

REFINITIV

DELTA REPORT

10-Q

RRGB - RED ROBIN GOURMET BURGERS

10-Q - APRIL 21, 2024 COMPARED TO 10-Q - OCTOBER 01, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 938

█ **CHANGES** 154

█ **DELETIONS** 466

█ **ADDITIONS** 318

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **October 1, 2023 April 21, 2024**

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-34851

RED ROBIN GOURMET BURGERS, INC.

(Exact name of registrant as specified in its charter)

Delaware

84-1573084

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

10000 E. Geddes Avenue, Suite 500

Englewood, Colorado 80112

(Address of principal executive offices) (Zip Code)

(303) 846-6000

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value	RRGB	Nasdaq (Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>
		Emerging Growth Company	<input type="checkbox"/>

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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of **October 30, 2023 May 24, 2024**, there were **15,480,000 15,664,000** shares of the registrant's common stock, par value of \$0.001 per share outstanding.

RED ROBIN GOURMET BURGERS, INC.

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PART I — FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except for per share amounts)	(in thousands, except for per share amounts)	October 1, 2023	December 25, 2022	(in thousands, except for per share amounts)	April 21, 2024	December 31, 2023
Assets:						
Assets:						
Current assets:						
Current assets:						
Current assets:						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	\$ 48,550	\$ 48,826			
Accounts receivable, net	Accounts receivable, net	11,819	21,427			
Inventories	Inventories	27,013	26,447			
Income tax receivable		462	562			
Prepaid expenses and other current assets						

Prepaid expenses and other current assets			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	12,945	12,938
Restricted cash	Restricted cash	12,268	9,380
Total current assets	Total current assets	113,057	119,580
Property and equipment, net	Property and equipment, net	264,278	318,517
Operating lease assets, net	Operating lease assets, net	372,057	361,432
Intangible assets, net	Intangible assets, net	17,114	17,727
Intangible assets, net			
Intangible assets, net			
Other assets, net	Other assets, net	10,808	14,889
Total assets	Total assets	\$777,314	\$832,145
Liabilities and stockholders' equity (deficit):	Liabilities and stockholders' equity (deficit):		
Current liabilities: Current liabilities:			
Current liabilities:			
Current liabilities:			
Accounts payable	Accounts payable	\$ 30,020	\$ 39,336
Accrued payroll and payroll-related liabilities	Accrued payroll and payroll-related liabilities	37,828	33,666
Unearned revenue	Unearned revenue	31,980	46,944
Current portion of operating lease obligations	Current portion of operating lease obligations	50,250	47,394
Current portion of long-term debt		875	3,375
Accrued liabilities and other			
Accrued liabilities and other			
Accrued liabilities and other	Accrued liabilities and other	53,495	49,498
Total current liabilities	Total current liabilities	204,448	220,213
Long-term debt	Long-term debt	182,142	203,155
Long-term portion of operating lease obligations	Long-term portion of operating lease obligations	389,416	393,157
Other non-current liabilities	Other non-current liabilities	10,051	13,831

Total liabilities	Total liabilities	786,057	830,356	
Commitments and contingencies (see Note 8. Commitments and Contingencies)	Commitments and contingencies (see Note 8. Commitments and Contingencies)			Commitments and contingencies (see Note 8. Commitments and Contingencies)
Stockholders' equity (deficit):				
Common stock; \$0.001 par value: 45,000 shares authorized; 20,449 shares issued; 15,482 and 15,934 shares outstanding as of October 1, 2023 and December 25, 2022	20	20		
Preferred stock, \$0.001 par value: 3,000 shares authorized; no shares issued and outstanding as of October 1, 2023 and December 25, 2022	—	—		
Treasury stock 4,967 and 4,515 shares, at cost, as of October 1, 2023 and December 25, 2022	(176,813)	(182,810)		
Stockholders' equity (deficit):				
Common stock; \$0.001 par value: 45,000 shares authorized; 20,449 shares issued; 15,612 and 15,528 shares outstanding as of April 21, 2024 and December 31, 2023				
Common stock; \$0.001 par value: 45,000 shares authorized; 20,449 shares issued; 15,612 and 15,528 shares outstanding as of April 21, 2024 and December 31, 2023				
Common stock; \$0.001 par value: 45,000 shares authorized; 20,449 shares issued; 15,612 and 15,528 shares outstanding as of April 21, 2024 and December 31, 2023				
Preferred stock, \$0.001 par value: 3,000 shares authorized; no shares issued and outstanding as of April 21, 2024 and December 31, 2023				

Treasury stock 4,837 and 4,921 shares, at cost, as of April 21, 2024 and December 31, 2023			
Paid-in capital	Paid-in capital	229,769	238,803
Accumulated other comprehensive loss, net of tax	Accumulated other comprehensive loss, net of tax	(34)	(34)
Accumulated deficit	Accumulated deficit	<u>(61,685)</u>	<u>(54,190)</u>
Total stockholders' equity (deficit)	Total stockholders' equity (deficit)	<u>(8,743)</u>	<u>1,789</u>
Total liabilities and stockholders' equity (deficit)		\$777,314	\$832,145
Total liabilities and stockholders' equity (deficit)			

See Notes to Condensed Consolidated Financial Statements

RED ROBIN GOURMET BURGERS, INC.

(Unaudited)

	Twelve Weeks Ended			Forty Weeks Ended								
	Quarter Ended			Quarter Ended								
	Quarter Ended			Quarter Ended								
(in thousands, except for per share amounts)												
(in thousands, except for per share amounts)												
(in thousands, except for per share amounts) (in thousands, except for per share amounts)												
Revenues:	Revenues:	October 1, 2023	October 2, 2022	Revenues:	October 1, 2023	October 2, 2022						
Revenues:	Revenues:			Revenues:								
Restaurant revenue	Restaurant revenue	\$ 273,133	\$ 282,415	\$ 973,307	\$ 951,633							
Franchise and other revenues		4,427	4,390	20,713		24,302						
Restaurant revenue												
Restaurant revenue												
Franchise revenue												
Franchise revenue												
Franchise revenue												
Other revenue												
Other revenue												
Other revenue												
Total revenues												

Total revenues					
Total revenues	Total revenues	277,560	286,805	994,020	975,935
Costs and expenses:					
Costs and expenses:					
Costs and expenses:					
Restaurant operating costs (excluding depreciation and amortization shown separately below):					
Restaurant operating costs (excluding depreciation and amortization shown separately below):					
Restaurant operating costs (excluding depreciation and amortization shown separately below):	Restaurant operating costs (excluding depreciation and amortization shown separately below):				
Cost of sales	Cost of sales	65,128	70,640	236,171	234,283
Cost of sales					
Cost of sales					
Labor					
Labor					
Labor	Labor	103,741	100,522	358,841	340,273
Other operating	Other operating	50,351	52,858	174,243	172,725
Other operating					
Other operating					
Occupancy					
Occupancy					
Occupancy	Occupancy	23,523	22,828	76,806	76,406
Depreciation and amortization	Depreciation and amortization	14,672	17,368	52,253	58,924
Depreciation and amortization					
Depreciation and amortization					
Selling, general, and administrative expenses	Selling, general, and administrative expenses	27,961	35,692	89,348	102,168
Pre-opening and acquisition costs		—	217	586	514
Selling, general, and administrative expenses					
Selling, general, and administrative expenses					
Pre-opening costs					
Pre-opening costs					
Pre-opening costs					
Other charges (gains), net	Other charges (gains), net	(5,878)	(5,217)	(6,726)	8,236
Other charges (gains), net					
Other charges (gains), net					
Total costs and expenses					
Total costs and expenses					
Total costs and expenses	Total costs and expenses	279,498	294,908	981,522	993,529
Income (loss) from operations	Income (loss) from operations	(1,938)	(8,103)	12,498	(17,594)
Income (loss) from operations					

Income (loss) from operations						
Other expense:	Other expense:					
Interest expense, net and other		5,945		4,590		19,541
Other expense:						16,151
Other expense:						
Interest expense						
Interest expense						
Interest expense						
Interest (income) and other, net						
Interest (income) and other, net						
Interest (income) and other, net						
Loss before income taxes	Loss before income taxes					
		(7,883)		(12,693)		(7,043)
Income tax provision (benefit)		278		(43)		453
Loss before income taxes						453
Loss before income taxes						
Income tax provision						
Income tax provision						
Income tax provision						
Net loss						
Net loss						
Net loss	Net loss	\$ (8,161)		\$ (12,650)	\$ (7,496)	\$ (34,198)
Loss per share:	Loss per share:					
Loss per share:						
Loss per share:						
Basic						
Basic						
Basic	Basic	\$ (0.52)		\$ (0.80)	\$ (0.47)	\$ (2.16)
Diluted	Diluted	\$ (0.52)		\$ (0.80)	\$ (0.47)	\$ (2.16)
Diluted						
Diluted						
Weighted average shares outstanding:						
Weighted average shares outstanding:						
Weighted average shares outstanding:	Weighted average shares outstanding:					
Basic	Basic	15,799		15,892	15,949	15,816
Basic						
Basic						
Diluted						
Diluted						
Diluted	Diluted	15,799		15,892	15,949	15,816
Other comprehensive income (loss):	Other comprehensive income (loss):					
Other comprehensive income (loss):						
Other comprehensive income (loss):						
Foreign currency translation adjustment						
Foreign currency translation adjustment						
Foreign currency translation adjustment	Foreign currency translation adjustment	\$ (12)		\$ (45)	\$ 1	\$ (51)
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	(12)		(45)	1	(51)

Other comprehensive income (loss), net of tax						
Other comprehensive income (loss), net of tax						
Total comprehensive loss	Total comprehensive loss		\$ (8,173)	\$ (12,695)	\$ (7,495)	\$ (34,249)
Total comprehensive loss						
Total comprehensive loss						

See Notes to Condensed Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.						
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)						
(Unaudited)						
	Common Stock		Paid-in			
	Paid-in		Capital			
	Capital		Paid-in			
(in thousands)			Capital			
(in thousands)						
(in thousands)						
Balance, December 31, 2023						
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan						
	Non-cash stock compensation	Common Stock	Treasury Stock		Accumulated Other Comprehensive Income/(Loss), net of tax	
(in thousands)		Common Stock	Treasury Stock	Paid-in Capital	Total	Accumulated Deficit
Balance, December 25, 2022	20,449	\$ 20	4,515	\$(182,810)	\$ 238,803	\$ (34)
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(129)	5,330	(5,106)	—
Non-cash stock compensation	Non-cash stock compensation	—	—	—	2,179	—
						2,179

Net loss	Net loss	—	—	—	—	—	—	(3,256)	(3,256)
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Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	—	—	—	—	—	8	—	8
Balance, April 16, 2023	20,449	\$ 20	4,386	\$(177,480)	\$235,876	\$ (26)		\$ (57,445)	\$ 945
Balance, April 21, 2024									
Balance, April 21, 2024									
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan									
Acquisition of treasury stock	—	—	382	(4,999)	—	—		—	(4,999)
Non-cash stock compensation	—	—	—	—	1,519	—		—	1,519
Net income	—	—	—	—	—	—		3,922	3,922
Other comprehensive income (loss), net of tax	—	—	—	—	—	4	—	—	4
Balance, July 9, 2023	20,449	\$ 20	4,518	\$(172,546)	\$229,098	\$ (22)		\$ (53,524)	\$ 3,026
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan									
Acquisition of treasury stock	—	—	480	(4,961)	—	—		—	(4,961)
Non-cash stock compensation	—	—	—	—	1,480	—		—	1,480
Net loss	—	—	—	—	—	—		(8,161)	(8,161)
Other comprehensive income (loss), net of tax	—	—	—	—	—	(12)	—	—	(12)
Balance, October 1, 2023	20,449	\$ 20	4,967	\$(176,813)	\$229,769	\$ (34)		\$ (61,685)	\$ (8,743)

	Common Stock	Paid-in Capital	Paid-in Capital	Shares	Amount	Shares	Amount	Total
(in thousands)								
(in thousands)								
(in thousands)								
Balance, December 25, 2022								
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock								

purchase plan								
Non-cash stock compensation		Common Stock		Treasury Stock		Accumulated		
						Other Comprehensive Income/(Loss),		
						Paid-in Capital	net of tax	Retained Earnings
(in thousands)		Common Stock		Treasury Stock		Total		
Balance, December 26, 2021		20,449	\$ 20	4,727	\$(192,803)	\$ 242,560	\$ 1	\$ 24,693
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan						—	—	—
						—	net of tax	—
Non-cash stock compensation								
Non-cash stock compensation	Non-cash stock compensation	—	—	—	—	3,042	—	3,042
Net loss	Net loss	—	—	—	—	—	(3,581)	(3,581)
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax	—	—	—	—	—	—	—
Balance, April 17, 2022		20,449	\$ 20	4,663	\$(190,022)	\$ 242,756	\$ 12	\$ 21,112
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan						—	—	126
Balance, April 16, 2023								
Balance, April 16, 2023								
Balance, April 16, 2023								
Non-cash stock compensation	—	—	—	—	2,542	—	—	2,542
Net loss	—	—	—	—	—	—	(17,966)	(17,966)
Other comprehensive income (loss), net of tax	—	—	—	—	—	(18)	—	(18)
Balance, July 10, 2022		20,449	\$ 20	4,550	\$(184,205)	\$ 239,607	\$ (6)	\$ 3,146
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan						—	—	(4)
Non-cash stock compensation	—	—	—	—	2,668	—	—	2,668
Net loss	—	—	—	—	—	—	(12,650)	(12,650)
Other comprehensive income (loss), net of tax	—	—	—	—	—	(45)	—	(45)
Balance, October 2, 2022		20,449	\$ 20	4,549	\$(184,169)	\$ 242,235	\$ (51)	\$ (9,504)
See Notes to Condensed Consolidated Financial Statements.								

