

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 10, 2020

**RED ROBIN GOURMET BURGERS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-34851**  
(Commission  
File Number)

**84-1573084**  
(IRS Employer  
Identification No.)

**6312 S. Fiddler's Green Circle, Suite 200N**  
**Greenwood Village, Colorado**  
(Address of principal executive offices)

**80111**  
(Zip Code)

Registrant's telephone number, including area code: **(303) 846-6000**

**Not Applicable**  
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

Securities registered pursuant to Section 12(b) of the 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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

On June 10, 2020, Red Robin Gourmet Burgers, Inc. issued a press release describing selected financial results for the first fiscal quarter ended April 19, 2020. A copy of this press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. A copy of the supplemental financial information for the first fiscal quarter ended April 19, 2020, that will be referred to during today’s investor conference call and webcast, is being furnished as Exhibit 99.2 to this Form 8-K.

The information in this Item 2.02, including the information set forth in Exhibits 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

**ITEM 9.01 Financial Statements and Exhibits**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
<a href="#">99.1</a>	<a href="#">Red Robin Gourmet Burgers, Inc. Press Release dated June 10, 2020.</a>
<a href="#">99.2</a>	<a href="#">Supplemental Financial Information dated June 10, 2020 provided by Red Robin Gourmet Burgers, Inc.</a>

**SIGNATURE**

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

**RED ROBIN GOURMET BURGERS, INC.**

Date: June 10, 2020

By: /s/ Lynn S. Schweinfurth  
Name: Lynn S. Schweinfurth  
Title: Executive Vice President and Chief Financial Officer

## EXHIBIT INDEX

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## Red Robin Gourmet Burgers Reports Results for the Fiscal First Quarter Ended April 19, 2020

Greenwood Village, CO – June 10, 2020 – Red Robin Gourmet Burgers, Inc. (NASDAQ: RRGB) ("Red Robin" or the "Company"), a full-service restaurant chain serving an innovative selection of high-quality gourmet burgers in a family-friendly atmosphere, today reported financial results for the quarter ended April 19, 2020.

### First Quarter 2020 Financial Summary Compared to First Quarter 2019

- Total revenues were \$306.1 million, a decrease of 25.3%, primarily resulting from the closure of the Company's dining rooms, and its operational shift to off-premise only in response to the COVID-19 pandemic;
- Comparable restaurant revenue decreased 20.8% for the quarter after growing comparable restaurant revenue by 3.7% through the second fiscal period;
- Comparable average Guest check increased 0.1%, resulting from a 1.6% increase in pricing and a 0.3% increase from lower discounting, partially offset by a 1.8% decrease from menu mix;
- Comparable restaurant Guest counts decreased 20.9% for the quarter after growing comparable restaurant Guest counts by 0.9% through the second fiscal period;
- Off-premise sales increased 86.1% and comprised 26.3% of total food and beverage sales;
- GAAP loss per diluted share was \$13.51 compared to GAAP earnings per diluted share of \$0.05;
- Adjusted loss per diluted share was \$6.66 compared to adjusted earnings per diluted share of \$0.19 (see Schedule I);
- Net loss was \$174.3 million compared to net income of \$0.6 million; and
- Adjusted EBITDA was a loss of \$10.7 million compared to adjusted EBITDA of \$34.3 million (see Schedule III).

Paul J.B. Murphy III, Red Robin's President and Chief Executive Officer, said, "We entered 2020 with accelerating business momentum, generating positive comparable restaurant revenue of 3.7% and positive Guest counts of 0.9% through the end of our second fiscal period. However, the COVID-19 pandemic resulted in an immediate shift of our priorities, inclusive of pivoting to a 100% off-premise model, the preservation of liquidity and the reduction of costs amid the ongoing uncertainty."

"Since the onset of the health crisis, we have significantly improved our off-premise execution, resulting in a material improvement in Guest satisfaction scores. Comparable restaurant revenue trends have also shown continual improvement week by week, including (39.7)% for the week ending June 7<sup>th</sup>. Importantly, we have recently begun opening dining rooms with limited capacities of up to 50% in our largest and highest volume market on the West Coast. In total, we have re-opened approximately 270 dining rooms with disciplined health and safety protocols and our new hospitality model we call TGX. Sales are exceeding our expectations, accompanied by record high dine-in Guest satisfaction scores and continued, strong retention of our elevated off-premise sales. For the week ending June 7<sup>th</sup>, restaurants with open dining rooms generated total comparable restaurant revenue of (26.7)%, including off-premise sales of 40% of total food and beverage sales. The substantive actions the organization implemented has positioned us well to not only manage through these near-term challenging times, but to succeed in the long-term, post-COVID environment."

### First Quarter 2020 Operating Results

Total revenues, which primarily include Company-owned restaurant revenue and franchise royalties, decreased 25.3% to \$306.1 million in the first quarter of 2020, from \$409.9 million in the first quarter of 2019. Restaurant revenue decreased \$99.1 million due to a \$74.6 million decrease in comparable restaurant revenue<sup>(1)</sup> and a \$24.5 million decrease from closed restaurants. The decrease in comparable restaurant revenue was driven by the closure of the Company's dining rooms in response to the COVID-19 pandemic in mid-March and subsequent operational shift to an off-premise model.

System-wide restaurant revenue (which includes franchised restaurants) for the first quarter of 2020 totaled \$370.9 million, compared to \$483.7 million for the first quarter of 2019. In response to COVID-19's effect on Red Robin franchisee's operations, we temporarily abated franchise royalty payments and advertising contributions effective March 20, 2020

Comparable restaurant revenue<sup>(1)</sup> decreased 20.8% in the first quarter of 2020 compared to the same period a year ago, driven by a 20.9% decrease in Guest count partially offset by a 0.1% increase in average Guest check. The decrease in Guest count was primarily driven by a 22.0% decrease from the COVID-19 pandemic. The increase in average Guest check resulted from a 1.6% increase in pricing and a 0.3% increase from lower discounting, partially offset by a 1.8% decrease in menu mix. The decrease in menu mix was primarily driven by the Company's operational shift to off-premise only, resulting in lower sales of beverages and Finest burgers.

Net loss was \$174.3 million for the first quarter of 2020 compared to net income of \$0.6 million for the same period a year ago. Adjusted net loss (a non-GAAP financial measure) was \$86.0 million for the first quarter of 2020 compared to adjusted net income of \$2.4 million for the same period a year ago (see Schedule I).

Restaurant-level operating profit as a percentage of restaurant revenue (a non-GAAP financial measure) was 8.8% in the first quarter of 2020 compared to 18.3% in the same period a year ago. Cost of sales as a percentage of restaurant revenue remained flat resulting from a decrease in beverage costs offset by an increase in ground beef prices. Restaurant labor costs as a percentage of restaurant revenue increased 360 basis points primarily due to sales deleverage, higher wage rates, and higher group insurance costs partially offset by lower restaurant manager incentive compensation. Other restaurant operating costs as a percentage of restaurant revenue increased 340 basis points primarily due to an increase in third-party delivery fees driven by higher off-premise sales volumes and sales deleverage impacts on restaurant maintenance, technology, supply, and utility costs. Occupancy costs as a percentage of restaurant revenue increased 250 basis points primarily due to sales deleverage impacts on rent expense and general liability and other real estate costs. Schedule II of this earnings release defines restaurant-level operating profit, discusses why it is a useful metric for investors, and reconciles this metric to income from operations and net income, the most directly comparable GAAP metrics.

<sup>(1)</sup> Comparable restaurants are those Company-owned restaurants that have operated five full quarters during the period presented, and such restaurants are only included in the comparable metrics if they have operated for the entirety of both periods presented.

