

Impairment and Other Charges, Net

The following table presents the components of impairment and other charges, net, in each fiscal year (*n thousands*):

| | 2019 | 2018 |
|--|------------------|------------------|
| Restructuring costs | \$ 8,455 | \$ 10,647 |
| Costs of closed restaurants and other | 8,628 | 4,803 |
| (Gains) losses on disposition of property and equipment, net | (6,244) | 1,627 |
| Accelerated depreciation | 1,616 | 1,130 |
| Operating restaurant impairment charges | — | 211 |
| | <u>\$ 12,455</u> | <u>\$ 18,418</u> |

Restructuring costs decreased by \$2.2 million as a result of lower severance expenses, as our general and administrative cost reduction initiative came to its conclusion as planned. Costs of closed restaurants and other increased by \$3.8 million, primarily due to a \$3.5 million charge recorded in 2019 related to the write-off of software development costs associated with a discontinued technology project. Gains on disposition of property and equipment, net, increased by \$7.9 million, primarily due to a \$5.7 million gain related to a sale of property and a \$0.8 million gain related to an eminent domain transaction in 2019.

Refer to Note 9, *Impairment and Other Charges, Net*, of the notes to the consolidated financial statements for additional information regarding these charges.

Gains on the Sale of Company-Operated Restaurants

The following table presents the gains on the sale of company-operated restaurants to franchisees, net, in each fiscal year (*dollars in thousands*):

| | 2019 | 2018 |
|---|----------|-----------|
| Number of restaurants sold to Jack in the Box franchisees | — | 135 |
| Gains on the sale of company-operated restaurants | \$ 1,366 | \$ 46,164 |

Gains and losses are impacted by the number of restaurants sold and changes in average gains or losses recognized, which relate to specific sales and cash flows of those restaurants. In 2019, gains on the sale of company-operated restaurants were related to the extension of the underlying franchise and lease agreements from restaurants sold in prior years. Refer to Note 3, *Summary of Refranchisings, Franchisee Development and Acquisitions*, of the notes to our consolidated financial statements for further information regarding these gains.

Interest Expense, Net

Interest expense, net, is comprised of the following in each fiscal year (*n thousands*):

| | 2019 | 2018 |
|-----------------------|------------------|------------------|
| Interest expense | \$ 86,027 | \$ 46,525 |
| Interest income | (1,060) | (978) |
| Interest expense, net | <u>\$ 84,967</u> | <u>\$ 45,547</u> |

Interest expense, net, increased \$39.4 million in 2019 as compared to a year ago primarily due to a charge of \$23.6 million from the early termination of our interest rate swaps, as well as an increase in average interest rates and outstanding borrowings, resulting in higher interest costs of approximately \$8.4 million and \$3.1 million, respectively. Additionally, as a result of our retirement of our credit facility in 2019, we recorded a \$2.8 million loss on early extinguishment of debt, primarily consisting of the write-off of unamortized deferred financing costs. Refer to Note 7, *Indebtedness*, of the notes to our consolidated financial statements for further information regarding our refinancing transaction.

Income Taxes

Our tax rate for our fiscal year ended September 29, 2019 was impacted by the Tax Cuts and Jobs Act (the “Tax Act”), which was enacted into law on December 22, 2017. As a fiscal year taxpayer, the corporate federal rate reduction from 35% to 21% was phased in, resulting in a statutory federal tax rate of 24.5% for our fiscal year ended September 30, 2018, and 21.0% for our fiscal year ended September 29, 2019 and subsequent fiscal years.