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

		Forty Weeks Ended			
		Quarter Ended		Quarter Ended	
(in thousands)	(in thousands)	October 1, 2023	October 2, 2022	(in thousands)	
				April 21, 2024	April 16, 2023
Cash flows from operating activities:	Cash flows from operating activities:				
Net loss	Net loss	\$ (7,496)	\$ (34,198)		
Net loss	Net loss				
Adjustments to reconcile net loss to net cash provided by operating activities:	Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	Depreciation and amortization				
Depreciation and amortization	Depreciation and amortization	52,253	58,924		
Gift card breakage	Gift card breakage	(5,930)	(7,781)		
Asset impairment	Asset impairment	7,187	13,048		
Non-cash other charges (gains), net	Non-cash other charges (gains), net	(1,819)	(2,287)		
Stock-based compensation expense	Stock-based compensation expense	5,171	8,229		
Gain on sale of property, plant, and equipment	Gain on sale of property, plant, and equipment	(29,865)	(9,204)		
Stock-based compensation expense	Stock-based compensation expense				
Gain on sale leaseback, net	Gain on sale leaseback, net				
Other, net	Other, net				
Other, net	Other, net	733	3,240		
Changes in operating assets and liabilities, net of business acquisition:	Changes in operating assets and liabilities, net of business acquisition:				
Accounts receivable	Accounts receivable				
Accounts receivable	Accounts receivable	9,607	9,487		
Income tax receivable	Income tax receivable	100	15,163		

Inventories	Inventories	(377)	(217)
Prepaid expenses and other current assets	Prepaid expenses and other current assets	1,354	2,183
Operating lease assets, net of liabilities	Operating lease assets, net of liabilities	(9,975)	(10,562)
Trade accounts payable and accrued liabilities	Trade accounts payable and accrued liabilities	5,416	9,621
Unearned revenue	Unearned revenue	(9,127)	(8,301)
Other operating assets and liabilities, net	Other operating assets and liabilities, net	129	(8,545)
Net cash provided by operating activities	Net cash provided by operating activities	17,361	38,800
Cash flows from investing activities:	Cash flows from investing activities:		
Purchases of property, equipment, and intangible assets	Purchases of property, equipment, and intangible assets	(37,074)	(27,036)
Proceeds from sale-leaseback	Proceeds from sale-leaseback	58,801	—
Proceeds from sales of property and equipment and other investing activities	Proceeds from sales of property and equipment and other investing activities	794	8,739
Acquisition of franchised restaurants	Acquisition of franchised restaurants	(3,529)	—
Purchases of property, equipment, and intangible assets	Purchases of property, equipment, and intangible assets		
Purchases of property, equipment, and intangible assets	Purchases of property, equipment, and intangible assets		
Net proceeds from sale-leaseback	Net proceeds from sale-leaseback		
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities		
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities		
Net cash provided by (used in) investing activities	Net cash provided by (used in) investing activities		

Cash flows from financing activities:	Cash flows from financing activities:		
Borrowings of long-term debt	—	282,151	
Payments of long-term debt and finance leases	(25,525)	(266,275)	
Purchase of treasury stock	(9,960)	—	
Debt issuance costs	—	(4,869)	
Proceeds related to real estate sale	—	3,856	
Proceeds from other financing activities, net	1,744	58	
Net cash provided by (used in) financing activities	(33,741)	14,921	
Proceeds from borrowings on revolving credit facilities			
Proceeds from borrowings on revolving credit facilities			
Proceeds from borrowings on revolving credit facilities			
Repayments of borrowings on revolving credit facilities			
Repayments of borrowings on term loan			
Repayments of borrowings on term loan			
Repayments of borrowings on term loan			
Repayments of finance lease obligations			
(Uses) Proceeds from other financing activities, net			
(Uses) Proceeds from other financing activities, net			
(Uses) Proceeds from other financing activities, net			
Net cash used in financing activities			
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	—	(44)
Net change in cash and cash equivalents, and restricted cash	Net change in cash and cash equivalents, and restricted cash	2,612	35,380
Cash and cash equivalents, and restricted cash, beginning of period	Cash and cash equivalents, and restricted cash, beginning of period	58,206	22,750

Cash and cash equivalents, and restricted cash, end of period	Cash and cash equivalents, and restricted cash, end of period	\$ 60,818	\$ 58,130
Supplemental disclosure of cash flow information			
Income tax paid (refund received), net			
		\$ 210	\$(14,729)
Supplemental disclosure of cash flow information			
Supplemental disclosure of cash flow information			
Income tax paid, net			
Income tax paid, net			
Income tax paid, net			
Interest paid, net of amounts capitalized	Interest paid, net of amounts capitalized	\$ 18,261	\$ 11,387
Right of use assets obtained in exchange for operating lease obligations	Right of use assets obtained in exchange for operating lease obligations	\$ 50,769	\$ 11,604
Right of use assets obtained in exchange for finance lease obligations		\$ 81	\$ 541

See Notes to Condensed Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation and Recent Accounting Pronouncements

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries ("Red Robin" or the "Company"), primarily operates, franchises, and develops full-service restaurants in North America. As of **October 1, 2023** **April 21, 2024**, the Company owned and operated **417** **413** restaurants located in 39 states. The Company also had **91** **92** franchised full-service restaurants in 14 states and one Canadian province. The Company operates its business as one operating and one reportable segment.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of Red Robin and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The results of operations for any interim period are not necessarily indicative of results for the full year.

The accompanying Condensed Consolidated Financial Statements of Red Robin have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"), including the instructions to Form 10-Q and Article 10 of Regulation S-X. Certain information and footnote disclosures normally included in the Company's annual **consolidated financial statements** **Condensed Consolidated Financial Statements** on Form 10-K have been condensed or omitted. The Condensed Consolidated Balance Sheet as of **December 25, 2022** **December 31, 2023** has been derived from the audited **consolidated financial statements** **Condensed Consolidated Financial Statements** as of that date but does not include all disclosures required for audited annual financial statements. For further information, please refer to and read these interim Condensed Consolidated Financial Statements in conjunction with the Company's audited **consolidated financial statements** **Condensed Consolidated Financial Statements** included in the Company's Annual Report on Form 10-K for the fiscal year ended **December 25, 2022** **December 31, 2023** filed with the SEC on **February 28, 2023** **February 28, 2024**.

Our current, prior, and upcoming year periods, period end dates, and number of weeks included in the period are summarized in the table below:

Periods	Period End Date	Number of Weeks in Period
<i>Current and Prior Fiscal Quarters:</i>		
First Quarter 2023/2024	April 16, 2023/21, 2024	16
First Quarter 2022/2023	April 17, 2022/16, 2023	16
Second Quarter 2023/2024	July 9, 2023/14, 2024	12
Second Quarter 2022/2023	July 10, 2022/9, 2023	12
Third Quarter 2024	October 6, 2024	12
Third Quarter 2023	October 1, 2023	12
Third Quarter 2022	October 2, 2022	12
<i>Current and Prior Fiscal Years:</i>		
Fiscal Year 2024	December 29, 2024	52
Fiscal Year 2023	December 31, 2023	53
Fiscal Year 2024	December 29, 2024	52

Immaterial Restatement of Prior Period Financial Statements

As previously disclosed in our Form 10-Q for the period ended July 9, 2023, the Company discovered a multi-year error in its calculation and recognition of revenue related to gift cards, primarily related to breakage revenue that had been recognized for bonus and discounted gift cards for which no or discounted monetary consideration was received, which resulted in the Company overstating total revenues by \$0.1 million and \$0.6 million for the twelve and forty weeks \$0.2 million first quarter ended October 2, 2022 April 16, 2023. Management has evaluated this misstatement and concluded it was not material to prior periods, individually or in the aggregate. However, as previously disclosed, correcting the cumulative effect of the error in the twelve and forty weeks first quarter ended October 2, 2022 April 16, 2023 would have had a significant effect on the results of operations for such periods. Therefore, the Company is correcting the relevant prior period Condensed Consolidated Financial Statements and related footnotes for this error for comparative purposes.

The following tables reflect the effects of the correction on all affected line items of the Company's previously reported Condensed Consolidated Financial Statements for the quarter ended April 16, 2023 presented in this Form 10-Q:

**CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS (unaudited)**

Net loss											
Net loss	Net loss	(12,567)	(83)	(12,650)	(33,605)	(593) (34,197)					
Net loss per share	Net loss per share	(0.79)	(0.01)	(0.80)	(2.12)	(0.04) (2.16)					
Net loss per share											
Total comprehensive loss											
Total comprehensive loss											
Total comprehensive loss	Total comprehensive loss	(12,612)	(83)	(12,695)	(33,656)	(593) (34,249)					
OTHER NON-GAAP INFORMATION:	OTHER NON-GAAP INFORMATION:										
OTHER NON-GAAP INFORMATION:											
OTHER NON-GAAP INFORMATION:											
Adjusted EBITDA	Adjusted EBITDA	3,960	(83)	3,877	43,900	(189) 43,711					
CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (unaudited)	CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (unaudited)	CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT) (unaudited)									
Forty Weeks Ended October 2, 2022											
Quarter Ended April 16, 2023											
	Retained Earnings/(Accumulated Deficit)	Total Equity									
(in thousands)	(in thousands)	(in thousands)	Retained Earnings/(Accumulated Deficit)	Total Shareholders' Equity							
As Previously Reported											
Balance, December 25, 2022											
Balance, December 25, 2022											
Balance, December 25, 2022											
Net loss											
Balance, April 16, 2023											
Adjustments											
Balance, December 25, 2022											
Balance, December 25, 2022											
Balance, December 25, 2022											
Net loss											
Balance, April 16, 2023											

As Corrected			
Balance, December 25, 2022			
Balance, December 25, 2022			
Balance, December 25, 2022			
Net loss			
Balance, April 16, 2023			

CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)		CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)				CORRECTED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)		
		Forty Weeks Ended October 2, 2022						
		Quarter Ended April 16, 2023				Quarter Ended April 16, 2023		
		As (in thousands)	Previously Reported	As Adjustment Corrected	(in thousands)	As Previously Reported	Adjustment	As Corrected
Net loss		Net loss	\$ (33,605)	\$ (593)	\$ (34,198)			
Gift card breakage		Gift card breakage	(8,289)	508	(7,781)			
Unearned revenue			(8,386)	85	(8,301)			
Gift card breakage								
Gift card breakage								

Reclassifications

Certain amounts presented have been reclassified to conform with the current period presentation. The reclassifications had no effect on the Company's consolidated results. An adjustment has been made to the Condensed Consolidated Statement of Operations and Comprehensive Loss to disaggregate franchise and other revenue. Also, a reclassification was made within the Condensed Consolidated Balance Sheet between Current portion of long-term debt and Accrued liabilities and other.

Recently Issued and Recently Adopted Accounting Standards

In December 2023, FASB issued Update 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures which updates income tax disclosures related to the rate reconciliation and requires disclosure of income taxes paid by jurisdiction. The amendment also provides further disclosure comparability. The amendment is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied prospectively. However, retrospective application is permitted. We do not expect these amended disclosures will have a material impact to the Company's Consolidated Financial Statements or Notes to the Consolidated Financial Statements upon adoption.

In November 2023, FASB issued Update 2023-07—Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, which updates reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments are effective for fiscal years beginning after December 15, 2023 and for interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied retrospectively to all prior periods presented in the financial statements. Management is currently evaluating this ASU to determine its impact on the Company's disclosures.

We reviewed all other recently issued accounting pronouncements and concluded they were either not applicable or not expected to have a significant impact on the Company's Condensed Consolidated financial statements.

2. Revenue

Disaggregation of revenue

In the following table, revenue is disaggregated by type of good or service (in thousands):

		Twelve Weeks Ended		Forty Weeks Ended					
		October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022				
		Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended				
		April 21, 2024	April 21, 2024	April 21, 2024	April 21, 2024				
Restaurant revenue									
Restaurant revenue									
Restaurant revenue	Restaurant revenue	\$ 273,133	\$ 282,415	\$ 973,307	\$ 951,633				
Franchise revenue	Franchise revenue	3,418	4,249	12,245	14,891				
Franchise revenue									
Franchise revenue									
Gift card breakage									
Gift card breakage									
Gift card breakage	Gift card breakage	589	141	5,930	7,782				
Other revenue	Other revenue	420	—	2,538	1,629				
Other revenue									
Other revenue									
Total revenues	Total revenues	\$ 277,560	\$ 286,805	\$ 994,020	\$ 975,935				
Total revenues									
Total revenues									

Contract Liabilities

Components of Unearned revenue in the accompanying Condensed Consolidated Balance Sheets are as follows (in thousands):

		December 25,			
		October 1, 2023	2022		
		April 21, 2024	April 21, 2024		
Unearned gift card revenue	Unearned gift card revenue	\$ 20,583	\$ 35,837		
Deferred loyalty revenue	Deferred loyalty revenue	\$ 11,398	\$ 11,107		
Unearned Revenue					

Revenue recognized in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the redemption and breakage of gift cards that were included in the liability balance at the beginning of the fiscal year was as follows (in thousands):

	Forty Weeks Ended	
	October 1, 2023	October 2, 2022
Gift card revenue	\$ 16,865	\$ 21,222

	Quarter Ended	
	April 21, 2024	April 16, 2023
Gift card revenue	\$ 12,629	\$ 14,343

3. Leases

The components of lease expense, including variable lease costs primarily consisting of common area maintenance charges and real estate taxes, are included in Occupancy on our Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) as follows (in thousands):

	Twelve Weeks Ended		Forty Weeks Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
Quarter Ended				
Quarter Ended				
Quarter Ended				
April 21, 2024				
April 21, 2024				
April 21, 2024				
Operating lease cost				
Operating lease cost				
Operating lease cost	\$ 16,691	\$ 15,793	\$ 53,865	\$ 53,904
Finance lease cost:				
Finance lease cost:				
Amortization of right of use assets				
Amortization of right of use assets				
Amortization of right of use assets	216	261	764	841
Interest on lease liabilities				
Interest on lease liabilities				
Interest on lease liabilities	116	111	400	408
Interest on lease liabilities				
Interest on lease liabilities				
Total finance lease cost				
Total finance lease cost				
Total finance lease cost	\$ 332	\$ 372	\$ 1,164	\$ 1,249
Variable lease cost				
Variable lease cost	4,994	4,130	15,263	15,136
Variable lease cost				
Variable lease cost				
Total	Total	\$ 22,017	\$ 20,295	\$ 70,292
Total				
Total				

Refer to Footnote 5, *Other Charges (gains) (Gains)*, net, for information regarding the sale-leaseback transaction during the twelve and forty weeks first quarter ended October 1, 2023 April 21, 2024.

4. Earnings (Loss) Per Share

Basic earnings (loss) per share amounts are calculated by dividing net income (loss) by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per share amounts are calculated based upon the weighted-average number of shares of common stock and potentially dilutive shares of common stock outstanding during the period. Potentially dilutive shares are excluded from the computation in periods in which they have an anti-dilutive effect. Diluted earnings per share reflects the potential dilution that could occur if holders of options exercised their options into common stock. As the Company was in a net loss position for both the twelve first quarter ended April 21, 2024 and forty weeks ended October 1, 2023 and October 2, 2022 April 16, 2023, all potentially dilutive common shares are considered anti-dilutive.

The Company uses the treasury stock method to calculate the effect of outstanding stock options and awards. Basic weighted average shares outstanding is reconciled to diluted weighted average shares outstanding as follows (in thousands):

		Twelve Weeks Ended		Forty Weeks Ended	
		October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
		Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
Basic weighted average shares outstanding		April 21, 2024			
Basic weighted average shares outstanding		April 21, 2024			
Basic weighted average shares outstanding	Basic weighted average shares outstanding	15,799	15,892	15,949	15,816
Dilutive effect of stock options and awards	Dilutive effect of stock options and awards	—	—	—	—
Dilutive effect of stock options and awards	Dilutive effect of stock options and awards	—	—	—	—
Diluted weighted average shares outstanding	Diluted weighted average shares outstanding	15,799	15,892	15,949	15,816
Diluted weighted average shares outstanding	Diluted weighted average shares outstanding	1,420	869	1,421	1,010
Awards excluded due to anti-dilutive effect on diluted income (loss) per share	Awards excluded due to anti-dilutive effect on diluted income (loss) per share	—	—	—	—
Awards excluded due to anti-dilutive effect on diluted income (loss) per share	Awards excluded due to anti-dilutive effect on diluted income (loss) per share	—	—	—	—

5. Other Charges (Gains), net

Other charges (gains) (Gains), net consisted of the following (in thousands):

		Quarter Ended April 21, 2024	Quarter Ended April 21, 2024	Quarter Ended April 21, 2024		
		Twelve Weeks Ended		Forty Weeks Ended		
		October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022	
Gain on sale leaseback, net						
Gain on sale leaseback, net						
Gain on sale leaseback, net						
Litigation contingencies						
Gain on sale leaseback, net of expenses		\$ (14,883)	\$ —	\$ (29,413)	\$ —	
Gain on sale of restaurant property		—	(9,204)	—	(9,204)	
Litigation contingencies						
Litigation contingencies	Litigation contingencies	3,600	133	9,140	47	
Restaurant closure costs, net	Restaurant closure costs, net	(91)	(1,570)	1,546	309	
Restaurant closure costs, net						
Restaurant closure costs, net						
Severance and executive transition						
Severance and executive transition						
Severance and executive transition	Severance and executive transition	341	1,825	3,195	1,954	
Asset impairment	Asset impairment	4,800	2,187	7,187	13,048	
Other		277	—	1,366	—	
Asset impairment						
Asset impairment						
Asset disposal and other, net						
Asset disposal and other, net						
Asset disposal and other, net						
Closed corporate office costs, net of sublease income	Closed corporate office costs, net of sublease income	78	267	253	267	
Other financing costs		—	1,022	—	1,392	
COVID-19 related charges		—	123	—	423	
Closed corporate office costs, net of sublease income						
Closed corporate office costs, net of sublease income						
Other charges (gains), net	Other charges (gains), net	\$ (5,878)	\$ (5,217)	\$ (6,726)	\$ 8,236	
Other charges (gains), net						
Other charges (gains), net						

During the **third** first quarter of **2023**, **2024**, the Company sold **nine** **ten** restaurant properties for total proceeds of **\$30.4 million** **\$23.9 million** in a sale-leaseback transaction that resulted in a gain, net of expenses of **\$14.9 million** **\$7.4 million**. This was the second sale-leaseback transaction of the year with the first transaction occurring in the second quarter of **2023** for another nine restaurant properties. The **year-to-date** net proceeds of **\$58.8 million** **\$23.4 million** from the sale of **18** **10** restaurant properties are included within cash flows from investing activities **in** the Condensed Consolidated Statements of Cash Flows for the **forty weeks** **first quarter** ended **October 1, 2023** **April 21, 2024**.