## Restaurant Revenue Performance

	Q1 2020		Q1 2019	
Average weekly sales per unit:				
Company-owned – Total	\$	41,785	\$	51,802
Company-owned – Comparable <sup>(1)</sup>	\$	42,888	\$	54,120
Franchised units – Comparable <sup>(1)</sup>	\$	43,910	\$	59,225
Total operating weeks:				
Company-owned units		7,214		7,731
Franchised units		1,632		1,408

### Other Results

Depreciation and amortization costs decreased to \$28.3 million in the first quarter of 2020 from \$28.4 million in the first quarter of 2019.

General and administrative costs were \$26.7 million, or 8.7% of total revenues, in the first quarter of 2020, compared to \$30.1 million, or 7.3% of total revenues, in the same period a year ago. The decrease was primarily driven by decreased Team Member benefits, travel and entertainment costs, and professional services costs, partially offset by increased Team Member salary and wages stemming from merit salary increases.

Selling expenses were \$14.8 million, or 4.8% of total revenues, in the first quarter of 2020, compared to \$18.0 million, or 4.4% of total revenues, during the same period a year ago. The decrease was primarily driven by a reduction in national media spend, gift card related costs, and project-related G&A costs.

Other charges in the first quarter of 2020 included \$95.4 million of goodwill impairment, \$15.5 million of restaurant asset impairment, \$4.5 million of litigation contingencies, \$1.5 million of board and stockholder matters costs, \$1.4 million of restaurant closure and franchising costs, \$0.9 million of severance and executive transition costs, and \$0.2 million of COVID-19 related charges.

The Company had an effective tax rate of a 7.9% expense in the first quarter of 2020, compared to an effective tax rate of a 291.4% benefit in the same period a year ago. The increase in tax expense is primarily due to a decrease in current year tax credits and the recognition of a valuation allowance on the Company's tax credit deferred tax asset, partially offset by a decrease in income and a favorable rate impact of net operating loss carrybacks allowed as part of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which could generate up to \$12 million of projected cash tax refunds within the next 12 months.

Loss per diluted share for the first quarter of 2020 was \$13.51 compared to earnings per diluted share of \$0.05 in the first quarter of 2019. Excluding costs per diluted share included in Other charges of \$5.48 for goodwill impairment, \$0.89 for restaurant asset impairment, \$0.26 for litigation contingencies, \$0.08 for board and stockholder matters costs, \$0.08 for restaurant closure and franchising costs, \$0.05 for severance and executive transition costs, and \$0.01 for COVID-19 related charges, adjusted loss per diluted share for the first quarter ended April 19, 2020, was \$6.66. Excluding charges per diluted share of \$0.11 for severance and executive transition costs, \$0.02 for restaurant closure costs, and \$0.01 for executive retention costs, adjusted earnings per diluted share for the first quarter ended April 21, 2019, was \$0.19. See Schedule I for a reconciliation of adjusted net income and adjusted earnings per share (each, a non-GAAP financial measure) to net income and earnings per share.

### Restaurant Portfolio

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

	Sixteen Weeks Ended	
	April 19, 2020	April 21, 2019
Company-owned:		
Beginning of period	454	484
Opened during the period	—	—
Closed during the period <sup>(2)</sup>	(2)	(1)
End of period	452	483
Franchised:		
Beginning of period	102	89
Opened during the period	—	—
End of period	102	89
Total number of restaurants	554	572

<sup>(2)</sup> In addition to two permanent closures during the sixteen weeks ended April 19, 2020, 35 Company-owned restaurants were temporarily closed due to an inability to effectively operate these restaurants with an off-premise only operating model during the COVID-19 pandemic.

<sup>(1)</sup> Comparable restaurants are those Company-owned restaurants that have operated five full quarters during the period presented, and such restaurants are only included in the comparable metrics if they have operated for the entirety of both periods presented.

## Balance Sheet and Liquidity

As of April 19, 2020, the Company had cash and cash equivalents of \$88.9 million and total debt of \$290.9 million, of which \$9.7 million was classified as short-term. The Company made net draws of \$84.0 million on its credit facility during the first quarter of 2020 using the proceeds to provide operating liquidity during the COVID-19 pandemic. As of April 19, 2020, the Company had outstanding borrowings under its credit facility of \$290.0 million, in addition to amounts issued under letters of credit of \$7.5 million. Amounts issued under letters of credit reduce the amount available under the credit facility but are not recorded as debt. As of April 19, 2020, the company had no remaining borrowing capacity under the credit facility to help mitigate the impact of COVID-19 on its business and provide operational liquidity.

On January 10, 2020, the Company replaced its credit facility with a new five-year Amended and Restated Credit Agreement (the "Credit Agreement") which provides for a \$161.5 million revolving line of credit and a \$138.5 million term loan for a total borrowing capacity of \$300 million. The Credit Agreement is included as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on January 13, 2020.

As of April 19, 2020, the Company was not in compliance with certain financial covenants due to the negative impact of COVID-19 on its business. As a result, the Company entered into the First Amendment to the Credit Agreement and Waiver (the "Amendment") on May 29, 2020 that waives compliance of the lease adjusted leverage ratio financial covenant and fixed charge coverage ratio financial covenant for the remainder of fiscal 2020 provided the Company issues new equity (or convertible debt) generating net cash proceeds of at least \$25 million on or before November 13, 2020.

Per the maximum cash balance limitation required in the Amendment, the Company made a \$59 million repayment on the revolving line of credit on May 29, 2020 to ensure cash on hand did not exceed \$30 million. As of June 7, 2020, the Company had \$30 million of cash on hand, \$54 million of available borrowing capacity under its revolving line of credit and expects an average cash burn of \$1 million to \$2 million per week for the second fiscal quarter.

The Amendment was filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on May 29, 2020.

## Actions in Response to COVID-19

The Company has taken the following actions to preserve liquidity, and enhance financial flexibility:

- Temporarily closed dine-in services at substantially all Red Robin-operated restaurants while continuing to provide to-go, delivery, and catering choices and ensuring the continuity of the Company's supply chain;
- Temporarily closed 35 Company-owned restaurants. In connection with these closures, restaurant managers were furloughed or transferred to nearby operational restaurants when possible;
- Implemented enhanced health and safety protocols across the business, emergency sick pay for hourly Team Members, and telecommuting policies for nearly all corporate level employees;
- Significantly reduced restaurant level costs and general and administrative expenses, including reducing by 20 percent executive base salaries, Board member cash retainer fees, and restaurant support center and non-furloughed restaurant supervisory Team Member wages and salaries;
- Eliminated approximately 50 restaurant support center general and administrative positions;
- Reduced selling expense by pivoting from national media to digital in support of the Company's off-premise business;
- Postponed or eliminated all non-essential spending, including capital expenditures for previously planned growth and other projects, including the Company's continued rollout of Donatos®, restaurant refreshes, and IT projects; prior to the pandemic, the Company purchased Donatos® equipment for the Seattle market, including approximately 40 restaurants. We currently plan to resume our roll out of Donatos® in this legacy market by the end of the year;
- Drew down the remaining capacity under the Company's \$300 million credit facility;
- Suspended share repurchases and terminated the Company's prearranged stock trading plan under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended; and
- Began to engage in constructive discussions with landlords regarding potential restructuring of lease payments.

