	(169)	(324)	(232)	(464)	(864)	(319)
Adjusted net income	<u>\$ 8,436</u>	<u>\$ 12,610</u>	<u>\$ 7,004</u>	<u>\$ 14,938</u>	<u>\$ 21,068</u>	<u>\$ 10,506</u>
Adjusted net income per common share: basic	<u>\$ 0.45</u>	<u>\$ 0.63</u>	<u>\$ 0.42</u>	<u>\$ 0.79</u>	<u>\$ 1.06</u>	<u>\$ 0.62</u>
Adjusted net income per common share: diluted	<u>\$ 0.44</u>	<u>\$ 0.62</u>	<u>\$ 0.42</u>	<u>\$ 0.78</u>	<u>\$ 1.04</u>	<u>\$ 0.62</u>
Weighted-average shares outstanding: basic	<u>18,919,473</u>	<u>19,980,513</u>	<u>16,804,465</u>	<u>19,009,613</u>	<u>19,866,721</u>	<u>16,838,052</u>
Weighted-average shares outstanding: diluted	<u>18,983,553</u>	<u>20,197,574</u>	<u>16,859,657</u>	<u>19,136,313</u>	<u>20,165,155</u>	<u>16,902,656</u>

⁽¹⁾ Reflects the tax expense associated with the adjustment for impairment, closed restaurant and other costs and legal settlement during the thirteen weeks and twenty-six weeks ended June 26, 2022, June 27, 2021 and June 30, 2019. The Company uses its statutory rate to calculate the tax effect on adjustments as compared to calculations based on the change in the tax provision calculation after adjusting for these reconciling items. Fiscal 2019 amounts have been reclassified to conform to the current period presentation for comparability purposes.

Chuy's Holdings, Inc.
Reconciliation of GAAP Income from Operations to Restaurant-Level Operating Profit and Margin
(Unaudited, in thousands)

	Thirteen Weeks Ended			Twenty-Six Weeks Ended		
	June 26, 2022	June 27, 2021	June 30, 2019	June 26, 2022	June 27, 2021	June 30, 2019
Income from operations as reported	\$ 8,591	\$ 13,857	\$ 6,346	\$ 14,674	\$ 19,817	\$ 9,717
General and administrative	6,494	6,679	5,868	13,148	13,527	12,035
Restaurant pre-opening expenses	342	615	1,182	467	1,292	1,900
Legal settlement	—	—	775	—	—	775
Impairment, closed restaurant and other costs	734	1,404	216	2,013	3,748	588
Depreciation	4,981	5,086	5,124	9,963	10,004	10,201
Restaurant-level operating profit	<u>\$ 21,142</u>	<u>\$ 27,641</u>	<u>\$ 19,511</u>	<u>\$ 40,265</u>	<u>\$ 48,388</u>	<u>\$ 35,216</u>
Restaurant-level operating margin ⁽¹⁾	<u>19.1 %</u>	<u>25.6 %</u>	<u>17.2 %</u>	<u>19.0 %</u>	<u>24.7 %</u>	<u>16.4 %</u>

⁽¹⁾ Restaurant-level operating margin is calculated by dividing restaurant-level operating profit by revenue.

Chuy's Holdings, Inc.
Selected Balance Sheets Data
(Unaudited, in thousands)

	June 26, 2022	December 26, 2021
Cash and cash equivalents	\$ 96,258	\$ 106,621
Total assets	488,616	495,324
Long-term debt	—	—
Total stockholders' equity	255,750	262,794

Investor Relations

Fitzhugh Taylor

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