During the second quarter of 2022 the Company closed on an agreement to sell a restaurant property that the Company owned and leased back on a short-term basis. The Company collected initial net proceeds from the purchaser-lessor of \$3.9 million, which represented a portion of the total consideration received from the sale. During the third quarter of 2022, the Company received the remaining proceeds, upon which the lease terminated and the sale transaction was completed, and recognized a \$9.2 million gain on the sale of the restaurant property. The initial net proceeds of \$3.9 million are included within cash flows from financing activities and the final proceeds received of \$8.5 million are included within cash flows from investing activities on the Condensed Consolidated Statements of Cash Flows for the forty weeks ended October 2, 2022.

Litigation contingencies during the twelve and forty weeks ended October 1, 2023 and October 2, 2022 represent reserves for various in progress legal matters. Litigation contingencies during the forty weeks ended October 2, 2022 include the impact of cash proceeds received by the Company related to certain legal claims.

Restaurant closure costs (gains) include the ongoing restaurant operating costs of the Company-owned restaurants incurred for closed restaurants and closed restaurant lease termination gains or losses.

Severance and executive transition costs include one-time termination benefits related to a reduction in force of Team Members and costs associated with changes in leadership positions as a result of our strategic pivot and are accounted for in accordance with ASC Topic 420, *Exit or Disposal Cost Obligations*. The Company expects to make the remaining payments related to these benefits in 2023.

The Company incurred a cumulative total of \$5.0 million related to these one-time termination benefits. Approximately \$2.1 million in one-time termination benefits was incurred and recorded in Other charges in the Consolidated Statements of Operations and Comprehensive Income (Loss) during the forty weeks ended October 1, 2023. A reconciliation of our termination benefits liability, which is included in Accrued liabilities and other current liabilities in our Condensed Consolidated Balance Sheets is as follows:

Termination Benefits		
Balance as of December 25, 2022	\$	2,505
Charges		2,077
Cash Payments		(4,164)
Balance as of October 1, 2023	\$	418

The Company recognized non-cash impairment charges primarily related to restaurant assets at eight and twelve Company-owned restaurants during the twelve and forty weeks ended October 1, 2023. Additionally, the Company recognized non-cash impairment charges related to subleasing additional space at the Company's closed corporate office during the forty weeks ended October 1, 2023. The Company recognized non-cash impairment charges related to restaurant assets at one and ten Company-owned restaurants for the twelve and forty weeks ended October 2, 2022, respectively.

Other primarily includes non-cash charges related to terminated capital projects and disposals, and certain insurance claim proceeds.

Closed corporate office, net of sublease income includes expense and sublease income related to a corporate office facility that was vacated and subleased.

Other financing costs include fees related to the entry by the Company into the new Credit Agreement (as defined below) on March 4, 2022 that were not capitalized with the closing of the Credit Facility. See Note 6. Borrowings.

COVID-19 related charges include the costs of purchasing personal protective equipment for restaurant Team Members and Guests and emergency sick pay provided to restaurant Team Members related to the COVID-19 pandemic.

6. Borrowings

Borrowings as of **October 1, 2023** **April 21, 2024** and **December 25, 2022** **December 31, 2023** are summarized below (in thousands):

	October 1, 2023	Variable Interest Rate	December 25, 2022	Variable Interest Rate
Revolving line of credit	\$ —		\$ 15,000	10.44 %
Term loan	189,142	12.16 %	199,000	9.81 %
Notes payable	875		875	
Total borrowings	190,017		214,875	
Less: unamortized debt issuance costs and discounts ⁽¹⁾	7,000		8,345	
Less: current portion of long-term debt	875		3,375	
Long-term debt	\$ 182,142		\$ 203,155	
Revolving line of credit unamortized deferred financing charges ⁽¹⁾ :	\$ 807		\$ 988	

⁽¹⁾ Loan origination costs associated with the Company's credit facility are included as deferred costs in Other assets, net for financing charges allocated to the Revolving line of credit, and Long-term debt for financing charges associated with the term loan in the accompanying Condensed Consolidated Balance Sheets.

	April 21, 2024	Variable Interest Rate	December 31, 2023	Variable Interest Rate
Revolving line of credit	\$ —		\$ —	— %
Term loan	167,911	11.59 %	189,143	11.62 %
Total borrowings	167,911		189,143	
Less: unamortized debt issuance costs and discounts	5,950		6,549	
Long-term debt	\$ 161,961		\$ 182,594	
Revolving line of credit unamortized deferred financing charges:	\$ 680		\$ 752	

Credit Agreement

On March 4, 2022, the Company replaced its prior amended and restated entered into a credit agreement (the "Prior Credit Agreement") with a new Credit Agreement (the "Credit Agreement") by and among the Company, Red Robin International, Inc., as the borrower, the lenders from time to time party thereto, the issuing banks from time to time party thereto, Fortress Credit Corp., as Administrative Agent and as Collateral Agent and JPMorgan Chase Bank, N.A., as Sole Lead Arranger and Sole Bookrunner. The five-year \$225.0 million Credit Agreement provides for a \$25.0 million revolving line of credit and a \$200.0 million term loan (collectively, the "Credit Facility"). The borrower maintains the option to increase the amount of borrowings available under the Credit Facility in the future, subject to lenders' participation, by up to an additional \$40.0 million in the aggregate on the terms and conditions set forth in the Credit Agreement.

The Credit Facility will mature on March 4, 2027. No amortization is required with respect to the revolving Credit Facility. The term loans require quarterly principal payments in an aggregate annual amount equal to 1.0% of the original principal amount of the term loan. The Credit Facility's interest rate references the Secured Overnight Financing Rate ("SOFR"), a new index calculated by short-term repurchase agreements and backed by U.S. Treasury securities, or the Alternate Base Rate, ("ABR"), which represents the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.5% per annum, or (c) one-month term SOFR plus 1.0% per annum.

As of April 21, 2024, the Company had outstanding borrowings under the Credit Facility of \$162.0 million, in addition to amounts issued under letters of credit of \$7.7 million. As of December 31, 2023, the Company had outstanding borrowings under the Credit Facility of \$182.6 million, in addition to amounts issued under letters of credit of \$7.7 million.

Red Robin International, Inc., is the borrower under the Credit Agreement, and certain of its subsidiaries and the Company are guarantors of borrower's obligations under the Credit Agreement. Borrowings under the Credit Agreement are secured by substantially all of the assets of the borrower and the guarantors, including the Company, and are available to: (i) refinance certain existing indebtedness of the borrower and its subsidiaries, (ii) pay any fees and expenses in connection with the Credit Agreement, and (iii) provide for the working capital and general corporate requirements of the Company, the borrower and its subsidiaries, including permitted acquisitions and capital expenditures, but excluding restricted payments.

On March 4, 2022, Red Robin International, Inc., the Company, and the guarantors also entered into a Pledge and Security Agreement (the "Security Agreement") granting to the Administrative Agent a first priority security interest in substantially all of the assets of the borrower and the guarantors to secure the obligations under the Credit Agreement. This new Security Agreement replaced the existing security agreement, dated January 10, 2020, which was entered into in connection with the Prior Credit Agreement.

Red Robin International, Inc. as the borrower is obligated to pay customary fees to the agents, lenders and issuing banks under the Credit Agreement with respect to providing, maintaining, or administering, as applicable, the credit facilities.

In connection with entry into the new Credit Agreement, the Company's Prior Credit Agreement was terminated. In connection with such termination and new borrowings under the new Credit Agreement, the Company paid off all outstanding borrowings, accrued interest, and fees under the Prior Credit Agreement.

On July 17, 2023, the Company amended the Credit Agreement (the "Credit Agreement Amendment") to, among other things, remove the previously included \$50.0 million aggregate cap (the "Prior Cap") on sale-leasebacks of Company-owned real property. Pursuant to property that are permitted under the Credit Agreement, Amendment, it also was agreed that (i) the Company may reinvest subject to certain conditions set forth in the business within 360 days of receipt the net proceeds of sale-leasebacks to the extent that such proceeds are equal to or less than the amount of the Prior Cap and (ii) the Company shall make a mandatory prepayment with the net proceeds of sale-leasebacks to the extent that such proceeds exceed the amount of the Prior Cap. Additionally, the prepayment premium associated with any mandatory prepayments derived from the net proceeds of sale-leasebacks that exceed the Prior Cap is reduced by the Credit Agreement Amendment to a premium equal to 50% of the prepayment premium otherwise applicable. The Amendment also made certain other conforming changes to the Existing Credit Agreement to effect the foregoing Agreement.

The summary descriptions of the Credit Agreement, the Security Agreement, and the Credit Agreement Amendment and the Security Agreement do not purport to be complete and are qualified in their entirety by reference to the full text of the Credit Agreement, the Credit Agreement Amendment, and the Security Agreement, respectively, each agreement, each of which have been filed February 28, 2024, as exhibits to the Company's Current Reports Annual Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2022, with respect to the Credit Agreement and the Security Agreement, and July 19, 2023, with respect to the Credit Agreement Amendment.

During the first quarter of 2022, the Company expensed approximately \$1.7 million of deferred financing charges related to the extinguishment of the Prior Credit Agreement on March 4, 2022. These charges were recorded to interest expense, net and other on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for the forty weeks ended October 2, 2022. In association with the execution of the new Credit Agreement, the Company recognized \$4.8 million of deferred financing charges, and \$6.1 million of original issuance discount. 10-K.

7. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, accounts payable, and current accrued expenses and other liabilities approximate fair value due to the short-term nature or maturity of the instruments.

The Company maintains a rabbi trust to fund obligations under a deferred compensation plan. Amounts in the rabbi trust are invested in mutual funds, which are designated as trading securities and carried at fair value and are included in Other assets, net in the accompanying **consolidated balance sheets**. **Condensed Consolidated Balance Sheets**. Fair market value of mutual funds is measured using level 1 inputs (quoted prices for identical assets in active markets).

The following tables present the Company's assets measured at fair value on a recurring basis **included in Other assets, net on the accompanying Condensed Consolidated Balance Sheets** as of October 1, 2023 and December 25, 2022 (in thousands):

	October 1, 2023	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	\$ 2,137	\$ 2,137	\$ —	\$ —
Total assets measured at fair value	\$ 2,137	\$ 2,137	\$ —	\$ —
	December 25, 2022	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	\$ 4,250	\$ 4,250	\$ —	\$ —
Total assets measured at fair value	\$ 4,250	\$ 4,250	\$ —	\$ —

Other than as disclosed in Note 9. Acquisition of Franchised Restaurants, as of October 1, 2023, the Company had no financial assets or liabilities that were measured using level 2 or 3 inputs. The Company also had no non-financial assets or liabilities that were required to be measured on a recurring basis.

	April 21, 2024	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	\$ 2,023	\$ 2,023	\$ —	\$ —
Total assets measured at fair value	\$ 2,023	\$ 2,023	\$ —	\$ —
	December 31, 2023	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	\$ 2,079	\$ 2,079	\$ —	\$ —
Total assets measured at fair value	\$ 2,079	\$ 2,079	\$ —	\$ —

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets and liabilities recognized or disclosed at fair value **on in** the Condensed Consolidated Financial Statements on a nonrecurring basis include items such as property, plant and equipment, right of use assets, and other intangible assets. These assets are measured at fair value if determined to be impaired.

The During 2024 and 2023, the Company has measured non-financial assets for impairment using continuing and projected future cash flows, which were based on significant inputs not observable in the market and thus represented a level 3 fair value measurement. See Note 5. Other Charges (Gains), net.

We impaired long-lived restaurant assets with a carrying value (including right of use lease assets) of \$15.3 million and \$26.7 million during the twelve and forty weeks ended October 1, 2023, recognizing The Company did not recognize any impairment expense of \$4.8 million and \$6.5 million, respectively, related to the net book value of these long-lived restaurant assets. We determined the fair value of these long-lived assets to be \$10.5 million and \$20.2 million charges in the twelve and forty weeks ended October 1, 2023. Additionally, we impaired long-lived assets at the Company's closed corporate office with a carrying value (including right first quarter of use lease assets) of \$1.0 million, recognizing an impairment expense of fiscal 2024, compared to \$0.7 million during the forty weeks ended October 1, 2023, related to the net book value of these long-lived restaurant assets. We determined the fair value of these long-lived assets to be \$0.3 million recognized in the forty weeks ended October 1, 2023. The impairments were recorded as a result first quarter of quantitative impairment analyses, fiscal 2023.

Disclosures of Fair Value of Other Assets and Liabilities

The Company's liability under its credit facility is carried at historical cost in the accompanying Condensed Consolidated Balance Sheets. As of **October 1, 2023** April 21, 2024, the fair value of the credit facility was approximately **\$188.0** \$165.4 million and the principal amount carrying value was **\$189.1** \$167.9 million. The credit facility term loan is reported net of **\$7.0** \$6.0 million in unamortized discount and debt issuance costs in the Condensed Consolidated Balance Sheet as of **October 1, 2023** April 21, 2024. The carrying value of the credit facility was **\$214.0** \$189.1 million and the fair value of the credit facility was **\$205.1** \$186.9 million as of **December 25, 2022** December 31, 2023. The interest rate on the credit facility represents a level 2 fair value input.

8. Commitments and Contingencies

Because litigation is inherently unpredictable, assessing contingencies related to litigation is a complex process involving highly subjective judgment about potential outcomes of future events. When evaluating litigation contingencies, we may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the availability of appellate remedies, insurance coverage related to the claim or claims in question, the presence of complex or novel legal theories, and the ongoing discovery and development of information important to the matter. In addition, damage amounts claimed in litigation against us may be unsupported, exaggerated, or unrelated to possible outcomes, and as such are not meaningful indicators of our potential liability or financial exposure. Accordingly, we review the adequacy of accruals and

disclosures each quarter in consultation with legal counsel, and we assess the probability and range of possible losses associated with contingencies for potential accrual in the Condensed Consolidated Financial Statements. However, the ultimate resolution of litigated claims may differ from our current estimates.

In the normal course of business, there are various claims in process, matters in litigation, administrative proceedings, and other contingencies. These include employment related claims and class action lawsuits, claims from Guests or Team Members alleging illness, injury, food quality, health, or operational concerns, and lease and other commercial disputes. To date, none of these claims, certain of which are covered by insurance policies, have had a material effect on the Company. While it is not possible to predict the outcome of these suits, legal proceedings, and claims with certainty, management is of the opinion that adequate provision for potential losses associated with these matters has been made in the financial statements and that the ultimate resolution of any one of these matters will not have a material adverse effect on our financial position and results of operations. A However, a significant increase in the number of these claims, or one or more successful claims resulting in greater liabilities than we currently anticipate, could materially and adversely affect our business, financial condition, results of operations, and cash flows.

As of October 1, 2023 April 21, 2024, we had a balance reserves of \$13.7 \$9.2 million for loss contingencies included within Accrued liabilities and other on our Condensed Consolidated Balance Sheet. In the normal course of business, there are various claims in process, matters in litigation, administrative proceedings, and other contingencies. These include employment related claims and class action lawsuits, claims from Guests or Team Members alleging illness, injury, food quality, health, or operational concerns, and lease and other commercial disputes. We increased our estimate of loss contingency liabilities by approximately \$3.6 million for the twelve weeks ended October 1, 2023 and \$9.1 million for the forty weeks ended October 1, 2023 related to changes during the third quarter in the status of ongoing litigation matters. We ultimately may be subject to greater or less than the accrued amount for this and other matters.