## Second Quarter Business Update

Overall during the beginning of the second quarter of 2020, the Company's weekly comparable restaurant revenue has sequentially improved. Preliminary net comparable restaurant revenue and average net sales per restaurant through the week ended June 7, 2020 is as follows:

Company-owned Restaurants	Week ended						
	26-Apr	3-May	10-May	17-May	24-May	31-May	7-Jun
Weekly Net Comparable Restaurant Revenues	(56.0)%	(54.7)%	(52.2)%	(47.9)%	(47.0)%	(43.8)%	(39.7)%
Average Net Sales per Restaurant	\$24,435	\$24,514	\$27,202	\$28,895	\$29,598	\$32,239	\$34,222
# of Comparable Company-operated Restaurants	414	414	414	414	414	414	414

## Restaurant Re-Openings

As of June 7, 2020, the Company has re-opened approximately 270 dining rooms with limited capacity, representing approximately 65% of currently open Company-owned restaurants. These re-openings include restaurants located in the Company's largest and highest volume markets on the West Coast. Notably, these restaurants have on average maintained off-premise sales that are approximately one and a half to two times pre-COVID-19 levels and 40% of sales mix since re-opening.

Preliminary net comparable restaurant revenue and average net sales per restaurant for re-opened Company-owned restaurants through the week ended June 7, 2020 is as follows:

Re-opened Company-owned Restaurants <sup>(3)</sup>	Week ended						
	26-Apr	3-May	10-May	17-May	24-May	31-May	7-Jun
Weekly Net Comparable Restaurant Revenues	N/A	N/A	(37.6)%	(35.8)%	(31.6)%	(26.9)%	(26.7)%
Average Net Sales per Restaurant	N/A	N/A	\$27,171	\$27,536	\$33,835	\$37,731	\$37,682
# of Comparable Company-operated Restaurants	—	2	65	108	156	218	270

<sup>(3)</sup> Net sales performance for restaurants re-opened for full fiscal week presented. Restaurant count shown is as of the end of fiscal week presented.

#### Outlook for 2020 and Guidance Policy

In light of the ongoing uncertainty regarding the duration and impact of the COVID-19 pandemic, the Company withdrew its 2020 and long-term financial outlook on April 1, 2020.

#### Investor Conference Call and Webcast

Red Robin will host an investor conference call to discuss its first quarter 2020 results today at 8:00 a.m. Eastern Time. The conference call number is (201) 689-8560. The financial information that the Company intends to discuss during the conference call is included in this press release and will be available in the "Company" section of the Company's website at [www.redrobin.com](http://www.redrobin.com) by selecting the "Investor Relations" link, then the "News & Events" link, then the "Calendar of Events" link. Prior to the conference call, the Company will post supplemental financial information that will be discussed during the call and live webcast.

To access the supplemental financial information and webcast, please visit [www.redrobin.com](http://www.redrobin.com) and select the "Company" section, then the "Investor Relations" link, then the "Presentations" link. A replay of the live conference call will be available from two hours after the call through Wednesday, June 17, 2020. The replay can be accessed by dialing (412) 317-6671. The conference ID is 13703138.

#### About Red Robin Gourmet Burgers, Inc. (NASDAQ: RRGB)

Red Robin Gourmet Burgers, Inc. ([www.redrobin.com](http://www.redrobin.com)), a casual dining restaurant chain founded in 1969 that operates through its wholly-owned subsidiary, Red Robin International, Inc., and under the trade name Red Robin Gourmet Burgers and Brews, is the Gourmet Burger Authority™, famous for serving more than two dozen craveable, high-quality burgers with Bottomless Steak Fries® in a fun environment welcoming to Guests of all ages. At Red Robin, burgers are more than just something Guests eat; they're a bonding experience that brings together friends and families, kids and adults. In addition to its many burger offerings, Red Robin serves a wide variety of salads, soups, appetizers, entrees, desserts, and signature beverages. Red Robin offers a variety of options behind the bar, including its extensive selection of local and regional beers and cocktails. It's now easy to take Red Robin anywhere with online ordering for to-go and Gourmet Burger Bar catering. There are more than 550 Red Robin restaurants across the United States and Canada, including those operating under franchise agreements. Red Robin... YUMMM®! Connect with Red Robin on [Facebook](#), [Instagram](#), and [Twitter](#).

#### Forward-Looking Statements

Forward-looking statements in this press release regarding the Company's future performance, sales, guest satisfaction scores, preliminary results including comparable restaurant revenue, average net sales per restaurant, cash burn, anticipated rollout of Donatos® in our Seattle market, and statements under the heading "Second Quarter Business Update", and all other statements that are not historical facts, are made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on assumptions believed by the Company to be reasonable and speak only as of the date on which such statements are made. Without limiting the generality of the foregoing, words such as "expect," "believe," "anticipate," "intend," "plan," "project," "will" or "estimate," or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Except as required by law, the Company undertakes no obligation to update such statements to reflect events or circumstances arising after such date and cautions investors not to place undue reliance on any such forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those described in the statements based on a number of factors, including but not limited to the following: the extent of the impact of the COVID-19 global pandemic or any other epidemic, disease outbreak, or public health emergency, including the duration, spread, severity, and any recurrence of the COVID-19 pandemic, the duration and scope of related government orders and restrictions, the impact on our Team Members, economic, public health, and political conditions that impact consumer confidence and spending, including the impact of COVID-19 and other health epidemics or pandemics on the global economy; the amount of cash tax refund received as a result of the CARES act; the rapidly evolving nature of the COVID-19 pandemic and related containment measures, including the potential for a complete shutdown of Company restaurants; changes in unemployment rate; the ability to achieve significant cost savings; the Company's ability to defer lease or contract payments or otherwise obtain concessions from landlords, vendors, and other parties in light of the impact of the COVID-19 pandemic; the economic health of the Company's landlords and other tenants in retail centers in which its restaurants are located; the economic health of suppliers, licensees, vendors, and other third parties providing goods or services to the Company; the Company's ability to continue to increase sales; the impact of political protests and curfews imposed by state and local governments; the effectiveness of the Company's marketing strategies and promotions and menu changes; the cost and availability of key food products, distribution, labor, and energy; the effectiveness of the Company's strategic initiatives including service model and technology solutions; the cost and availability of capital or credit facility borrowings; the ability to obtain equity financing; the adequacy of cash flows or available debt resources to fund operations; and other risk factors described from time to time in the Company's Form 10-K, Form 10-Q, and Form 8-K reports (including all amendments to those reports) filed with the U.S. Securities and Exchange Commission.

#### For media relations questions contact:

Danielle Paleafico, Coyne PR  
(973) 588-2000

#### For investor relations questions contact:

Raphael Gross, ICR  
(203) 682-8253



**RED ROBIN GOURMET BURGERS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except per share data)  
(Unaudited)

	Sixteen Weeks Ended	
	April 19, 2020	April 21, 2019
<b>Revenues:</b>		
Restaurant revenue	\$ 301,434	\$ 400,484
Franchise royalties, fees and other revenue	4,631	9,382
Total revenues	<u>306,065</u>	<u>409,866</u>
<b>Costs and expenses:</b>		
Restaurant operating costs (exclusive of depreciation and amortization shown separately below):		
Cost of sales	70,426	93,715
Labor	118,566	142,894
Other operating	52,291	55,565
Occupancy	33,657	35,020
Depreciation and amortization	28,320	28,438
General and administrative	26,723	30,090
Selling	14,779	18,026
Pre-opening costs and acquisition costs	153	319
Other charges	119,379	2,398
Total costs and expenses	<u>464,294</u>	<u>406,465</u>
(Loss) income from operations	(158,229)	3,401
<b>Other expense:</b>		
Interest expense, net and other	3,370	3,238
(Loss) income before income taxes	(161,599)	163
Provision (benefit) for income taxes	12,699	(476)
Net (loss) income	<u>\$ (174,298)</u>	<u>\$ 639</u>
<b>(Loss) earnings per share:</b>		
Basic	<u>\$ (13.51)</u>	<u>\$ 0.05</u>
Diluted	<u>\$ (13.51)</u>	<u>\$ 0.05</u>
<b>Weighted average shares outstanding:</b>		
Basic	<u>12,903</u>	<u>12,967</u>
Diluted	<u>12,903</u>	<u>13,041</u>

