

## 10-K Research and Analysis (PART I)

**Company Name Here (NASDAQ or NYSE Here: CAKE)**

**As of December 31, 2024**

Company Industry	The Cheesecake Factory (ticker: CAKE) operates in the casual dining and restaurant chain industry. They provide full-service dining experiences, utilizing an extensive and diverse menu. The company’s main source of revenue is from their restaurant sales, deriving from their food and beverage products and service, across its nationwide locations. From an audit perspective, important industry characteristics include The Cheesecake Factory’s high operating costs, inventory management, consumer spending habits, and revenue recognition that is tied to its daily sales transactions.	
Primary Products	<ul style="list-style-type: none"> <li>● Full-service restaurant dining experiences, offering a large menu with appetizers, entrees, and specialty dishes across multiple cuisines.</li> <li>● The company is widely known for its desserts, specifically their Cheesecakes, serving as a major brand product category and revenue driver.</li> <li>● The Cheesecake Factory generates significant sales from beverages which include soft drinks, cocktails, beers, and wine during its casual dining operations.</li> <li>● They also offer takeout and delivery services, which extend its food sales and revenue beyond in-restaurant consumption.</li> </ul>	
	<b>2023</b>	<b>2024</b>
Sales (\$1,000)	\$3,439,503	\$3,581,699
Assets (\$1,000)	\$2,840,383	\$3,041,760
Market Value (\$1,000)	\$1,767,523,477	
Employees	47,900 people	
Company Location(s)	<p>Where is the company headquartered? How many other locations are there that might be relevant for the audit (e.g., operating segment locations)?</p> <p>The Cheesecake Factory is headquartered in Calabasas, California. Though they are incorporated in Delaware. The company owns and operates 352 restaurants across the United States and Canada: The Cheesecake Factory (215 locations), North Italia (43 locations), Flower Child (38 locations), and Fox Restaurant Concepts (FRC) portfolio (49 locations).</p>	
Primary Customers	The Cheesecake Factory restaurants appeal to a diverse customer base of upscale, casual diners across a broad demographic range given their strategic locations and range of menu offerings.	

<p><b>Industry Economic Factors</b></p>	<p>In recent years, both geopolitical and macroeconomic events heavily impacted the operations of The Cheesecake Factory. Supply chain deficiencies, increased commodity and wage rates, cost inflation on products and services, staffing challenges, divergence in consumer behavior, and delays in new restaurant openings were all results of ongoing geopolitical and macroeconomic events. Furthermore, the industry that the firm operates in is sensitive to adverse weather conditions and natural disasters, which can lead to negative impacts on the firm's financial performance.</p>
<p><b>Life Cycle</b></p>	<p>The Cheesecake Factory is in the mature stage of its life cycle. While the company continues to open new restaurants and expand internationally, its growth rate is moderate and centered around operational efficiency rather than rapid expansion. The company focuses on its established brand recognition, stable revenue streams, disciplined capital allocation, and strategic margin management. Although selective growth opportunities remain, particularly through newer concepts and licensing agreements, the company operates primarily as a mature casual dining brand.</p>
<p><b>Success Factors</b></p>	<p>The success of The Cheesecake Factory depends on numerous competitive factors that allow it to successfully operate on a yearly basis. 1) Ability to anticipate customer preferences and adapt our expansive menu to the latest trends. 2) Commitment to excellent service and hospitality through the selection, training and retention of high-quality staff members. 3) High-quality, high-profile restaurant locations and flexible site layouts. 4) Distinctive restaurant design and decor. 5) Integration of our bakery operations, giving management control over the creativity and quality of their desserts. 6) Establishing a sustainable value proposition</p>
<p><b>Notable Accounting Considerations</b></p>	<p>Key accounting considerations for The Cheesecake Factory include Contingent Consideration and Compensation Liabilities, Indefinite-Lived Intangible Assets and Impairment, Long-Lived Assets, and Leases.</p>
<p><b>Legal and Regulatory Matters</b></p>	<p>The Cheesecake Factory is currently subject to risks associated with federal, state, local and international laws related to labor and employment. This encompasses wage rates and benefits, among other regulations. If the company were to comply with these regulations, operating costs may increase alongside further legal action. As well, the 10-K indicated uncertainty surrounding public health and safety measures. Restrictions on in-person dining resulting from the pandemic, for instance, may interfere with operations, supply chains and restaurant volume. Beyond this, the company is focusing</p>

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	<p>on concerns pertaining to tax legislation, vendor compliance, unit development licensure, and loss of reputation resulting from regulation violations or political turmoil.</p>
<p>Primary Competitors</p>	<p>As described by the 10-K, The Cheesecake Factory competes with fast-casual restaurants, in addition to other dining and food-at-home alternatives– locally, regionally and nationally. The company describes its competition as based on factors such as menu variety and quality, customer service, pricing, restaurant location, brand recognition, and other factors contributing to the overall customer experience. As well, it was noted these competitors may be more capable of adjusting to ever-changing customer preferences, with many having advanced financial or marketing assistance. Although specific companies are not listed, the 10-K stresses the intensity that comes with the casual dining industry. Despite this, the company strives to maintain and grow its market share through unique menus, and thoroughly executed operations and brand development.</p>
<p>Turnover of Key Personnel</p>	<p>In 2024, there have been no turnovers of key personnel.</p>