As of October 1, 2023 April 21, 2024, we had non-cancellable purchase commitments primarily related to certain vendors who provide food and beverages and other supplies to our restaurants, for an aggregate of \$216.6 \$215.6 million. We expect to fulfill our commitments under these agreements in the normal course of business, and as such, no liability has been recorded.

9. Acquisition of Franchised Restaurants

On April 17, 2023, the Company acquired certain assets and liabilities of five restaurants from one of its U.S. franchisees for cash consideration of \$3.5 million. The pro forma impact of this acquisition and the operating results of the acquired restaurants are not presented as the impact was not material to reported results.

The acquisition was accounted for using the purchase method as defined in ASC 805, *Business Combinations*. The goodwill arising from the acquisition consists largely of the benefit of the assembled workforce of the acquired restaurants. The goodwill generated by the acquisition is not amortizable for book purposes but is amortizable and deductible for tax purposes. The Company allocated the purchase price to the fair value of the assets acquired and liabilities assumed as follows (in thousands):

	Fair Value at Acquisition Date
Property and equipment, net	\$ 2,637
Operating lease assets	7,400
Operating lease liabilities	(8,250)
Operating lease assets, net	(850)
Other assets, net of liabilities ⁽¹⁾	299
Intangible assets, net	1,443
Total purchase price	\$ 3,529

⁽¹⁾ Includes inventory, prepaid assets, till cash, and gift card and loyalty liabilities.

Of the \$2.6 million in property and equipment, \$1.7 million is related to leasehold improvements and \$1.0 million is related to personal property. The \$0.9 million in net operating lease assets is related to acquired unfavorable leases, which reduces the acquired operating lease right-of-use assets. Of the \$1.4 million of intangible assets, \$1.2 million is related to reacquired franchise rights, which will be amortized on a straight-line basis. The fair value measurement of tangible and intangible assets and liabilities as of the acquisition date is based on significant inputs not observed in the market and thus represents a level 3 fair value measurement.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations provides a narrative of our financial performance and condition that should be read in conjunction with the accompanying Condensed Consolidated Financial Statements. All comparisons under this heading between References to the first quarter of fiscal 2024 and fiscal 2023 and 2022 refer to the twelve and forty sixteen weeks ended October 1, 2023 April 21, 2024 and October 2, 2022 April 16, 2023, unless otherwise indicated, and reflect the correction of certain information for the immaterial restatement of prior period financial statements as disclosed in Footnote 1, *Basis of Presentation and Recent Accounting Pronouncements*, respectively.

Overview

Description of Business

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries ("Red Robin," "we," "us," "our," or the "Company"), primarily operates, franchises, and develops full-service restaurants with 508 505 locations in North America. As of **October 1, 2023** **April 21, 2024**, the Company owned 417 413 restaurants located in 39 states. The Company also had 91 92 franchised full-service restaurants in 14 states and one Canadian province. The Company operates its business as one operating and one reportable segment.

Our primary source of revenue is from the sale of food and beverages at Company-owned restaurants. We also earn revenue from royalties and fees from franchised restaurants.

Highlights for the *Third* First Quarter of Fiscal 2024, Compared to the First Quarter of Fiscal 2023 Compared to the Third Quarter of Fiscal 2022

- Total revenues are **\$277.6** \$388.5 million, a decrease of **\$9.2** \$29.3 million.
- Comparable restaurant revenue⁽¹⁾ decreased **3.4%**.
 - Comparable restaurant dine-in sales⁽²⁾ increased **0.5%** **6.5%**.
- Net loss is **\$8.2** \$9.5 million, a decrease of **\$4.5** million from compared to a net loss of **\$12.7** million during the same period of 2022. **\$3.3** million last year.
- Adjusted EBITDA⁽³⁾ (a non-GAAP metric) is **\$6.8** \$12.2 million a **\$2.9** million increase, compared to **\$35.9** million last year.
- Completed **Sale-Leaseback** a sale-leaseback transaction for **nine** ten restaurants, generating net proceeds of approximately **\$30.4** million **\$23.4** million and a gain, net of expenses of **\$14.9** **\$7.4** million.
- Repaid **\$8.4** million **\$21.2** million of debt and repurchased **\$5.0** million in the first quarter of stock.

Highlights for the Year-to-Date Period of Fiscal 2023, Compared to the Year-to-Date Period of Fiscal 2022

- **fiscal** Total revenues are **\$994.0** million, an increase of **\$18.1** million.
 - Comparable restaurant revenue⁽¹⁾ **2024** increased **2.9%**.
 - Comparable restaurant dine-in sales⁽²⁾ increased **8.4%**.
- Net loss is **\$7.5** million, a decrease of **\$26.7** million and an aggregate **\$45.1** million from a net loss of **\$34.2** million during the same period of 2022.
- Adjusted EBITDA⁽³⁾ (a non-GAAP metric) is **\$58.3** million, a **\$14.5** million increase.
- Completed two **Sale-Leaseback** transactions for eighteen restaurants, generating net proceeds of **\$58.8** million and a gain, net of expenses of **\$29.4** million.
- Repaid **\$24.9** million of debt and repurchased **\$10.0** million of stock, sale leaseback transactions.

⁽¹⁾ Comparable restaurant revenue represents revenue from Company-owned restaurants that have operated **five** full quarters **18** months as of the **end** **beginning** of the period presented. For the **twelve** and **forty** weeks ended **October 1, 2023** **first** quarter of fiscal **2024** there were **409** and **408** **406** comparable restaurants, **respectively**, out of the total **417** **413** Company-owned restaurants.

⁽²⁾ Comparable restaurant dine-in sales are calculated based on the Company's point-of-sale sales data, which does not include adjustments for loyalty breakage.

⁽³⁾ See below for a reconciliation of Adjusted EBITDA a non-GAAP measure, to Net loss, income (loss).

Key Performance Indicators and Non-GAAP Financial Measures

Restaurant Revenue, compared to the same **period** **quarter** in the prior year, is presented in the table below:

	(millions)
Restaurant Revenue for the twelve weeks quarter ended October 2, 2022 April 16, 2023	\$ 282.4 406.9
Increase/(decrease) in comparable restaurant revenue ⁽¹⁾	(9.6) (25.7)
Increase/(decrease) in non-comparable and closed restaurant revenue	0.3 (2.7)
Total increase/(decrease)	(9.3) (28.3)
Restaurant Revenue for the twelve weeks quarter ended October 1, 2023 April 21, 2024	\$ 273.1 378.6

Restaurant **revenues** **revenue** and operating costs, **(GAAP measures)**, and restaurant level operating profit **(a non-GAAP measure)** for the period are detailed in the table below:

	Twelve Weeks Ended			Forty Weeks Ended		
	October 1, 2023	October 2, 2022	Increase/ (Decrease)	October 1, 2023	October 2, 2022	Increase/ (Decrease)
Restaurant revenue (millions)	\$ 273.1	\$ 282.4	(3.3)%	\$ 973.3	\$ 951.6	2.3 %
Restaurant operating costs:						
Cost of sales	65.1	70.6	(7.8)%	236.2	234.3	0.8 %
Labor	103.7	100.5	3.2 %	358.8	340.3	5.5 %
Other operating	50.4	52.9	(4.7)%	174.2	172.7	0.9 %

Occupancy	23.5	22.8	3.0 %	76.8	76.4	0.5 %
Total Restaurant Operating Costs	\$ 242.7	\$ 246.8	(6.3)%	\$ 846.1	\$ 823.7	7.7 %
Restaurant Level Operating Profit ⁽¹⁾	\$ 30.4	\$ 35.6	(14.6)%	\$ 127.2	\$ 127.9	(0.5)%

⁽¹⁾ Restaurant Level Operating Profit is a non-GAAP measure. See below for a reconciliation of Restaurant Level Operating Profit to Income from Operations and Income from Operations as a percentage of total revenues.

Restaurant revenues and operating costs (GAAP measures), and restaurant level operating profit⁽¹⁾ (a non-GAAP measure) as a percentage of restaurant revenue for the period are detailed in the table below:

	Twelve Weeks Ended			Forty Weeks Ended		
	October 1, 2023	October 2, 2022	Increase/ (Decrease)	October 1, 2023	October 2, 2022	Increase/(Decrease)
			(Basis Points)			
Restaurant revenue (millions)	\$ 273.1	\$ 282.4	(3.3)%	\$ 973.3	\$ 951.6	2.3 %
Restaurant operating costs:						
Cost of sales	23.8 %	25.0 %	(120)	24.3 %	24.6 %	(30)
Labor	38.0	35.6	240	36.9	35.8	110
Other operating	18.4	18.7	(30)	17.9	18.2	(30)
Occupancy	8.6	8.1	50	7.9	8.0	(10)
Total Restaurant Operating Costs	88.8 %	87.4 %	140	86.8 %	86.6 %	20
Restaurant Level Operating Profit ⁽¹⁾	11.1 %	12.6 %	(150)	13.1 %	13.4 %	(30)

Certain percentage and basis point amounts in the table above do not total due to rounding as well as restaurant operating costs being expressed as a percentage of restaurant revenue and not total revenues.

	Quarter Ended		
	April 21, 2024	April 16, 2023	Increase/ (Decrease)
			(Basis Points)
(Dollars in millions)			
Restaurant revenue	\$ 378.6	\$ 406.9	(7.0)%
Restaurant operating costs:			
Cost of sales	90.2	99.7	(9.5)%
Labor	149.0	145.4	2.4 %
Other operating	66.5	72.1	(7.7)%
Occupancy	31.4	29.8	5.5 %
Total Restaurant Operating Costs	\$ 337.1	\$ 346.9	(9.3)%
Restaurant Level Operating Profit ⁽¹⁾	\$ 41.5	\$ 60.0	(30.8)%

⁽¹⁾ Restaurant Level Operating Profit is a non-GAAP measure. See below for a reconciliation of Restaurant Level Operating Profit to Income from Operations and Income from Operations as a percentage of total revenues.

	Quarter Ended		
	April 21, 2024	April 16, 2023	Increase/ (Decrease)
			(Basis Points)
(Dollars in millions)			
Restaurant revenue	\$ 378.6	\$ 406.9	(7.0)%
Restaurant operating costs:			
Cost of sales	23.8 %	24.5 %	(70)
Labor	39.3	35.7	360
Other operating	17.6	17.7	(10)
Occupancy	8.3	7.3	100
Total Restaurant Operating Costs	88.9 %	85.2 %	370
Restaurant Level Operating Profit	11.0 %	14.7 %	(370)

Certain percentage and basis point amounts in the table above do not total due to rounding as well as restaurant operating costs being expressed as a percentage of restaurant revenue and not total revenues.

The following table summarizes net loss, loss per diluted share, (GAAP measures), and adjusted loss income (loss) per diluted share (a non-GAAP measure) for the twelve and forty weeks ended October 1, 2023 and October 2, 2022: periods presented:

	Twelve Weeks Ended			Forty Weeks Ended		
	October 1, 2023		October 2, 2022	October 1, 2023		October 2, 2022
	Quarter Ended		Quarter Ended	Quarter Ended		Quarter Ended
	(in thousands, except per share amounts)	(in thousands, except per share amounts)	(in thousands, except per share amounts)			
Net loss as reported						
Net loss as reported	Net loss as reported	\$ (8,161)	\$ (12,650)	\$ (7,496)	\$ (34,198)	
Loss per share - diluted:	Loss per share - diluted:					
Net loss as reported		\$ (0.52)	\$ (0.80)	\$ (0.47)	\$ (2.16)	
Gain on sale leaseback, net of expenses		(0.94)	—	(1.84)	—	
Gain on sale of restaurant property		—	(0.58)	—	(0.58)	
Litigation contingencies		0.23	0.01	0.57	—	
Restaurant closure costs, net		(0.01)	(0.10)	0.10	0.02	
Severance and executive transition		0.02	0.11	0.20	0.12	
Asset impairment		0.30	0.14	0.45	0.82	
Other ⁽¹⁾		0.02	—	0.09	—	
Closed corporate office costs, net of sublease income		—	0.02	0.02	0.02	
Other financing costs ⁽²⁾		—	0.06	—	0.09	
COVID-19 related charges		—	0.01	—	0.03	
Change in estimate, gift card breakage ⁽³⁾		—	—	—	(0.33)	
Write-off of unamortized debt issuance costs ⁽⁴⁾		—	—	—	0.11	
Income tax expense		0.10	0.09	0.11	(0.08)	
Adjusted loss per share - diluted	\$ (0.79)	\$ (1.04)	\$ (0.78)	\$ (1.94)		
Loss per share - diluted:						
Loss per share - diluted:						
Net loss as reported						
Net loss as reported						
Net loss as reported						
Other Charges (gains), net:						
Other Charges (gains), net:						
Other Charges (gains), net:						
Gain on sale leaseback, net						
Gain on sale leaseback, net						
Gain on sale leaseback, net						
Litigation contingencies						
Litigation contingencies						
Litigation contingencies						
Restaurant closure costs, net						

Restaurant closure costs, net					
Restaurant closure costs, net					
Severance and executive transition					
Severance and executive transition					
Severance and executive transition					
Asset impairment					
Asset impairment					
Asset impairment					
Asset disposal and other, net					
Asset disposal and other, net					
Asset disposal and other, net					
Closed corporate office costs, net of sublease income					
Closed corporate office costs, net of sublease income					
Closed corporate office costs, net of sublease income					
Income tax effect					
Income tax effect					
Income tax effect					
Adjusted income (loss) per share - diluted					
Adjusted income (loss) per share - diluted					
Adjusted income (loss) per share - diluted					
Weighted average shares outstanding:					
Weighted average shares outstanding:					
Weighted average shares outstanding: shares outstanding:					
Basic	Basic	15,799	15,892	15,949	15,816
Diluted ⁽⁵⁾		15,799	15,892	15,949	15,816
Basic					
Basic					
Diluted					
Diluted					
Diluted					

⁽¹⁾ Other primarily includes non-cash charges related to terminated capital projects and disposals, and certain insurance claim proceeds.

⁽²⁾ Other financing costs includes legal and other charges related to the refinancing of our Prior Credit Agreement (as defined below) in the first quarter of 2022.

⁽³⁾ During the forty weeks ended October 2, 2022, the Company re-evaluated the estimated redemption pattern related to gift cards. The impact comprises \$5.9 million included in Franchise royalties, fees, and other revenue partially offset by \$0.6 million in gift card commission costs included in Selling on the Condensed Consolidated Statements of Operations.

⁽⁴⁾ Write-off of unamortized debt issuance costs related to the remaining unamortized debt issuance costs related to our Prior Credit Agreement with the completion of the refinancing of our Prior Credit Agreement in the first quarter of fiscal year 2022.

⁽⁵⁾ For the twelve weeks ended October 1, 2023, the impact of dilutive shares is excluded in the calculations due to the net loss position for the quarter. For diluted shares reported on the Condensed Consolidated Statement of Operations, the impact of dilutive shares is excluded due to the reported net loss for the quarter.

We believe the non-GAAP measure of adjusted loss per share-diluted gives the reader additional insight into the ongoing operational results of the Company, and it is intended to supplement the presentation of the Company's financial results in accordance with GAAP. Adjusted loss per share-diluted excludes the effects of change in estimate, gift card breakage, asset impairment, litigation contingencies, the write-off of unamortized debt issuance costs,

restaurant closure costs, other financing costs, gain on sale leaseback, net of expenses, closed corporate office costs, net of sublease income, COVID-19 related charges, severance and executive transition costs, and income tax effects and other. We have revised our definition of adjusted loss per diluted share to exclude gain on sale leaseback, net of expenses and other. We did not revise the prior year's adjusted loss per share-diluted because there were no other charges similar in nature to these costs. Other companies may define adjusted net loss per share-diluted differently, and as a result our measure of adjusted loss per share-diluted may not be directly comparable to those of other companies. Adjusted loss per share-diluted should be considered in addition to, and not as a substitute for, net loss as reported in accordance with U.S. GAAP as a measure of performance.