**RED ROBIN GOURMET BURGERS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(In thousands, except per share amounts)

	(Unaudited) April 19, 2020	December 29, 2019
<b>Assets:</b>		
Current Assets:		
Cash and cash equivalents	\$ 88,920	\$ 30,045
Accounts receivable, net	10,263	22,372
Inventories	24,863	26,424
Prepaid expenses and other current assets	30,790	26,646
Total current assets	<u>154,836</u>	<u>105,487</u>
Property and equipment, net	486,273	518,013
Right of use assets, net	413,287	426,248
Goodwill	—	96,397
Intangible assets, net	27,369	29,975
Other assets, net	40,286	61,460
Total assets	<u>\$ 1,122,051</u>	<u>\$ 1,237,580</u>
<b>Liabilities and Stockholders' Equity:</b>		
Current Liabilities:		
Accounts payable	\$ 26,304	\$ 33,040
Accrued payroll and payroll related liabilities	24,694	35,221
Unearned revenue	43,349	54,223
Short-term portion of lease obligations	49,654	42,699
Short-term debt	9,692	—
Accrued liabilities and other	39,110	29,403
Total current liabilities	<u>192,803</u>	<u>194,586</u>
Long-term debt	281,221	206,875
Long-term portion of lease obligations	453,775	465,435
Other non-current liabilities	9,883	10,164
Total liabilities	<u>937,682</u>	<u>877,060</u>
Stockholders' Equity:		
Common stock; \$0.001 par value: 45,000 shares authorized; 17,851 and 17,851 shares issued; 12,890 and 12,923 shares outstanding	18	18
Preferred stock, \$0.001 par value: 3,000 shares authorized; no shares issued and outstanding	—	—
Treasury stock, 4,961 and 4,928 shares, at cost	(202,343)	(202,313)
Paid-in capital	213,246	213,922
Accumulated other comprehensive loss, net of tax	(5,520)	(4,373)
Retained earnings	178,968	353,266
Total stockholders' equity	<u>184,369</u>	<u>360,520</u>
Total liabilities and stockholders' equity	<u>\$ 1,122,051</u>	<u>\$ 1,237,580</u>

**Reconciliation of Non-GAAP Results to GAAP Results**  
**(In thousands, except per share data, unaudited)**

In addition to the results provided in accordance with Generally Accepted Accounting Principles ("GAAP") throughout this press release, the Company has provided non-GAAP measurements which present the sixteen weeks ended April 19, 2020, and April 21, 2019, net income and basic and diluted earnings per share, excluding the effects of asset impairment, litigation contingency costs, board and stockholder matters costs, restaurant closure costs, severance and executive transition costs, COVID-19 related charges, executive retention costs, and related income tax effects. The Company believes the presentation of net income and earnings per share exclusive of the identified item gives the reader additional insight into the ongoing operational results of the Company. This supplemental information will assist with comparisons of past and future financial results against the present financial results presented herein. Income tax effect of reconciling items was calculated based on the change in the total tax provision calculation after adjusting for the identified item. The non-GAAP measurements are intended to supplement the presentation of the Company's financial results in accordance with GAAP.

	Sixteen Weeks Ended	
	April 19, 2020	April 21, 2019
Net (loss) income as reported	\$ (174,298)	\$ 639
Goodwill impairment	95,414	—
Restaurant asset impairment	15,498	—
Litigation contingencies	4,500	—
Board and stockholder matter costs	1,482	—
Restaurant closure and refranchising costs	1,406	304
Severance and executive transition	881	1,994
COVID-19 related charges	198	—
Executive retention	—	100
Income tax expense	(31,039)	(623)
Adjusted net (loss) income	<u>\$ (85,958)</u>	<u>\$ 2,414</u>
Basic (loss) earnings per share:		
Net (loss) income as reported	\$ (13.51)	\$ 0.05
Goodwill impairment	7.40	—
Restaurant asset impairment	1.20	—
Litigation contingencies	0.35	—
Board and stockholder matter costs	0.11	—
Restaurant closure and refranchising costs	0.11	0.03
Severance and executive transition	0.07	0.15
COVID-19 related charges	0.02	—
Executive retention	—	0.01
Income tax expense	(2.41)	(0.05)
Adjusted (loss) earnings per share - basic	<u>\$ (6.66)</u>	<u>\$ 0.19</u>
Diluted (loss) earnings per share:		
Net (loss) income as reported	\$ (13.51)	\$ 0.05
Goodwill impairment	7.40	—
Restaurant asset impairment	1.20	—
Litigation contingencies	0.35	—
Board and stockholder matter costs	0.11	—
Restaurant closure and refranchising costs	0.11	0.03
Severance and executive transition	0.07	0.15
COVID-19 related charges	0.02	—
Executive retention	—	0.01
Income tax expense	(2.41)	(0.05)
Adjusted (loss) earnings per share - diluted	<u>\$ (6.66)</u>	<u>\$ 0.19</u>
Weighted average shares outstanding		
Basic	12,903	12,967
Diluted	12,903	13,041

**Reconciliation of Non-GAAP Restaurant-Level Operating Profit to Income  
from Operations and Net Income  
(In thousands, unaudited)**

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 restaurant revenue minus restaurant-level operating costs, excluding restaurant impairment and closure costs. 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 related to restaurant equipment, buildings and leasehold improvements. The measure 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, general, and administrative costs, and therefore excludes costs associated with selling, general, and administrative functions, and pre-opening costs. The Company excludes restaurant closure costs as they do not represent a component of the efficiency of continuing operations. Restaurant impairment costs are excluded, because, similar to depreciation and amortization, they represent a non-cash charge for the Company's investment in its restaurants and not a component of the efficiency of restaurant operations. 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 from operations or net income as indicators 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. The table below sets forth certain unaudited information for the sixteen week periods ended April 19, 2020 and April 21, 2019, expressed as a percentage of total revenues, except for the components of restaurant-level operating profit that are expressed as a percentage of restaurant revenue.

	Sixteen Weeks Ended			
	April 19, 2020		April 21, 2019	
Restaurant revenues	\$ 301,434	98.5 %	\$ 400,484	97.7 %
Restaurant operating costs <sup>(1)</sup> :				
Cost of sales	70,426	23.4 %	93,715	23.4 %
Labor	118,566	39.3 %	142,894	35.7 %
Other operating	52,291	17.3 %	55,565	13.9 %
Occupancy	33,657	11.2 %	35,020	8.7 %
Restaurant-level operating profit	26,494	8.8 %	73,290	18.3 %
Add – Franchise royalties, fees and other revenue	4,631	1.5 %	9,382	2.3 %
Deduct – other operating:				
Depreciation and amortization	28,320	9.3 %	28,438	6.9 %
General and administrative expenses	26,723	8.7 %	30,090	7.3 %
Selling	14,779	4.8 %	18,026	4.4 %
Pre-opening & acquisition costs	153	— %	319	0.1 %
Other charges	119,379	39.0 %	2,398	0.6 %
Total other operating	189,354	61.9 %	79,271	19.3 %
(Loss) income from operations	(158,229)	(51.7)%	3,401	0.8 %
Interest expense, net and other	3,370	1.1 %	3,238	0.8 %
Provision (benefit) for income taxes	12,699	4.1 %	(476)	(0.1)%
Total other	16,069	5.3 %	2,762	0.7 %
Net (loss) income	\$ (174,298)	(56.9)%	\$ 639	0.2 %

<sup>(1)</sup> Excluding depreciation and amortization, which is shown separately.

Certain percentage amounts in the table above do not total due to rounding as well as the fact that components of restaurant-level operating profit are expressed as a percentage of restaurant revenue and not total revenues.