The following table summarizes Net loss, (a GAAP measure), and EBITDA, and Adjusted EBITDA (non-GAAP measures) for the twelve and forty weeks ended October 1, 2023 and October 2, 2022 periods presented (in thousands):

	Quarter Ended			
	Quarter Ended		Quarter Ended	
	April 21, 2024		April 21, 2024	
	April 21, 2024	April 21, 2024	April 21, 2024	April 21, 2024
Net loss as reported				
Net loss as reported				
Net loss as reported				
Interest expense, net				
Interest expense, net				
Interest expense, net				
Income tax provision (benefit)				
Income tax provision (benefit)				
Income tax provision (benefit)				
Depreciation and amortization				
Depreciation and amortization				
Depreciation and amortization				
EBITDA				
EBITDA				
EBITDA				
	Twelve Weeks Ended		Forty Weeks Ended	
Other charges (gains), net:				
	October 1, 2023		October 1, 2023	
Net loss as reported	\$ (8,161)	\$ (12,650)	\$ (7,496)	\$ (34,198)
Interest expense, net	5,885	4,419	19,766	15,137
Income tax provision (benefit)	278	(43)	453	453
Depreciation and amortization	14,672	17,368	52,253	58,924
EBITDA	12,674	9,094	64,976	40,316
Change in accounting estimate, gift card breakage	—	—	—	(5,246)
Other charges (gains), net:	Other charges (gains), net:			
Gain on sale leaseback, net of expenses	(14,883)	—	(29,413)	—
Gain on sale of restaurant property	—	(9,204)	—	(9,204)
Other charges (gains), net:				
Gain on sale leaseback, net				
Gain on sale leaseback, net				
Gain on sale leaseback, net				
Litigation contingencies				
Litigation contingencies				

Litigation contingencies	Litigation contingencies	3,600	133	9,140	47
Restaurant closure costs, net	Restaurant closure costs, net	(91)	(1,570)	1,546	309
Restaurant closure costs, net					
Restaurant closure costs, net					
Severance and executive transition					
Severance and executive transition					
Severance and executive transition	Severance and executive transition	341	1,825	3,195	1,954
Asset impairment	Asset impairment	4,800	2,187	7,187	13,048
Other		277	—	1,366	—
Asset impairment					
Asset impairment					
Asset disposal and other, net					
Asset disposal and other, net					
Asset disposal and other, net					
Closed corporate office costs, net of sublease income	Closed corporate office costs, net of sublease income	78	267	253	267
Other financing costs		—	1,022	—	1,392
COVID-19 related charges		—	123	—	423
Closed corporate office costs, net of sublease income					
Closed corporate office costs, net of sublease income					
Adjusted EBITDA	Adjusted EBITDA	\$ 6,796	\$ 3,877	\$ 58,250	\$ 43,711
Adjusted EBITDA					
Adjusted EBITDA					

We believe the non-GAAP measures of EBITDA and adjusted EBITDA give the reader additional insight into the ongoing operational results of the Company, and it is intended to supplement the presentation of the Company's financial results in accordance with GAAP. We define EBITDA as net loss before interest expense, income taxes, and depreciation and amortization. Adjusted EBITDA further excludes and Adjusted loss per share-diluted are supplemental measures of our performance that are not required by or presented in accordance with GAAP. We believe these non-GAAP measures give the effects reader additional insight into the ongoing operational results of change the Company and are intended to supplement the presentation of the Company's financial results in accounting accordance with GAAP. Adjusted EBITDA and adjusted loss per share-diluted exclude the impact of non-operating or nonrecurring items including changes in estimate, - gift card breakage, asset impairment, impairments, litigation contingencies, gains (losses) on debt extinguishment, restaurant and office closure costs, net, other financing costs, COVID-19 related charges, gains on sale leaseback transactions, severance and executive transition costs closed corporate office, and other non-recurring, non-cash or discrete items net of sublease income and gain of sale leaseback, net of expenses, and other. We have revised our definition of adjusted EBITDA to exclude gain of sale leaseback, net of expenses and other. We did not revise prior years' adjusted EBITDA because there were no other charges similar in nature to these costs. tax impacts. Other companies may define EBITDA and adjusted EBITDA these non-GAAP measures differently, and as a result our measure of EBITDA and adjusted EBITDA measures may not be directly comparable to those of other companies. EBITDA Adjusted loss per share-diluted and adjusted Adjusted EBITDA should be considered in addition to, and not as a substitute for, net loss as reported in accordance with U.S. GAAP as a measure of performance.

The following table summarizes Income (loss) from Operations, (a GAAP measure), and Restaurant Level Operating Profit (a non-GAAP measure) for the twelve and forty weeks ended October 1, 2023 and October 2, 2022 periods presented (dollars in thousands):

	Twelve Weeks Ended		Forty Weeks Ended	
	October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
	Quarter Ended			
	Quarter Ended			
	Quarter Ended			
	April 21, 2024			
	April 21, 2024			
	April 21, 2024			
Income (loss) from operations				

Income (loss) from operations									
Income (loss) from operations	Income (loss) from operations	\$ (1,938)	(0.7)%	\$ (8,103)	(2.8)%	\$ 12,498	1.3%	\$ (17,594)	(1.8)%
Less:	Less:								
Franchise royalties, fees and other revenue		4,427	1.6%	4,390	1.5%	20,713	2.1%	24,302	2.5%
Less:									
Franchise revenue									
Franchise revenue									
Franchise revenue									
Other revenue									
Other revenue									
Other revenue									
Add:									
Add:									
Add:	Add:								
Other charges (gains), net	Other charges (gains), net	(5,878)	(2.1)	(5,217)	(1.8)	(6,726)	(0.7)	8,236	0.8
Other charges (gains), net									
Other charges (gains), net									
Pre-opening costs									
Pre-opening costs									
Pre-opening costs	Pre-opening costs	—	—	217	0.1	586	0.1	514	0.1
Selling	Selling	8,771	3.2	14,194	4.9	22,692	2.3	37,503	3.8
Selling									
Selling									
General and administrative expenses									
General and administrative expenses									
General and administrative expenses	General and administrative expenses	19,190	6.9	21,498	7.5	66,656	6.7	64,665	6.6
Depreciation and amortization	Depreciation and amortization	14,672	5.3	17,368	6.1	52,253	5.3	58,924	6.0
Depreciation and amortization									
Depreciation and amortization									
Restaurant level operating profit									
Restaurant level operating profit									
Restaurant level operating profit	Restaurant level operating profit	\$ 30,390		\$ 35,567		\$ 127,246		\$ 127,946	
Income (loss) from operations as a percentage of total revenues	Income (loss) from operations as a percentage of total revenues	(0.7)%		(2.8)%		1.3%		(1.8)%	
Income (loss) from operations as a percentage of total revenues									
Income (loss) from operations as a percentage of total revenues									
Restaurant level operating profit margin (as a percentage of restaurant revenue)									

Restaurant level operating profit margin (as a percentage of restaurant revenue)	Restaurant level operating profit margin (as a percentage of restaurant revenue)	11.1%	12.6%	13.1%	13.4%
----------------------------------------------------------------------------------	----------------------------------------------------------------------------------	-------	-------	-------	-------

The Company believes restaurant level operating profit is an important measure for management and investors because it is widely regarded in the restaurant industry as a useful metric by which to evaluate restaurant level operating efficiency and performance. The Company defines restaurant level operating profit to be income from operations less franchise **royalties, fees** revenue and other revenue, plus other charges (gains), net, pre-opening costs, selling costs, general and administrative expenses, and depreciation and amortization. The measure includes restaurant level occupancy costs that include fixed rents, percentage rents, common area maintenance charges, real estate and personal property taxes, general liability insurance, and other property costs, but excludes depreciation and amortization expense, substantially all of which is related to restaurant level assets, because such expenses represent historical sunk costs which do not reflect current cash outlay for the restaurants. The measure also excludes **selling costs and general and administrative expenses, and therefore excludes** costs associated with selling, general, and administrative functions, and pre-opening costs. The Company excludes **Other costs, as well as, other charges (gains), net** because these costs are **non-operating or nonrecurring and therefore** not related to the ongoing operations of its restaurants. Restaurant level operating profit is not a measurement determined in accordance with GAAP and should not be considered in isolation, or as an alternative, to income (loss) from operations or net income (loss) as **indicators** an indicator of financial performance. Restaurant level operating profit as presented may not be comparable to other similarly titled measures of other companies in the Company's industry.

Restaurant Data

The following table details restaurant unit data for our Company-owned and franchised locations for the periods indicated: presented:

		Twelve Weeks Ended		Forty Weeks Ended	
		October 1, 2023	October 2, 2022	October 1, 2023	October 2, 2022
		Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
		April 21, 2024	April 21, 2024	April 21, 2024	April 21, 2024
Company-owned:	Company-owned:				
Beginning of period	Beginning of period	418	426	414	430
Beginning of period	Beginning of period				
Opened during the period	Opened during the period	—	—	1	—
Acquired from franchisees		—	—	5	—
Opened during the period					
Opened during the period					
Closed during the period					
Closed during the period					
Closed during the period	Closed during the period	(1)	(2)	(3)	(6)
End of period	End of period	417	424	417	424
End of period					
End of period					
Franchised:					
Franchised:					

Franchised:	Franchised:				
Beginning of period	Beginning of period	91	102	97	101
Opened during the period	—	—	—	—	1
Beginning of period					
Beginning of period					
Closed during the period	Closed during the period	—	(1)	(1)	(1)
Sold to Company during the period	—	—	—	(5)	—
Closed during the period					
Closed during the period					
End of period					
End of period	End of period	91	101	91	101
Total number of restaurants	Total number of restaurants	508	525	508	525
Total number of restaurants					
Total number of restaurants					

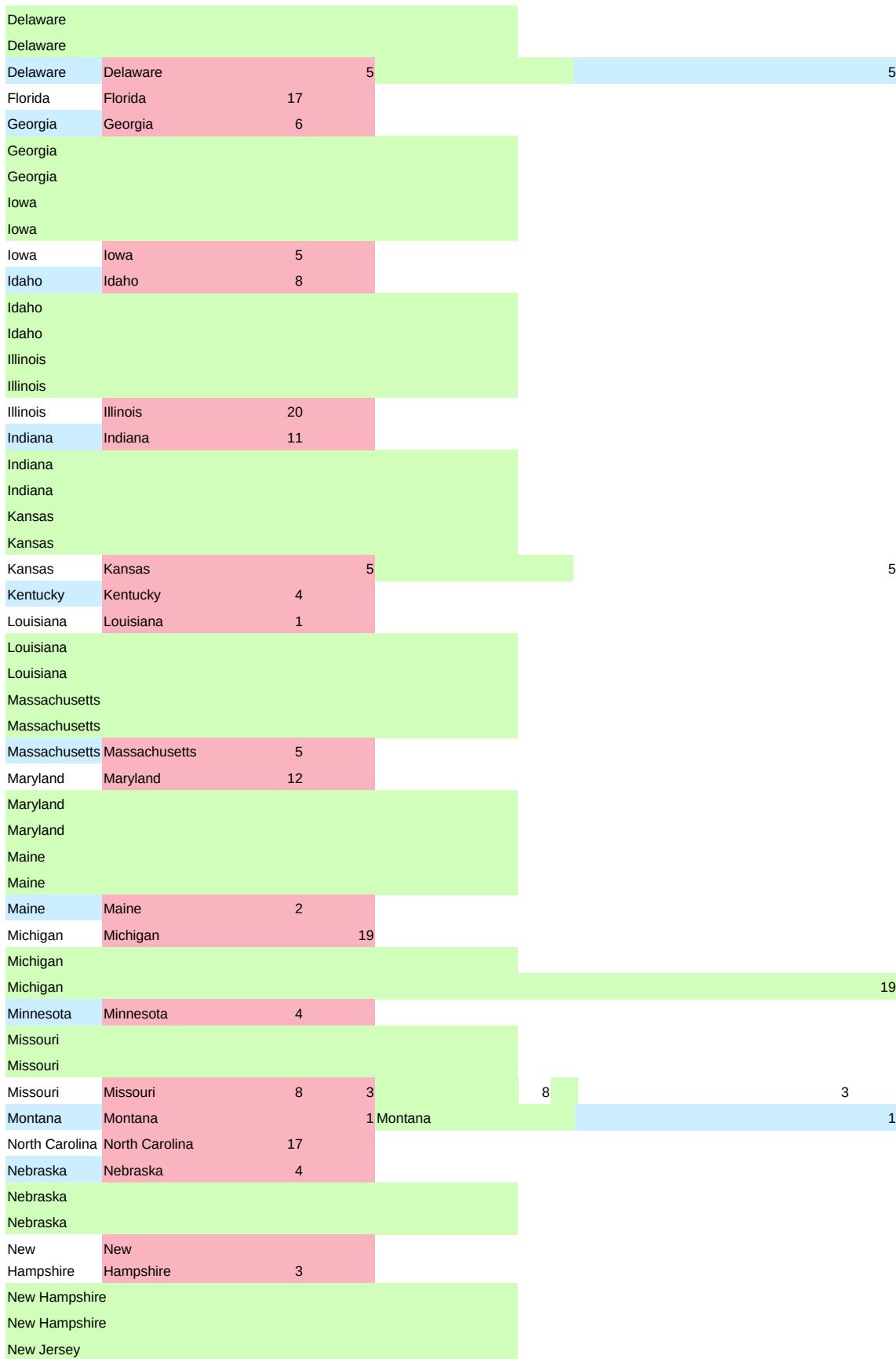
Comparable Restaurant Revenue

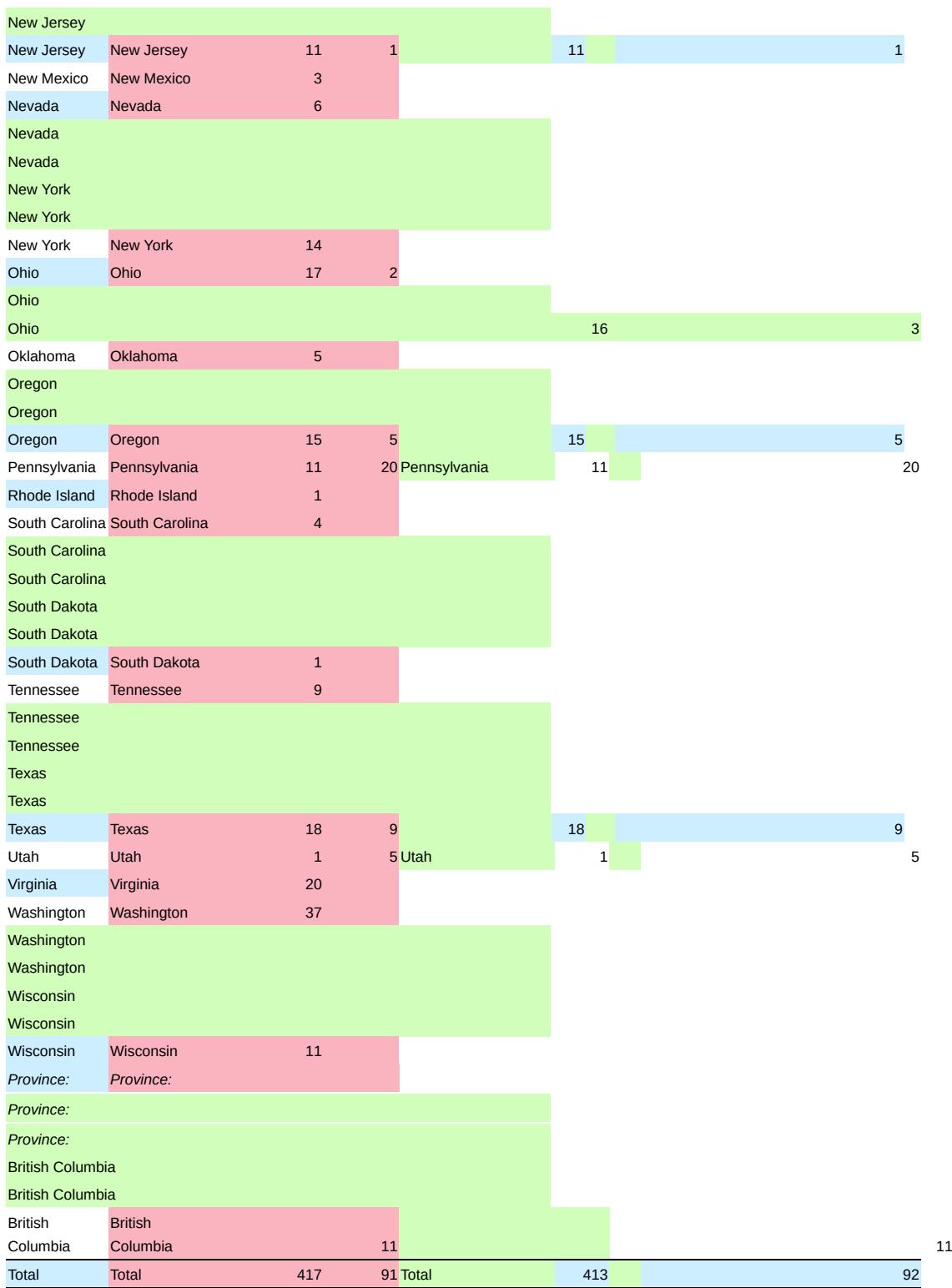
As of the first quarter of fiscal 2024, the Company has revised its definition of comparable restaurant revenue to reflect company owned restaurants that have operated 18 months as of the beginning of the period presented. The prior definition included company owned restaurants that have operated for five full quarters as of the beginning of the period presented. The Company believes this change will provide investors with a better understanding of our financial performance from period to period. The change did not have a material impact on previously reported results and as such, prior periods were not revised to reflect the new definition.

For the first quarter of fiscal 2024, there were 406 comparable restaurants, out of the total 413 Company-owned restaurants.

The following table presents total Company-owned and franchised restaurants by state or province as of **October 1, 2023** **April 21, 2024**:

State:	State:	Company-Owned Restaurants		Franchised Restaurants	
		Company-Owned Restaurants	Franchised Restaurants		
		Restaurants	Restaurants		
Arkansas	Arkansas	2	1	2	1
Alaska	Alaska	3	Alaska	3	3
Alabama	Alabama	4			
Arizona	Arizona	18	1	18	1
Arizona	Arizona				
California	California	57			
Colorado	Colorado	22			
Colorado	Colorado				
Connecticut	Connecticut	3			
Connecticut	Connecticut				
Connecticut	Connecticut				





Results of Operations

Operating results for each fiscal period presented below are expressed as a percentage of total revenues, except for the components of restaurant operating costs, which are expressed as a percentage of restaurant revenue.

This information has been prepared on a basis consistent with our audited 2022 annual financial statements, and, in the opinion of management, includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the information for the periods presented. Our operating results may fluctuate significantly as a result of a variety of factors, and operating results for any period presented are not necessarily indicative of results for a full fiscal year.

	Twelve Weeks Ended				Forty Weeks Ended					
	October 1, 2023		October 2, 2022		October 1, 2023		October 2, 2022			
	Quarter Ended				Quarter Ended					
(Dollars in thousands)				(Dollars in thousands)						
(Dollars in thousands)				(Dollars in thousands)						
Revenues:				Revenues:						
Revenues:		Revenues:								
Restaurant revenue	Restaurant revenue	98.4	%	98.5	%	97.9	%	97.5 %		
Franchise and other revenues		1.6		1.5		2.1		2.5		
Restaurant revenue										
Franchise revenue										
Other revenue										
Total revenues										
Total revenues	Total revenues	100.0		100.0		100.0		100.0		
Costs and expenses:		Costs and expenses:								
Restaurant operating costs (excluding depreciation and amortization shown separately below):										
Costs and expenses:										
Restaurant operating costs (1) (excluding depreciation and amortization shown separately below):										
Restaurant operating costs (1) (excluding depreciation and amortization shown separately below):										
Restaurant operating costs (1) (excluding depreciation and amortization shown separately below):										
Cost of sales	Cost of sales	23.8		25.0		24.3		24.6		
Labor	Labor	38.0		35.6		36.9		35.8		
Labor										
Labor										

Other operating	Other operating				
Other operating	Other operating	18.4	18.7	17.9	18.2
Occupancy	Occupancy	8.6	8.1	7.9	8.0
Occupancy	Occupancy				
Total restaurant operating costs					
Total restaurant operating costs					
Total restaurant operating costs	Total restaurant operating costs	88.8	87.4	86.8	86.6
Depreciation and amortization	Depreciation and amortization	5.3	6.1	5.3	6.0
Depreciation and amortization	Depreciation and amortization				
Selling, general, and administrative expenses	Selling, general, and administrative expenses	10.1	12.4	9.0	10.5
Pre-opening and acquisition costs		—	0.1	0.1	0.1
Selling, general, and administrative expenses					
Selling, general, and administrative expenses					
Pre-opening costs					
Pre-opening costs					
Pre-opening costs					
Other charges (gains), net					
Other charges (gains), net					
Other charges (gains), net	Other charges (gains), net	(2.1)	(1.8)	(0.7)	0.8
Income (loss) from operations	Income (loss) from operations	(0.7)	(2.8)	1.3	(1.8)
Income (loss) from operations	Income (loss) from operations				
Interest expense, net and other		2.1	1.6	2.0	1.7
Other expense (income):					
Other expense (income):					
Other expense (income):					
Interest expense					
Interest expense					
Interest expense					
Interest (income) and other, net					
Interest (income) and other, net					
Interest (income) and other, net					
Loss before income taxes	Loss before income taxes	(2.8)	(4.4)	(0.7)	(3.5)
Income tax provision (benefit)		0.1	—	—	—
Loss before income taxes	Loss before income taxes				
Loss before income taxes	Loss before income taxes				
Income tax provision					
Income tax provision					
Income tax provision					

Net loss	Net loss	(2.9)	%	(4.4)	%	(0.8)	%	(3.5)	%
Net loss									
Net loss									

Revenues (1)

(Revenues in thousands)	Twelve Weeks Ended			Forty Weeks Ended		
	October 1, 2023	October 2, 2022	Percent Change	October 1, 2023	October 2, 2022	Percent Change
Restaurant revenue	\$ 273,133	\$ 282,415	(3.3)%	\$ 973,307	\$ 951,633	2.3 %
Franchise and other revenues	4,427	4,390	0.8 %	20,713	24,302	(14.8)%
Total revenues	\$ 277,560	\$ 286,805	(3.2)%	\$ 994,020	\$ 975,935	1.9 %
Average weekly net sales volumes in Company-owned restaurants	\$ 54,572	\$ 55,469	(1.6)%	\$ 58,446	\$ 55,927	4.5 %
Total operating weeks	5,005	5,092	(1.7)%	16,653	17,017	(2.1)%

Expressed as a percentage of restaurant revenue.

Revenues

(Dollars in thousands)	Quarter Ended		
	April 21, 2024	April 16, 2023	Percent Change
Restaurant revenue	\$ 378,568	\$ 406,893	(7.0)%
Franchise revenue	5,341	5,283	1.1 %
Other revenue	4,632	5,636	(17.8)%
Total revenues	\$ 388,541	\$ 417,812	(7.0)%
Average weekly net sales volumes in Company-owned restaurants	\$ 57,139	\$ 61,372	(6.9)%
Total operating weeks	6,611	6,630	(0.3)%

Restaurant revenue, for the twelve weeks ended October 1, 2023, which comprises primarily food and beverage sales, decreased \$9.3 million, or 3.3%, in the first quarter of fiscal 2024, as compared to the third quarter comparable period of 2022. Restaurant revenue decreased primarily due to a 3.4% decrease in comparable restaurant revenue. The comparable restaurant revenue decrease was driven by a 9.4% decrease in Guest count, partially offset by a 2.9% increase in average Guest check. The decrease in Guest count is due in part to overlapping elevated performance in the Company's decision not to repeat the deep discount "\$10 Meal Deal" promotion that was offered first quarter of fiscal 2023, our exit of virtual brands in the third quarter of fiscal 2022, and the decision to discontinue offering virtual brands. These decisions are expected to reduce complexity and support execution of an enhanced Red Robin guest experience, that results in increased guest counts and profitability in time, adverse weather impacts. The increase in average Guest check resulted from a 5.4% increase in menu prices, and a 2.1% decrease in discounts, partially offset by a 1.8% decrease from menu mix and a 0.7% decrease in discounts. The decrease in menu mix was primarily driven by Guests shifting visits from third party delivery platforms with elevated menu prices, to dine in visits at standard menu prices, and the removal of low Guest preference, but higher priced burger options. Dine-in sales comprised 75.6% of total food and beverage sales during the first quarter of 2023, as compared to 72.4% in the same period in 2022.

Restaurant revenue for the forty weeks ended October 1, 2023, increased \$21.7 million, or 2.3%, as compared to the forty weeks ended October 2, 2022. The increase was due to a \$26.4 million, or 2.9%, increase in comparable restaurant revenue, partially offset by a \$4.8 million decrease at non-comparable restaurants, including the impact of restaurant closures. The comparable restaurant revenue increase was driven by a 7.5% increase in average Guest check, partially offset by a 4.6% decrease in Guest count. The increase in average Guest check resulted from a 7.9% increase in menu pricing and a 0.9% decrease in discounts, partially offset by a 1.3% decrease in menu mix. The decrease in menu mix was primarily driven by Guests shifting visits from third party delivery platforms with elevated menu prices, to dine in visits at standard menu prices, and the removal of low Guest preference, but higher priced burger options. Dine-in sales comprised 74.8% of total food and beverage sales during the forty weeks ended October 1, 2023, as compared to 70.9% in the same period in 2022.

Average weekly net sales volumes represent are calculated as the total restaurant revenue for all Company-owned Red Robin restaurants for each time period presented, divided by the number of operating weeks in the period. Comparable restaurant revenues include those restaurants that have operated five full quarters as of the end of the period presented. Fluctuations in average weekly net sales volumes for Company-owned restaurants reflect the effect of comparable restaurant revenue changes as well as the performance of reopened and new restaurants during the period.

Franchise and other revenue increased by less than \$0.1 million, or 1.1%, or 0.8%, for the twelve weeks ended October 1, 2023 compared to the twelve weeks ended October 2, 2022, and decreased \$3.6 million, or 14.8% for the forty weeks ended October 1, 2023 compared to the same period in 2022. Franchise revenue declined 2023, primarily due to an increase in franchisee contributions. The increase in 2024 follows a reduction in the percentage of sales each 2023, and returns franchisee is required contributions to contribute to support Selling activities. This reduction results from an increased focus on local restaurant marketing and reduced national and/or mass media channels pursuant to our North Star strategy. The percentage of sales each franchisee is required to contribute could change in the future, as we expect to align contributions with spending levels, subject to compliance with the respective franchise agreement, their typical historical level. Franchise restaurants reported a decrease of 5.9% in comparable restaurant revenue for the twelve weeks ended October 1, 2023 compared to the same period in 2022, and an increase first quarter of 2.3% for the forty weeks ended October 1, 2023 compared to the same period in 2022. Other revenue increased \$0.9 million for the twelve weeks ended October 1, 2023 compared to the twelve weeks ended

October 2, 2022 primarily due to higher gift card breakage and the reclassification of the year-to-date closed corporate office sublease income to other charges (gains) during the twelve weeks ended October 2, 2022, fiscal 2024.

Other revenue decreased \$0.9 \$1.0 million for the forty weeks ended October 1, 2023 in 2024 compared to the same period in 2022 2023, primarily due related to the change in estimate over reduced gift card breakage in 2022, breakage.

Cost of Sales

		Twelve Weeks Ended			Forty Weeks Ended			
		Quarter Ended	Quarter Ended	Quarter Ended				
(In thousands, except percentages)								
(In thousands, except percentages)								
(In thousands, except percentages)	(In thousands, except percentages)	October 1, 2023	October 2, 2022	Percent Change	October 1, 2023	October 2, 2022	Percent Change	
Cost of sales	Cost of sales	\$ 65,128	\$ 70,640	(7.8) %	\$ 236,171	\$ 234,283	0.8 %	
Cost of sales								
Cost of sales								
As a percent of restaurant revenue	As a percent of restaurant revenue	23.8 %	25.0 %	(1.2) %	24.3 %	24.6 %	(0.3) %	
As a percent of restaurant revenue								
As a percent of restaurant revenue								

Cost of sales, which comprises food and beverage costs, is variable and generally fluctuates with sales volume. Cost of sales as a percentage of restaurant revenue decreased 120 and 30 70 basis points for the twelve and forty weeks ended October 1, 2023 first quarter of fiscal 2024 as compared to the same periods comparable period in 2022, 2023. The decreases were improvement was primarily driven by menu price increases and implementation of various cost savings initiatives, partially offset by commodity inflation.

Labor

		Twelve Weeks Ended			Forty Weeks Ended			
		Quarter Ended	Quarter Ended	Quarter Ended				
(In thousands, except percentages)								
(In thousands, except percentages)								
(In thousands, except percentages)	(In thousands, except percentages)	October 1, 2023	October 2, 2022	Percent Change	October 1, 2023	October 2, 2022	Percent Change	
Labor	Labor	\$ 103,741	\$ 100,522	3.2 %	\$ 358,841	\$ 340,273	5.5 %	
Labor								
Labor								
As a percent of restaurant revenue	As a percent of restaurant revenue	38.0 %	35.6 %	2.4 %	36.9 %	35.8 %	1.1 %	
As a percent of restaurant revenue								
As a percent of restaurant revenue								

Labor costs include restaurant level hourly wages and management salaries as well as related taxes and benefits. For the twelve and forty weeks ended October 1, 2023, first quarter of fiscal 2024, labor as a percentage of restaurant revenue increased 240 and 110 360 basis points compared to the same period in 2022, 2023. The increase was primarily driven by continued investments in hourly and management labor, payroll taxes, and increased incentive compensation partially offset by related to a new partner bonus plan, and

higher workers compensation and group insurance. In 2023, we made investments in management and hourly labor to support an enhanced Guest experience, with an objective to drive increases in guest traffic count over time, resulting in an increase in restaurant profitability. health insurance costs.

Other Operating

		Twelve Weeks Ended			Forty Weeks Ended		
		Quarter Ended					
		Quarter Ended					
		Quarter Ended					
(in thousands, except percentages)							
(in thousands, except percentages)							
(in thousands, except percentages)	(in thousands, except percentages)	October 1, 2023	October 2, 2022	Percent Change	October 1, 2023	October 2, 2022	Percent Change
Other operating	Other operating	\$ 50,351	\$ 52,858	(4.7) %	\$ 174,243	\$ 172,725	0.9 %
Other operating							
Other operating							
As a percent of restaurant revenue	As a percent of restaurant revenue	18.4 %	18.7 %	(0.3) %	17.9 %	18.2 %	(0.3) %
As a percent of restaurant revenue							
As a percent of restaurant revenue							

Other operating costs include costs such as equipment repairs and maintenance costs, restaurant supplies, utilities, restaurant technology, and other miscellaneous costs. For the twelve weeks ended October 1, 2023, first quarter of fiscal 2024, other operating costs as a percentage of restaurant revenue decreased 30 basis points as compared to the same comparable period in 2022, 2023. The decrease was primarily driven by reduced third party commission expenses associated with lower off premise mix and lower commission rates, and lower supplies costs driven by negotiated savings, and lower contract janitorial expenses, partially offset by higher repairs and maintenance costs.

For the forty weeks ended October 1, 2023, other operating costs as a percentage of restaurant revenue decreased 30 basis points compared to the same period in 2022. The decrease was primarily driven by reduced third party commission expenses associated with lower off premise mix and lower commission rates, lower contract janitorial expenses which were partially offset by higher repairs and maintenance costs, savings.