**Reconciliation of Net Income to EBITDA and Adjusted EBITDA**  
**(In thousands, unaudited)**

The Company defines EBITDA as net (loss) income before interest expense, benefit for income taxes, and depreciation and amortization. EBITDA and adjusted EBITDA are presented because the Company believes investors' understanding of its performance is enhanced by including these non-GAAP financial measures as a reasonable basis for evaluating its ongoing results of operations excluding the effects of asset impairment, litigation contingency costs, board and stockholder matters costs, restaurant closure costs, severance and executive transition costs, COVID-19 related charges, executive retention costs, and related income tax effects. EBITDA and adjusted EBITDA are supplemental measures of operating performance that do not represent and should not be considered as alternatives to net (loss) income or cash flow from operations, as determined by GAAP, and the Company's calculation thereof may not be comparable to that reported by other companies in its industry or otherwise. Adjusted EBITDA further adjusts EBITDA to reflect the additions and eliminations shown in the table below. The use of adjusted EBITDA as a performance measure permits a comparative assessment of our operating performance relative to the Company's performance based on its GAAP results, while isolating the effects of some items that vary from period to period without any correlation to core operating performance. Adjusted EBITDA as presented may not be comparable to other similarly-titled measures of other companies, and the Company's presentation of adjusted EBITDA should not be construed as an inference that its future results will be unaffected by excluded or unusual items. The Company has not provided a reconciliation of its adjusted EBITDA outlook to the most comparable GAAP measure of net income. Providing net income guidance is potentially misleading and not practical given the difficulty of projecting event-driven transactional and other non-core operating items that are included in net income, including asset impairments and income tax valuation adjustments. The reconciliations of adjusted EBITDA to net (loss) income for the historical periods presented below are indicative of the reconciliations that will be prepared upon completion of the periods covered by the non-GAAP guidance.

	Sixteen Weeks Ended	
	April 19, 2020	April 21, 2019
Net (loss) income as reported	\$ (174,298)	\$ 639
Interest expense, net	3,234	3,345
Provision (benefit) for income taxes	12,699	(476)
Depreciation and amortization	28,320	28,438
EBITDA	\$ (130,045)	\$ 31,946
Goodwill impairment	\$ 95,414	\$ —
Restaurant asset impairment	15,498	—
Litigation contingencies	4,500	—
Board and stockholder matter costs	1,482	—
Restaurant closure and refranchising costs	1,406	304
Severance and executive transition	881	1,994
COVID-19 related charges	198	—
Executive retention	—	100
Adjusted EBITDA	\$ (10,666)	\$ 34,344



# First Quarter 2020 Results

June 10, 2020



## Forward-Looking Statements

Forward-looking statements in this presentation regarding the Company's future performance, including sales growth including in off-premise sales, reopening of dining rooms, anticipated Q2 2020 cash burn and underlying assumptions, preliminary comparable restaurant revenue for restaurants with reopened dining rooms and average net sales per restaurant, weekly comparable store sales, and all other statements that are not historical facts, are made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on assumptions believed by the Company to be reasonable and speak only as of the date on which such statements are made. Without limiting the generality of the foregoing, words such as "expect," "believe," "anticipate," "intend," "plan," "project," "will" or "estimate," or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Except as required by law, the Company undertakes no obligation to update such statements to reflect events or circumstances arising after such date and cautions investors not to place undue reliance on any such forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those described in the statements based on a number of factors, including but not limited to the following: the extent of the impact of the COVID-19 global pandemic or any other epidemic, disease outbreak, or public health emergency, including the duration, spread, severity, and any recurrence of the COVID-19 pandemic, the duration and scope of related government orders and restrictions, the impact on our Team Members, economic, public health, and political conditions that impact consumer confidence and spending, including the impact of COVID-19 and other health epidemics or pandemics on the global economy; the amount of cash tax refund received as a result of the CARES act; the rapidly evolving nature of the COVID-19 pandemic and related containment measures, including the potential for a complete shutdown of Company restaurants; changes in unemployment rate; the ability to achieve significant cost savings; the Company's ability to defer lease or contract payments or otherwise obtain concessions from landlords, vendors, and other parties in light of the impact of the COVID-19 pandemic; the economic health of the Company's landlords and other tenants in retail centers in which its restaurants are located; the economic health of suppliers, licensees, vendors, and other third parties providing goods or services to the Company; the Company's ability to continue to increase sales; the impact of political protests and curfews imposed by state and local governments; the effectiveness of the Company's marketing strategies and promotions and menu changes; the cost and availability of key food products, distribution, labor, and energy; the effectiveness of the Company's strategic initiatives including service model and technology solutions; the cost and availability of capital or credit facility borrowings; the ability to obtain equity financing; the adequacy of cash flows or available debt resources to fund operations; and other risk factors described from time to time in the Company's Form 10-K, Form 10-Q, and Form 8-K reports (including all amendments to those reports) filed with the U.S. Securities and Exchange Commission.

This presentation also contains non-GAAP financial information. Management uses this information in its internal analysis of results and believes that this information may be informative to investors in gauging the quality of the Company's financial performance, identifying trends in results, and providing meaningful period-to-period comparisons. For a reconciliation of non-GAAP measures presented in this document, see the Appendix of this presentation or the Schedules to the Q1 press release posted on [redrobin.com](http://redrobin.com).



## Business and Operational Update Related to COVID-19

- Navigating an unprecedented time for the business, industry and country to combat the global COVID-19 crisis
- Strategic investments made prior to the crisis in off-premise, digital and loyalty have enabled us to successfully shift the business to off-premise model
- Maintaining significantly higher off-premise sales, which tripled when compared to pre-COVID-19 levels
- With relentless focus on health and safety for Team Members and Guests, we are continuing to make progress re-opening our dining rooms across the country
- To build on the momentum we are experiencing in off-premise and dine-in sales, we are now re-opening restaurants in our largest and highest volume markets in the Pacific Northwest and West Coast
- 65% of Company-operated restaurants opened with limited capacity as of June 7, 2020
- Re-opening dining rooms with a measured and strategic approach and a focus on health and safety; preliminary comparable restaurant revenue for restaurants with re-opened dining rooms was -26.7% for the week of June 7, 2020
- Decisive actions have been taken to manage through the crisis, which provides ample liquidity, enhances financial flexibility and helps mitigate the impact of COVID-19
- Confident in our ability to emerge in an even stronger position when the recovery begins, given our enduring brand promise, compelling value proposition and continued investment to serve Our Guests while strictly adhering to CDC, state and local guidelines





## Red Robin First Quarter Financial and Operating Results

- Red Robin entered fiscal 2020 with strong business momentum and substantially improved guest satisfaction scores
  - Through the first eight weeks of the year, comparable restaurant revenue grew 3.7%, driven in part by positive Guest counts
- Comparable restaurant revenue decreased 20.8% for Q1 due to the severe impact of the crisis
- 270 dining areas re-opened as of June 7, 2020
- Off-premise sales increased 86.1% for Q1 comprising 26.3% of total food and beverage sales, including catering
- Total revenues decreased 25.3%
- GAAP loss per diluted share was \$13.51 compared to \$0.05 in Q1 2019. Adjusted diluted loss per share<sup>(1)</sup> was \$6.66 compared to earnings per diluted share of \$0.19 in Q1 2018
- Net loss was \$174.3 million compared to net income of \$0.6 million in Q1 2019
- Adjusted EBITDA<sup>(1)</sup> was a loss of \$10.7 million compared to \$34.3 million in Q1 2019
- Restaurant-level operating profit<sup>(1)</sup> was 8.8% compared to 18.3% in the prior year
- Six sequential weeks of sales improvement through June 7, due to the continued strong growth in off-premise sales and early traction in dine-in sales



<sup>1</sup> See reconciliations of non-GAAP financial measures to the most comparable GAAP financial measures in Appendix.

# Responding to the COVID 19 Pandemic



## OFF PREMISE BUSINESS DRIVING STABILITY IN UNPRECEDENTED TIMES

- Off-premise business enhancements made over the last few years (Red Robin Delivery/last mile delivery, online ordering, mobile access, curbside service) communicated through digital media including Red Robin Royalty, drove higher volumes of off-premise guests during the pandemic
- Off-premise sales tripled compared to pre-COVID levels
- Off-premise sales increased 86.1% during Q1 2020 and comprised 26.3% of total food and beverage sales

## FINANCIAL MEASURES TO ENSURE AMPLE LIQUIDITY AND FINANCIAL FLEXIBILITY

- As of June 7, 2020 Red Robin had \$84 million of liquidity
- With improving revenue and previously taken cost reductions, reduced estimated average cash burn to \$1 to \$2 million per week<sup>1</sup>
  - This includes partial rent payment, re-opening costs, one-time COVID-19 expenses and costs associated with finalizing the amendment to its credit facility
- Finalized an amendment to its credit facility, which provides further financial flexibility during the COVID-19 pandemic

## DEDICATION TO SUPPORTING OUR EMPLOYEES AND GUESTS

- The health and safety of our guests and team members remains our number one priority
- Enhanced measures when re-opening dining areas including Team Members wearing face coverings, completing daily health surveys, and social distancing protocols
- Red Robin has made visible cleaning and disinfecting behaviors important elements of its daily operations
- All re-opened dining rooms feature the Company's new hospitality model, Total Guest Experience ("TGX")

<sup>1</sup> Estimate through the second quarter

# Recent Performance and Dining Room Openings



- Since the mid-March peak impact of the COVID-19 pandemic, **substantial improvement in revenue with consistent and sequential increases** in each of the last five weeks
- On **April 28**, Red Robin began opening **select dining rooms** in a limited capacity
- To build on the momentum we are experiencing in off-premise and dine-in sales, **we are now re-opening restaurants in our largest and highest volume markets** in the Pacific Northwest and West Coast



**65%**  
of Company-operated restaurants opened with limited capacity as of June 7

**-40%**  
weekly comparable store sales for the week ended June 7

**-27%**  
weekly comparable store sales for restaurants with re-opened dining rooms for the week ended June 7

Note: Easter Sunday occurred the week of April 12, 2020 and the week of April 19, 2019

## Recent Performance and Dining Room Openings



- Overall since the beginning of the second quarter of 2020, the Company's weekly **comparable restaurant revenue has sequentially improved**:

Company-owned Restaurants	Week ended						
	26-Apr	3-May	10-May	17-May	24-May	31-May	7-Jun
Weekly Net Comparable Restaurant Revenues	(56.0)%	(54.7)%	(52.2)%	(47.9)%	(47.0)%	(43.8)%	(39.7)%
Average Net Sales per Restaurant	\$24,435	\$24,514	\$27,202	\$28,895	\$29,598	\$32,239	\$34,222
# of Comparable Company-operated Restaurants	414	414	414	414	414	414	414

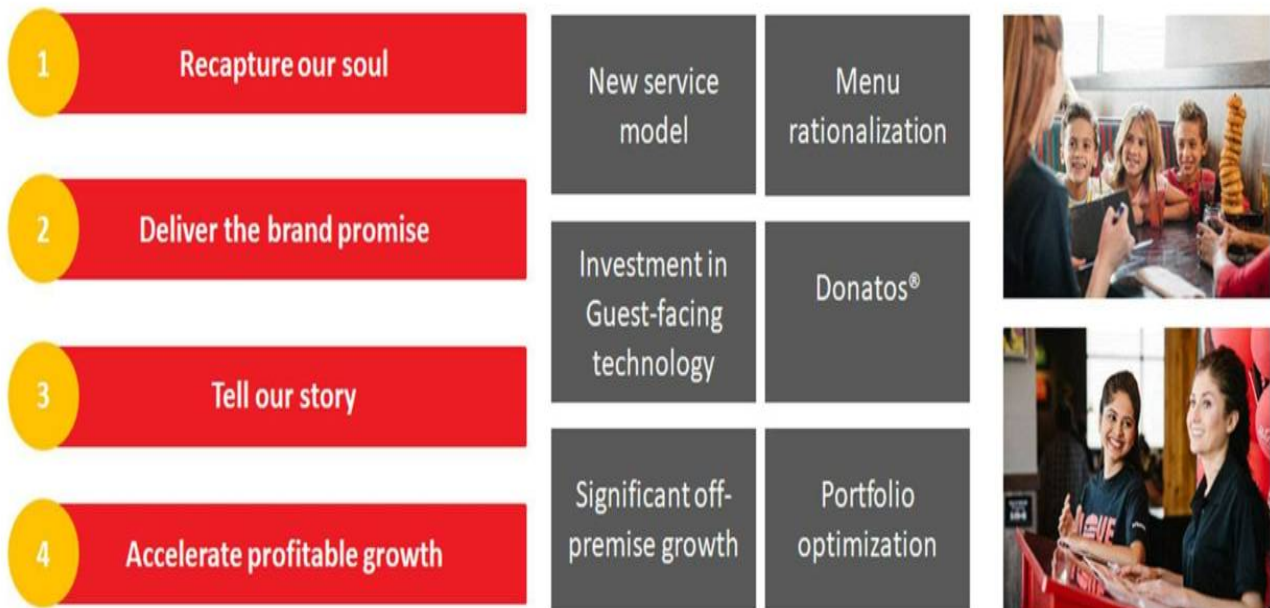
- As of June 7, 2020, the Company has **re-opened approximately 270 dining rooms with limited capacity**, representing approximately 65% of currently open Company-owned restaurants:

Re-opened Company-owned Restaurants <sup>(1)</sup>	Week ended						
	26-Apr	3-May	10-May	17-May	24-May	31-May	7-Jun
Weekly Net Comparable Restaurant Revenues	N/A	N/A	(37.6)%	(35.8)%	(31.6)%	(26.9)%	(26.7)%
Average Net Sales per Restaurant	N/A	N/A	\$27,171	\$27,536	\$33,835	\$37,731	\$37,682
# of Comparable Company-operated Restaurants	0	2	65	108	156	218	270

<sup>(1)</sup> Net sales performance for restaurants re-opened for full fiscal week presented. Restaurant count shown is as of the end of fiscal week presented.