Occupancy

		Twelve Weeks Ended			Forty Weeks Ended		
		Quarter Ended					
		Quarter Ended					
		Quarter Ended					
(in thousands, except percentages)							
(in thousands, except percentages)							
(in thousands, except percentages)	(in thousands, except percentages)	October 1, 2023	October 2, 2022	Percent Change	October 1, 2023	October 2, 2022	Percent Change
Occupancy	Occupancy	\$ 23,523	\$ 22,828	3.0 %	\$ 76,806	\$ 76,406	0.5 %
Occupancy							
Occupancy							
As a percent of restaurant revenue	As a percent of restaurant revenue	8.6 %	8.1 %	0.5 %	7.9 %	8.0 %	(0.1) %
As a percent of restaurant revenue							
As a percent of restaurant revenue							

Occupancy costs include fixed rents, property taxes, common area maintenance charges, general liability insurance, contingent rents, and other property costs. Occupancy costs as a percentage of restaurant revenue increased 50 basis points for the twelve weeks ended October 1, 2023, first quarter of fiscal 2024 compared to the same comparable period in 2022, 2023. The increase is due to the impact of an increase in fixed rents deleveraging from reduced restaurant revenue, and the sale-leaseback of 18 restaurant properties in 2023.

Our fixed rents for the twelve weeks ended October 1, 2023 and October 2, 2022 were \$16.6 million and \$16.1 million, an increase of \$0.5 million, primarily due to increased expenses related to the sale-leaseback of 18 locations, and the acquisition of five restaurants from a franchisee partially offset by net Company-owned restaurant closures.

For the forty weeks ended October 1, 2023, occupancy costs as a percentage of restaurant revenue decreased 10 basis points compared to the same period in 2022 primarily fiscal 2023, and deleveraging due to the sale-leaseback of 18 lower restaurant properties in 2023.

Our fixed rents for the forty weeks ended October 1, 2023 and October 2, 2022 were \$53.6 million and \$53.5 million, an increase of \$0.1 million, due to increased expenses related to the sale-leaseback of 18 locations and the acquisition of five restaurants from a franchisee, mostly offset by reduced expenses related to net Company-owned restaurant closures.

Depreciation and Amortization

		Twelve Weeks Ended			Forty Weeks Ended								
		Quarter Ended											
		Quarter Ended											
<u>(In thousands, except percentages)</u>													
<u>(In thousands, except percentages)</u>													
(In thousands, except percentages)	(In thousands, except percentages)	October 1, 2023	October 2, 2022	Percent Change	October 1, 2023	October 2, 2022	Percent Change						
Depreciation and amortization	Depreciation and amortization	\$ 14,672	\$ 17,368	(15.5) %	\$ 52,253	\$ 58,924	(11.3) %						
Depreciation and amortization													
Depreciation and amortization													
As a percent of total revenues	As a percent of total revenues	5.3 %	6.1 %	(0.8) %	5.3 %	6.0 %	(0.7) %						
As a percent of total revenues													
As a percent of total revenues													

Depreciation and amortization include depreciation on capital expenditures for restaurants and corporate assets as well as amortization of reacquired franchise rights, leasehold interests, and certain liquor licenses. For the twelve and forty weeks ended October 1, 2023, first quarter of fiscal 2024, depreciation and amortization expense as a percentage of revenue decreased 80 and 70 basis points compared to the same comparable period in 2022, primarily due to asset impairments and disposals, sale-leaseback transactions reducing the depreciable asset base.

Selling, General, and Administrative

		Twelve Weeks Ended			Forty Weeks Ended								
		Quarter Ended											
		Quarter Ended											
<u>(In thousands, except percentages)</u>													
<u>(In thousands, except percentages)</u>													
(In thousands, except percentages)	(In thousands, except percentages)	October 1, 2023	October 2, 2022	Percent Change	October 1, 2023	October 2, 2022	Percent Change						
Selling, general, and administrative	Selling, general, and administrative	\$ 27,961	\$ 35,692	(21.7) %	\$ 89,348	\$ 102,168	(12.5) %						
Selling, general, and administrative													
Selling, general, and administrative													
As a percent of total revenues	As a percent of total revenues	10.1 %	12.4 %	(2.3) %	9.0 %	10.5 %	(1.5) %						
As a percent of total revenues													
As a percent of total revenues													

Selling, general, and administrative costs include all corporate and administrative functions. Components of this category include marketing and advertising costs; restaurant support center, regional, and franchise support salaries and benefits; travel; professional and consulting fees; corporate information systems; legal expenses; office rent; training;

and board Board of directors' Directors' expenses. Selling, general and administrative expense increased \$4.9 million, or 14.1% in the first quarter of fiscal 2024 as compared to the comparable period in 2023.

General and administrative costs in the twelve weeks first quarter ended October 1, 2023 April 21, 2024 decreased \$2.3 \$0.3 million, or 10.7% 1.1%, as compared to the same comparable period in 2022, 2023. The decrease was primarily driven by a decrease in salaries related to lower stock-based compensation expense and stock reduced incentive compensation due to a reduction in force and executive transition, and decreased travel due to holding a 2022 leadership conference and no leadership conference in 2023, accruals, partially offset by higher incentive compensation increased salaries and lower capitalized wages due benefits related to fewer eligible capital projects.

General and administrative costs an increase in the forty weeks ended October 1, 2023 increased \$2.0 million, or 3.1%, headcount as compared to the same prior year quarter.

Selling costs in the first quarter ended of fiscal 2024 increased \$5.2 million, as compared to the comparable period in 2022, 2023. The increase was primarily driven by higher incentive compensation, increased travel, marketing communication with consumers and lower capitalized costs due revenue sharing events as part of our commitment to fewer eligible capital projects, partially offset by a decrease engage and support the local communities in wages and stock compensation due to the reduction in force and executive transition, which we operate.

Selling costs in the twelve and forty weeks ended October 1, 2023 decreased \$5.4 million, or 38.2%, and \$14.8 million, or 39.5%, as compared to the same periods in 2022. The decrease was primarily driven by decreased marketing spend in internet and local media.

Pre-opening Costs

		Twelve Weeks Ended			Forty Weeks Ended		
		Quarter Ended					
		Quarter Ended					
		Quarter Ended					
(In thousands, except percentages)							
(In thousands, except percentages)							
(In thousands, except percentages)	(In thousands, except percentages)	October 1, 2023	October 2, 2022	Percent Change	October 1, 2023	October 2, 2022	Percent Change
Pre-opening costs	Pre-opening costs	\$ —	\$ 217	(100.0) %	\$ 586	\$ 514	14.0 %
Pre-opening costs	Pre-opening costs						
As a percent of total revenues	As a percent of total revenues						
As a percent of total revenues	As a percent of total revenues						
As a percent of total revenues	As a percent of total revenues	— %	0.1 %	(0.1) %	0.1 %	0.1 %	— %

Pre-opening costs, which are expensed as incurred, comprise the costs related to preparing restaurants to introduce Donatos® and other initiatives, as well as direct costs, including labor, occupancy, training, and marketing, incurred related to opening new restaurants and hiring the initial work force. Our pre-opening costs fluctuate from period to period, depending upon, but not limited to, the number of restaurants where Donatos® has been introduced, the number of restaurant openings, the size of the restaurants being opened, and the location of the restaurants. Pre-opening costs for any given quarter period will typically include expenses associated with restaurants opened during the quarter period as well as expenses related to restaurants opening in subsequent quarters periods.

For the twelve weeks ended October 1, 2023, pre-opening costs decreased by \$0.2 million due to no first quarter of fiscal 2024, we did not open any new restaurant openings restaurants or rollouts of roll out any Donatos. Pre-opening costs increased by \$0.1 million during locations. During the forty weeks ended October 1, 2023 related to first quarter of fiscal 2023 we opened one additional new restaurant opening in Glendale, AZ partially offset by and completed the rollout of 25 less Donatos® locations.

Interest Expense Net and Other

Interest expense, net and other was \$5.9 million for the twelve weeks ended October 1, 2023 and \$4.6 million for the twelve weeks ended October 2, 2022. Interest expense for the twelve weeks ended October 1, 2023 first quarter of fiscal 2024 and October 2, 2022 2023 was \$6.1 \$7.5 million and \$4.5 \$7.8 million, respectively. The \$1.6 \$0.3 million increase decrease was primarily due to a higher weighted average interest rate. Our the \$45.1 million repayment of debt with the proceeds from the sale-leaseback transactions subsequent to the first quarter of fiscal 2023, partially offset by an increase in the weighted average interest rate for to 13.5% in the twelve weeks ended October 1, 2023 and October 2, 2022 was 13.4% and 9.7%, respectively. Lower average first quarter of fiscal 2024 compared to 11.6% in the prior year quarter. Average outstanding debt which decreased \$5.0 million compared to the same period in 2022, also contributed.

Interest expense, net and other was \$19.5 million for the forty weeks ended October 1, 2023 and \$16.2 million for the forty weeks ended October 2, 2022, an increase of \$3.4 million, or 21.0%. Interest expense for the forty weeks ended October 1, 2023 and October 2, 2022 was \$20.4 \$180.6 million and \$15.8 \$213.5 million respectively. The \$4.5 million increase was primarily related to a higher weighted average interest rate, higher average outstanding debt, which increased \$5.0 million compared to the same period in 2022, as of April 21, 2024 and the write off of approximately \$1.7 million of deferred financing charges related to the Company's Prior Credit Facility upon the execution of the Credit Agreement (as defined below) on March 4, 2022. Our weighted average interest rate on our credit facility debt was 12.6% for the forty weeks ended October 1, 2023 as compared to 8.7% for the same period in 2022.

Interest income and other decreased by \$0.2 million and \$1.1 million for the twelve and forty weeks ended October 1, 2023 April 16, 2023, respectively. The decreases were due to investment changes related to a deferred compensation plan for which assets are held in a rabbi trust, along with lower interest income on bank account balances in the forty-week period.

Income Tax Provision

Income tax provision was \$0.2 million in the first quarter ended April 21, 2024 compared to \$0.1 million in the same period in the prior year. The effective tax rate for the twelve weeks ended October 1, 2023 first quarter of fiscal 2024 was a 3.5% benefit 2.0%, compared to a 0.3% benefit 0.6% for the twelve weeks ended October 2, 2022, first quarter of fiscal 2023. The effective tax rate for both periods include changes in the valuation allowance as reflects federal income taxes, minimum state income taxes and state franchise taxes, despite a result of originating temporary differences during the year and varies from statutory rates primarily as a result of the valuation allowance as discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2022, pretax net loss position.

The effective tax rate for the forty weeks ended October 1, 2023 was a 6.4% expense, compared to a 1.3% expense for the forty weeks ended October 2, 2022. The effective tax rate for both periods include changes in the valuation allowance as a result of originating temporary differences during the year and varies from statutory rates primarily as a result of the valuation allowance as discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2022.

Liquidity and Capital Resources

Cash and cash equivalents, and restricted cash increased \$2.6 \$7.0 million to \$60.8 \$38.6 million as of October 1, 2023 April 21, 2024, from \$58.2 \$31.6 million at the beginning of the fiscal year. The Company is using available cash flow from operations to maintain existing restaurants and infrastructure, and execute on its long-term strategic initiatives. As of October 1, 2023 April 21, 2024, the Company had approximately \$73.6 \$55.6 million in liquidity, including cash and cash equivalents and \$25.0 million available borrowing capacity under our Credit Facility (as defined below). Facility.

Cash Flows

The table below summarizes our cash flows from operating, investing, and financing activities for each period presented (in thousands):

Forty Weeks Ended	
October 1, October 2,	
2023	2022
<u>Quarter Ended</u>	
<u>Quarter Ended</u>	
<u>Quarter Ended</u>	
<u>April 21,</u>	
<u>2024</u>	
<u>April 21,</u>	
<u>2024</u>	
<u>April 21,</u>	
<u>2024</u>	
Net cash provided by operating activities	
Net cash provided by operating activities	\$17,361
Net cash provided by (used in) investing activities	\$38,800
Net cash provided by (used in) financing activities	18,992
Net cash provided by (used in) investing activities	(18,297)
Net cash provided by (used in) financing activities	(33,741)
Net cash provided by (used in) investing activities	14,921

Net cash provided by (used in) investing activities		
Net cash used in financing activities		
Net cash used in financing activities		
Net cash used in financing activities		
Effect of exchange rate changes on cash		
Effect of exchange rate changes on cash		
Effect of exchange rate changes on cash		
Effect of exchange rate changes on cash		
Effect of exchange rate changes on cash		
Net change in cash and cash equivalents, and restricted cash	\$ 2,612	\$35,380
Net change in cash and cash equivalents, and restricted cash		
Net change in cash and cash equivalents, and restricted cash		

Operating Cash Flows

Net cash flows provided by operating activities decreased ~~\$21.4~~ \$3.6 million to ~~\$17.4~~ \$13.7 million for the forty weeks ended October 1, 2023, first quarter of fiscal 2024 compared to the prior year quarter. The decrease in net cash provided by operating activities is primarily attributable to the receipt of an income tax refund of ~~\$14.7~~ million decrease in 2022, and severance payments and higher interest payments in 2023. restaurant level profitability.

Investing Cash Flows

Net cash flows provided by investing activities were ~~\$19.0~~ \$15.1 million for the forty weeks ended October 1, 2023, first quarter of fiscal 2024, as compared to net cash flows flow used in investing activities of ~~\$18.3~~ \$16.1 million for the same period in 2022. prior year quarter. The \$31.2 million increase in cash flows provided by investing activities is primarily due to \$23.4 million in proceeds from sales of real estate, partially offset by increased investment sale-leaseback transaction, and lower capital expenditures in restaurant improvements and the acquisition of five franchised restaurants, current year.

The following table lists the components of our capital expenditures, net of currency translation, for the forty weeks ended October 1, 2023 and October 2, 2022 periods presented (in thousands):

	Forty Weeks Ended			Quarter Ended
	October 1, October 2, 2023 2022			April 16, 2023
	Quarter Ended			Quarter Ended
	April 21, 2024		April 21, 2024	April 16, 2023
Restaurant improvement capital and other	Restaurant improvement capital and other		\$16,715	\$12,376

Technology, infrastructure, and other			
Donatos® expansion	Donatos® expansion	8,602	4,396
Technology, infrastructure, and other		10,336	8,274
New restaurants and restaurant refreshes	New restaurants and restaurant refreshes	1,421	1,989
Total capital expenditures	Total capital expenditures	<u>\$37,074</u>	<u>\$27,035</u>

Financing Cash Flows

Net cash flows used in financing activities were \$33.7 million for the forty weeks ended October 1, 2023, first quarter of fiscal 2024, as compared to net cash flows provided by financing activities of \$14.9 million in the same period prior year quarter. The increase in 2022.

In 2022, cash flows used in financing activities were primarily relates to a source of cash, due to net draws made on long-term debt as a result of the Company's refinancing of debt on March 4, 2022. In 2023, the use of cash results primarily from the Company's \$21.2 million repayment of outstanding debt with proceeds from the a sale-leaseback transaction, \$10.0 million of share repurchases, and standard principal payments due under the terms of the Company's Credit Agreement. transaction.

Credit Facility

On March 4, 2022, the Company replaced its prior amended and restated Credit Agreement entered into a credit agreement (the "Prior Credit Agreement") with a new Credit Agreement (as amended to the date hereof, the "Credit Agreement"), which provides for a new Senior Secured Term Loan and Revolving Credit Facility (the "Credit Facility"). The Credit Agreement's interest rate references the Secured Overnight Financing Rate ("SOFR"), a new index calculated by short-term repurchase agreements and backed by U.S. Treasury securities, or the Alternate Base Rate, ("ABR"), which represents the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.5% per annum, or (c) one-month term SOFR plus 1.0% per annum.

As of October 1, 2023 April 21, 2024, the Company had outstanding borrowings under the Credit Facility of \$182.1 million net of \$7.0 million of unamortized deferred financing charges and discounts, none of which \$0.9 million was classified as current. As of October 1, 2023 April 21, 2024, the Company had \$25.0 million of available borrowing capacity under its Credit Facility.