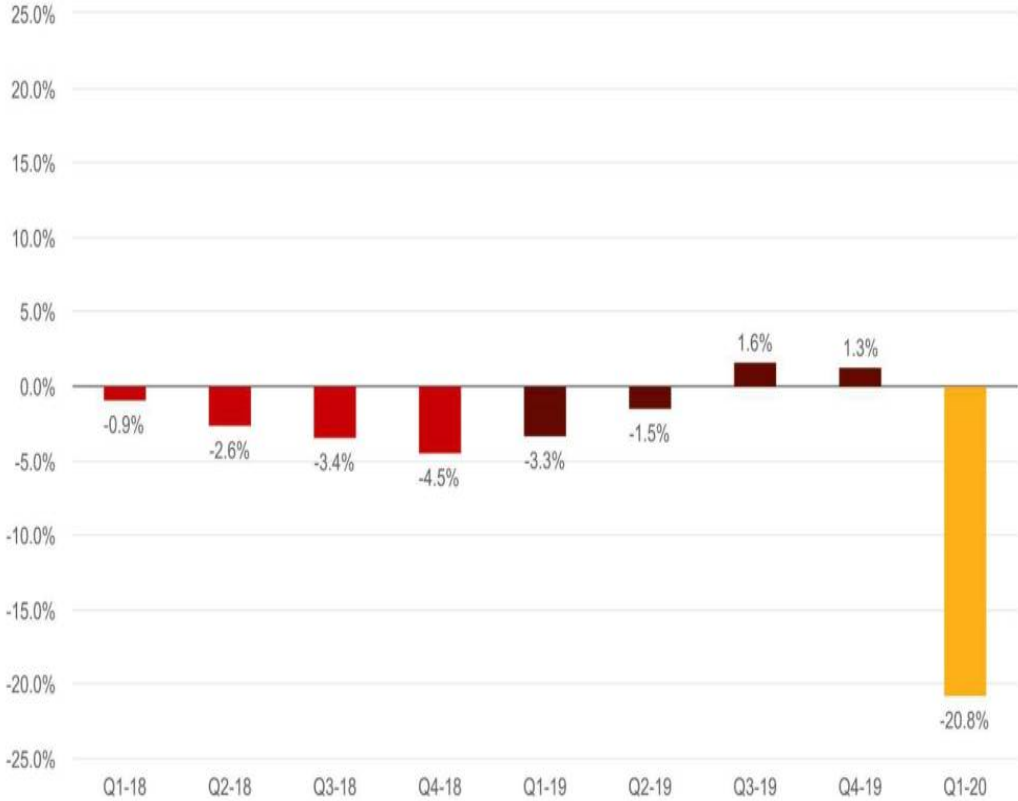
# Red Robin is Well-positioned to Emerge Strong Coming Out of the Crisis



***Our Guests' trust in our brand and investments made in critical capabilities will serve as a competitive advantage for Red Robin***



# Comparable Restaurant Revenue Trend<sup>(1)</sup>

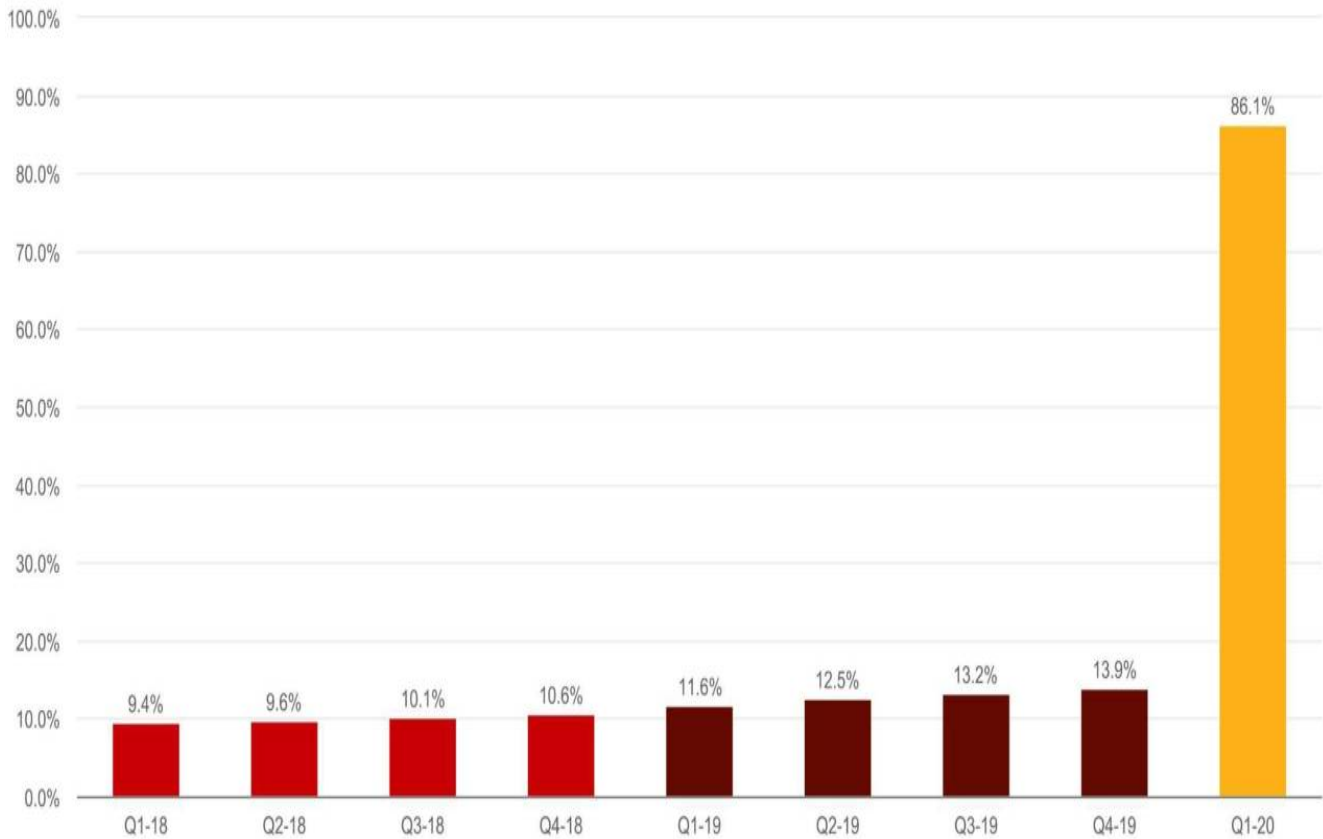


(1) Calculated at constant currency rates

# Continued Off-Premise Sales Growth



US Comp Locations Off-Premise Sales as a % of Gross F&B Sales





# Appendix



# First Quarter 2020 Sales Highlights



	Q1-20 (16 Weeks)	Q1-19 (16 Weeks)	Change
Restaurant revenue	\$301.4 million	\$400.5 million	-24.7%
Total company revenues	\$306.1 million	\$409.9 million	-25.3%
Company-owned comp revenue <sup>(1)(2)</sup>	-20.8%	-3.3%	
Price/Mix	0.1%	2.2%	
Guest counts	-20.9%	-5.5%	
Franchised comp revenue <sup>(2)</sup>	-23.3%	-2.6%	
Company avg. weekly revenue/unit <sup>(1)</sup> – total	\$41,785	\$51,802	-19.3%
Company avg. weekly revenue/unit <sup>(1)(2)</sup> – comp	\$42,888	\$54,120	-20.8%
Avg. weekly restaurant level operating profit/unit <sup>(1)</sup> – comp	\$4,529	\$11,102	-59.2%
Operating weeks	7,214	7,731	-6.7%
Net Sales/ sq. ft (TTM)	\$420	\$431	-2.6%

(1) Calculated at constant currency rates

(2) Comparable revenue growth is calculated by comparing the same calendar weeks. Comparable restaurants are those Company-owned restaurants that have operated five full quarters during the period presented, and such restaurants are only included in the comparable metrics if they are comparable for the entirety of both periods presented.