As of October 1, 2023, the Company had \$11.7 million of letters of credit issued against cash collateral, compared to \$7.8 million as of the prior comparable period. collateral. The Company's cash collateral is recorded in Restricted cash on our Condensed Consolidated Balance Sheets as of the quarter ended October 1, 2023. Sheets.

Covenants

We are subject to a number of customary covenants under our Credit Facility, including limitations on additional borrowings, acquisitions, stock repurchases, sales of assets, and dividend payments, as well as a Total Net Leverage ratio covenant. covenant that adjusts each year in July. As of October 1, 2023 April 21, 2024, we were in compliance with all debt covenants.

Debt Outstanding

Total debt outstanding decreased \$24.9 million to \$190.0 million at October 1, 2023, from \$214.9 million at December 25, 2022, primarily driven by payments of long-term debt during the forty weeks ended October 1, 2023.

Working Capital

We typically maintain current liabilities in excess of our current assets which results in a working capital deficit. We are able to operate with a working capital deficit because restaurant sales are primarily conducted on a cash or credit card basis. Rapid turnover of inventory results in limited investment in inventories, and cash from sales is usually received before related payables for food, supplies, and payroll become due. In addition, receipts from the sale of gift cards are received well in advance of related redemptions. Rather than maintain higher cash balances that would result from this pattern of operating cash flows, we typically utilize operating cash flows in excess of those required for currently maturing liabilities to pay for capital expenditures, debt repayment, or to repurchase stock as allowed. stock. When necessary, we utilize our credit facility Credit Facility to satisfy short-term liquidity requirements. We believe our future cash flows generated from restaurant operations combined with our remaining borrowing capacity under the credit facility Credit Facility will be sufficient to satisfy any working capital deficits and our planned capital expenditures.

Share Repurchase

On August 9, 2018, the Company's board of directors authorized the Company's current share repurchase program of up to a total of \$75.0 million of the Company's common stock. The share repurchase authorization was effective as of August 9, 2018, and will terminate upon completing repurchases of \$75.0 million of common stock unless otherwise

terminated by the board. Pursuant to the repurchase program, purchases may be made from time to time at the Company's discretion and the Company is not obligated to acquire any particular amount of common stock.

Effective March 14, 2020, From the Company temporarily suspended its share repurchase program to provide additional liquidity during the COVID-19 pandemic. In May 2023, the Company resumed its repurchase program.

During the third quarter date of fiscal 2023, we repurchased 480,071 shares at an average price of \$10.33 per share, for an aggregate amount of \$5.0 million.

Under the current authorization program approval through October 1, 2023 April 21, 2024, we have repurchased a total of 1,088,588 shares at an average price of \$15.18 per share for an aggregate amount of \$16.5 million. As \$16,520,000. The Company completed no share repurchases during the periods presented. Accordingly, as of October 1, 2023 April 21, 2024, we had \$58.5 million of availability under the current share repurchase program. Our Credit Agreement limits our ability to repurchase shares to certain conditions set forth by the lenders in the Credit Facility.

Seasonality

Our business is subject to seasonal fluctuations. Historically, sales Sales in most of our restaurants were greater historically higher during the spring and summer months and winter holiday season due to factors including our retail-oriented locations and lesser during the fall season. family appeal. As a result, our quarterly operating results may fluctuate significantly, significantly as a result of seasonality, and seasonality of sales may shift over time. Accordingly, results for any one quarter or year are not necessarily indicative of results to be expected for any other quarter. quarter or for any year.

Contractual Obligations

There were no other material changes outside the ordinary course of business to our contractual obligations since the filing of the 2022 2023 Form 10-K for the fiscal year ended December 25, 2022 December 31, 2023. Our current purchase obligations for system-wide fixed price commitments for food, beverage, equipment, Refer to Footnote 8. Commitments and restaurant supply items are \$223.7 million as of October 1, 2023 of which \$43.3 million are due in 2023. Contingencies.

Critical Accounting Policies and Estimates

Critical accounting policies and estimates are those we believe are both significant and that require us to make difficult, subjective, or complex judgments, often because we need to estimate the effect of inherently uncertain matters. We base our estimates and judgments on historical experiences and various other factors we believe to be appropriate under the circumstances. Actual results may differ from these estimates, including our estimates of future restaurant level cash flows, which are subject to the current economic environment and potentially unknown future events, and we might obtain different results if we use different assumptions or conditions. We had no significant changes in our critical accounting policies and estimates which were disclosed in our Annual Report on Form 10-K for the fiscal year ended December 25, 2022 December 31, 2023.

Recently Issued and Recently Adopted Accounting Standards

None noted.

Forward-Looking Statements

Certain information and statements contained in this report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "PSLRA") codified at Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include statements regarding our expectations, beliefs, intentions, plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements which are other than statements of historical facts. These statements may be identified, without limitation, by the use of forward-looking terminology such as "anticipate," "assume," "believe," "could," "estimate," "expect," "future," "intend," "may," "plan," "project," "will," "would," and similar expressions. Forward-looking statements in this report relate to, among other things: (i) our business objectives and strategic plans; (ii) working capital, and the ability of our future cash flows from restaurant operations and our borrowing capacity to satisfy future working capital deficits and capital expenditures; (iii) our share repurchase program; (iv) our expectations about restaurant operating costs, including commodity and food prices and labor and energy costs, and our ability to mitigate potential increases in such costs; (v) anticipated continued investments in our partnership with Donatos® and other restaurant improvements, including the timing thereof; (vi) our expectations about anticipated uses of, and risks associated with, future cash flows, liquidity, capital expenditures, other capital deployment opportunities and taxes; (vii) the seasonality of our business; (viii) our ability to successfully implement, and our expectations regarding, our North Star five-point plan to enhance the Company's competitive positioning, including the timing of our expected payments in connection with severance and executive transition costs; positioning; (ix) litigation contingencies and the adequacy of our reserves for legal matters; (x) our expectations regarding, and our ability to mitigate changes in, interest rates, commodity prices, and other factors; and (xi) transactions including sale-leaseback transactions and acquisitions of certain restaurants from a franchisee.

Although we believe the expectations reflected in our forward-looking statements are based on reasonable assumptions, such expectations may prove to be materially incorrect due to known and unknown risks and uncertainties.

In some cases, information regarding certain important factors that could cause actual results to differ materially from a forward-looking statement appears together with such statement. In addition, the factors described under Risk Factors, as well as other possible factors not listed, could cause actual results to differ materially from those expressed in forward-looking statements, including, without limitation, the following:

- our ability to implement, and the effectiveness of the Company's strategic initiatives, including our North Star "North Star" plan, labor and service models, service and operational improvement initiatives and our ability to execute on such strategic initiatives;
- general the global and domestic economic conditions, including changes in consumer disposable income, weather conditions, and related events in regions where geopolitical environment; our restaurants are operated;
- menu changes, including the anticipated sales growth, costs, and timing of restaurant improvements including the Donatos® expansion;

- the implementation of and realization of benefits from our restaurant management transition program;
- changes in consumer spending trends and habits;
- changes ability to effectively compete in the cost industry and availability of key food products, distribution, labor, attract and energy;
- retain Guests; the adequacy of cash flows and the cost and availability of capital or Credit Facility borrowings credit facility borrowings; a privacy or security breach or a failure of our information technology systems; the effectiveness and timing of the Company's marketing and branding strategies, including the loyalty program and social media platforms; changes in consumer preferences; leasing space including the location of such leases in areas of declining traffic; changes in cost and availability of commodities; interruptions in the delivery of food and other products from third parties; pricing increases and labor costs; changes in consumer behavior or preference; expanding our potential sale-leaseback transactions;
- restaurant base; maintaining and improving our existing restaurants; the impact transition and retention of our key personnel; our ability to recruit, staff, train, and retain our workforce; operating conditions, including adverse weather conditions, natural disasters, pandemics and other events affecting the regions where our restaurants are operated; actions taken by our franchisees that could harm our business or reputation; negative publicity regarding food safety or health concerns; protection of our intellectual property rights; changes in federal, state, or local laws and regulations affecting the operation of our restaurants, including minimum wages, consumer health and safety, health insurance coverage, nutritional disclosures, and employment eligibility-related documentation requirements;
- changes restaurants; an increase in interest rates and commodity prices, and our ability to mitigate the impacts of such changes;
- risks associated with our share repurchase program;
- costs and other effects of litigation or legal claims by Team Members, franchisees, customers, vendors, stockholders and others, including negative publicity regarding food safety or cyber security; others; and
- the other Risk Factors identified described from time to time in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 25, 2022 December 31, 2023.

All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

There has been no material change in the interest rate risk or commodity price risk since the filing of the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2022 December 31, 2023.

We continue to monitor our interest rate risk on an ongoing basis and may use interest rate swaps or similar instruments in the future to manage our exposure to interest rate changes related to our borrowings as the Company deems appropriate. As of October 1, 2023 April 21, 2024, we had \$189.1 \$167.9 million of borrowings subject to variable interest rates. A 1.0% change in the effective interest rate applied to these loans would have resulted in pre-tax interest expense fluctuation of \$1.9 \$1.7 million on an annualized basis.

The Company's restaurant menus are highly dependent upon a few select We purchase food, supplies and other commodities including ground beef, poultry, and potatoes. for use in our operations based on prices established with our suppliers. We may or may not have the ability to increase menu prices, or vary menu items, in response to commodity price increases. A 1.0% increase in food and beverage costs would negatively impact cost of sales by approximately \$3.1 \$2.9 million on an annualized basis.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the management of the Company ("Management"), including the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, Management recognizes that any controls and procedures, no matter how well designed and operated, can only provide reasonable assurance of achieving the desired control objectives. The Company's CEO and CFO have concluded that, based upon the evaluation of disclosure controls and procedures (as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act), the Company's disclosure controls and procedures were effective, as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. Legal Proceedings

Evaluating contingencies related to litigation is a complex process involving subjective judgment on the potential outcome of future events and the ultimate resolution of litigated claims may differ from our current analysis. Accordingly, we review the adequacy of accruals and disclosures each quarter in consultation with legal counsel and we assess

the probability and range of possible losses associated with contingencies for potential accrual in the **consolidated financial statements**. Condensed Consolidated Financial Statements.

For further information related to our litigation contingencies, see Note 8. Commitments and Contingencies, in the Notes to the Condensed Consolidated Financial Statements in Part 1, Item 1 of this Quarterly Report on Form 10-Q.

ITEM 1A. Risk Factors

Risk factors associated with our business are contained in Item 1, "Risk Factors," of our Annual Report on Form 10-K for the fiscal year ended **December 25, 2022** **December 31, 2023** filed with the SEC on **February 28, 2023** **February 28, 2024**. There have been no material changes from the risk factors disclosed in the fiscal year **2022** **2023** Annual Report on Form 10-K.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the **twelve weeks ended October 1, 2023**, **first quarter of fiscal 2024**, the Company did not have any sales of securities in transactions that were not registered under the Securities Act of 1933, as amended, that have not been reported in a Current Report on Form 8-K, or that are reported in this Item. On August 9, 2018, the Company's board of directors authorized the Company's current share repurchase program of up to a total of \$75 million of the Company's common stock. The share repurchase authorization became effective on August 9, 2018 and will terminate upon completing repurchases of \$75 million of common stock unless otherwise terminated by the board. Purchases under the repurchase program may be made in open market or privately negotiated transactions and may include transactions pursuant to a repurchase plan administered in accordance with Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended. Purchases may be made from time to time at the Company's discretion and the timing and amount of **nor were** any share repurchases **will be** determined based on share price, market conditions, legal requirements, and other factors. The repurchase program does not obligate **made** by the Company to acquire any particular amount of common stock, and the Company may suspend or discontinue the repurchase program at any time. The table below provides a summary of the Company's purchases of its own common stock during the third quarter of 2023. In response to the COVID-19 pandemic, the Company temporarily suspended share repurchases effective March 14, 2020. In May 2023, the Company resumed share repurchases. Company.

Period ⁽¹⁾	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Maximum Dollar Value of Shares Total Number of Shares (or Units) (or Units) that May yet be Purchased as Part of Publicly announced Plans or Programs		Purchased Under the Plan (in thousands)
7/10/2023 - 8/6/2023	0	\$0.00			
8/7/2023 - 9/3/2023	0	\$0.00			
9/4/2023 - 10/1/2023	480,071	\$10.33	1,088,588		58,480

⁽¹⁾ The reported periods conform to the Company's fiscal calendar composed of thirteen 28-day periods.

ITEM 5. Other Information

Securities Trading Plans of Directors and Executive Officers

During the **twelve weeks** **first quarter** ended **October 1, 2023** **April 21, 2024**, none of our directors or officers adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as such terms are defined under Item 408 of Regulation S-K.

ITEM 6. Exhibits

Exhibit Number	Description
(3.1)	Restated Certificate of Incorporation of Red Robin Gourmet Burgers, Inc., dated as of May 28, 2015. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on May 29, 2015.
(3.2)	Fifth Amended and Restated Bylaws dated March 20, 2023. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on March 24, 2023.
(10.1)	Amendment No. 1 dated July 17, 2023 by and among Red Robin Gourmet Burgers, Inc., Red Robin International, Inc., Fortress Credit Corp. and the lenders party thereto, to Credit Agreement, dated March 4, 2022. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed on July 19, 2023.
(10.2)*	Red Robin Gourmet Burgers, Inc. Executive Severance Plan. Incorporated by reference to Exhibit 10.1 to our amended Current Report on Form 8-K filed on August 29, 2023.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer
101	The following financial information from the Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc. for the quarter ended October 1, 2023 April 21, 2024 formatted in XBRL (extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at October 1, 2023 April 21, 2024 and December 25, 2022 December 31, 2023; (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss for the forty weeks first quarter ended October 1, 2023 April 21, 2024 and October 2, 2022 April 16, 2023; (iii) Condensed Consolidated Statements of Stockholders' Equity at October 1, 2023 April 21, 2024 and October 2, 2022 April 16, 2023; (iv) Condensed Consolidated Statements of Cash Flows for the forty weeks first quarter ended October 1, 2023 April 21, 2024 and October 2, 2022 April 16, 2023; and (v) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

() Exhibits previously filed in the Company's periodic filings as specifically noted.

* Management contract or compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto

RED ROBIN GOURMET BURGERS, INC.
(Registrant)

[November 3, 2023](#) [May 29, 2024](#)

(Date)

By:

/s/ Todd Wilson

Todd Wilson

(Chief Financial Officer)

duly authorized.

3433

Exhibit 31.1

CEO CERTIFICATION

I, GJ Hart, certify that:

- I have reviewed this Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc.;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2023 May 29, 2024

(Date)

/s/ GJ Hart

GJ Hart

Chief Executive Officer

Exhibit 31.2

CFO CERTIFICATION

I, Todd Wilson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

November 3, 2023 May 29, 2024

(Date)

/s/ Todd Wilson

Todd Wilson
Chief Financial Officer

Exhibit 32.1

Written Statement
Pursuant To
18 U.S.C. Section 1350

In connection with the Quarterly Report of Red Robin Gourmet Burgers, Inc. (the "Company") on Form 10-Q for the period ended **October 1, 2023 April 21, 2024**, as filed with the Securities and Exchange Commission on **November 3, 2023 May 29, 2024** (the "Report"), the undersigned, GJ Hart, Chief Executive Officer, and Todd Wilson, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that;

- (a) the Quarterly Report on Form 10-Q for the period ended **October 1, 2023 April 21, 2024** of the Company (the "Periodic Report") fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and
- (b) the information contained in the Periodic Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: **November 3, 2023 May 29, 2024**

/s/ GJ Hart

GJ Hart

Chief Executive Officer

Dated: **November 3, 2023 May 29, 2024**

/s/ Todd Wilson

Todd Wilson

Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Red Robin Gourmet Burgers, Inc. and will be retained by Red Robin Gourmet Burgers, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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