## First Quarter 2020 Restaurant Results



	% of Restaurant Revenue	% of Restaurant Revenue	Favorable (Unfavorable)
	Q1-20	Q1-19	(bps)
Cost of sales	23.4%	23.4%	—
Labor	39.3%	35.7%	(360)
Other operating	17.3%	13.9%	(340)
Occupancy	11.2%	8.7%	(250)
Restaurant Level Operating Profit <sup>(1)</sup>	8.8%	18.3%	(950)

(1) See Appendix for reconciliation of non-GAAP restaurant-level operating profit to net income (loss)

## First Quarter 2020 Commodity Update



	% of Total COGS in Q1-20	Variable vs. Fixed Pricing
Ground beef	16.6%	Variable (market driven)
Steak fries	12.4%	100% fixed through 10/21
Poultry	9.3%	100% fixed through 1/21
Produce	7.7%	80% fixed through 10/21
Bread	6.1%	100% fixed through 6/20
Cheese	5.9%	90% fixed through 1/23
Meat	3.8%	Variable (market driven)
Seafood	2.6%	100% fixed through 12/20
Fry oil	1.8%	100% fixed through 12/20



## Restaurant Level Operating Profit Reconciliation to Income (Loss) from Operations and Net Income (Loss)

(\$ in thousands)

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Restaurant revenue	\$414,702	\$310,392	\$290,218	\$300,897	\$400,484	\$302,418	\$289,862	\$296,757	\$301,434
Restaurant operating costs <sup>(1)</sup> :									
Cost of sales	98,515	74,874	69,003	71,112	93,715	72,387	69,017	68,285	70,426
Labor	143,015	106,476	102,322	104,449	142,894	106,538	104,870	102,476	118,566
Other operating <sup>(2)</sup>	55,025	42,668	43,612	40,779	55,565	43,000	44,317	43,594	52,291
Occupancy	35,010	26,460	26,629	26,047	35,020	25,458	24,942	26,378	33,657
Restaurant-level operating profit	83,137	59,914	48,652	58,510	73,290	55,035	46,716	56,024	26,494
Add – Franchise and other revenue <sup>(2)</sup>	6,817	4,996	4,659	5,882	9,382	5,563	4,360	6,188	4,631
Deduct – Other operating:									
Depreciation and amortization	29,193	22,323	21,819	22,036	28,438	21,369	21,280	20,703	28,320
General and administrative expenses	28,588	20,408	16,763	18,335	30,090	21,791	19,220	19,345	26,723
Selling <sup>(2)</sup>	17,730	15,209	12,017	17,408	18,026	13,443	17,556	16,507	14,779
Pre-opening and acquisition costs	1,137	569	387	—	319	—	—	—	153
Other charges (gains) <sup>(2)</sup>	6,287	10,615	520	21,708	2,398	16,847	(1,757)	4,110	119,379
Total other operating	82,935	69,124	51,506	79,487	79,271	73,450	56,299	60,665	189,354
Income (loss) from operations	7,019	(4,214)	1,805	(15,095)	3,401	(12,852)	(5,223)	1,547	(158,229)
Interest expense, net and other	3,407	2,385	2,295	2,838	3,238	2,153	1,812	1,907	3,370
Income tax (benefit) expense	(768)	(4,725)	(2,199)	(7,299)	(476)	(15,986)	(5,214)	7,342	12,699
Net income (loss)	\$4,380	\$(1,874)	\$1,709	\$(10,634)	\$639	\$981	\$(1,821)	\$(7,702)	\$(174,298)

(1) Excluding depreciation and amortization, which is shown separately

(2) Certain amounts presented in prior periods have been reclassified to conform with the current period presentation

## EBITDA and Adjusted EBITDA Reconciliation to Net Income (Loss)

(\$ in thousands)



	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net income (loss) as reported	\$4,380	\$(1,874)	\$1,709	\$(10,634)	\$639	\$981	\$(1,821)	\$(7,702)	\$(174,298)
Adjustments to net income (loss):									
Depreciation and amortization	29,193	22,323	21,819	22,036	28,438	21,369	21,280	20,703	28,320
Income tax (benefit) expense	(768)	(4,725)	(2,199)	(7,299)	(476)	(15,986)	(5,214)	7,342	12,699
Interest expense, net	3,277	2,458	2,390	2,550	3,345	2,322	2,229	2,245	3,234
<b>EBITDA</b>	<b>36,082</b>	<b>18,182</b>	<b>23,719</b>	<b>6,653</b>	<b>31,946</b>	<b>8,686</b>	<b>16,474</b>	<b>22,588</b>	<b>(130,045)</b>
Goodwill impairment	—	—	—	—	—	—	—	—	95,414
Restaurant asset impairment	—	9,643	—	18,483	—	14,064	—	1,030	15,498
Litigation contingencies	4,000	—	—	795	—	—	—	—	4,500
Board and stockholder matter costs	—	—	—	—	—	1,152	1,311	798	1,482
Restaurant closure and refranchising costs (gains)	—	—	—	—	304	1,001	(3,922)	1,430	1,406
Severance and executive transition	—	—	—	—	1,994	370	594	492	881
COVID-19 related charges	—	—	—	—	—	—	—	—	198
Spiral menu disposal	—	506	—	2,430	—	—	—	—	—
Reorganization costs	2,287	466	521	—	—	—	—	—	—
Executive retention	—	—	—	—	100	260	260	360	—
<b>Adjusted EBITDA</b>	<b>\$42,369</b>	<b>\$28,797</b>	<b>\$24,240</b>	<b>\$28,361</b>	<b>\$34,344</b>	<b>\$25,533</b>	<b>\$14,717</b>	<b>\$26,698</b>	<b>\$(10,666)</b>

## Reconciliation of Adjusted Net Income to Net Income (Loss) and Adjusted Earnings (Loss) Per Diluted Share to Earnings (Loss) Per Diluted Share



(\$ in thousands, except per share data)

	2018				2019				2020
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net income (loss) as reported	\$4,380	\$(1,874)	\$1,709	\$(10,634)	\$639	\$981	\$(1,821)	\$(7,702)	\$(174,298)
Adjustments to net income (loss):									
Goodwill impairment	—	—	—	—	—	—	—	—	95,414
Restaurant asset impairment	—	9,643	—	18,483	—	14,064	—	1,030	15,498
Litigation contingencies	4,000	—	—	795	—	—	—	—	4,500
Board and stockholder matter costs	—	—	—	—	—	1,152	1,311	798	1,482
Restaurant closure and refranchising costs (gains)	—	—	—	—	304	1,001	(3,922)	1,430	1,406
Severance and executive transition	—	—	—	—	1,994	370	594	492	881
COVID-19 related charges	—	—	—	—	—	—	—	—	198
Spiral menu disposal	—	506	—	2,430	—	—	—	—	—
Reorganization costs	2,287	466	520	—	—	—	—	—	—
Executive retention	—	—	—	—	100	260	260	360	—
Income tax (expense) benefit of adj.	(1,617)	(2,777)	(135)	(5,644)	(623)	(4,380)	457	(1,069)	(31,039)
Adjusted net income (loss)	9,050	5,964	2,094	5,430	2,414	13,448	(3,121)	(4,661)	(85,958)
Diluted net income (loss) per share <sup>(1)</sup> :									
Net income (loss) as reported	0.34	(0.14)	0.13	(0.82)	0.05	0.08	(0.14)	(0.60)	(13.51)
Adjustments to net income (loss):									
Goodwill impairment	—	—	—	—	—	—	—	—	7.40
Restaurant asset impairment	—	0.74	—	1.43	—	1.08	—	0.08	1.20
Litigation contingencies	0.30	—	—	0.06	—	—	—	—	0.35
Board and stockholder matter costs	—	—	—	—	—	0.09	0.10	0.06	0.11
Restaurant closure and refranchising costs (gains)	—	—	—	—	0.03	0.07	(0.30)	0.11	0.11
Severance and executive transition	—	—	—	—	0.15	0.03	0.05	0.04	0.07
COVID-19 related charges	—	—	—	—	—	—	—	—	0.02
Spiral menu disposal	—	0.04	—	0.19	—	—	—	—	—
Reorganization costs	0.17	0.04	0.04	—	—	—	—	—	—
Executive retention	—	—	—	—	0.01	0.02	0.02	0.03	—
Income tax (expense) benefit of adj.	(0.12)	(0.22)	(0.01)	(0.43)	(0.05)	(0.34)	0.03	(0.08)	(2.41)
Adjusted EPS - diluted	0.69	0.46	0.16	0.43	0.19	1.03	(0.24)	(0.36)	(6.66)

(1) For the second and fourth quarters of 2018, the impact of dilutive shares is included in the calculations as the adjustments for the quarter resulted in adjusted net income

