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

FORM 10-K

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

For the fiscal year ended December 26, 2021

☐ **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)

DE		**84-1573084**
(State or other jurisdiction of incorporation or organization)		(I.R.S. Employer Identification No.)
6312 S Fiddler's Green Circle, Suite 200N		
Greenwood Village	**CO**	**80111**
(Address of principal executive offices)	(State)	(Zip Code)

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

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)

Securities Registered Pursuant to Section 12(g) of the Act:

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 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 ☐	Accelerated filer ☒	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

If an emerging growth company, indicate by checkmark 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the voting and non-voting common stock held by non-affiliates (based on the closing price on the last business day of the registrant's most recently completed second fiscal quarter on The Nasdaq Global Select Market) was $484.3 million. All executive officers and directors of the registrant have been deemed, solely for the purpose of the foregoing calculation, to be "affiliates" of the registrant.

There were 15,747,615 shares of common stock outstanding as of March 8, 2022.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information required for Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K is incorporated by reference to the registrant's definitive proxy statement for the 2022 annual meeting of stockholders, which will be filed within 120 days of December 26, 2021 (the "2022 Proxy Statement").

RED ROBIN GOURMET BURGERS, INC.

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PART I

ITEM 1. Business

Overview

Red Robin Gourmet Burgers, Inc., together with its subsidiaries, primarily operates, franchises, and develops casual dining restaurants in North America 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.

We opened the first Red Robin® restaurant in Seattle, Washington in September 1969. In 1979, the first franchised Red Robin restaurant was opened in Yakima, Washington. In 2001, we formed Red Robin Gourmet Burgers, Inc., a Delaware corporation, and consummated a reorganization of the Company. Since that time, Red Robin Gourmet Burgers, Inc. has owned, either directly or indirectly, all of the outstanding capital stock or membership interests, respectively, of Red Robin International, Inc. and our other operating subsidiaries through which we operate our Company-owned restaurants. Unless otherwise provided in this Annual Report on Form 10-K, references to "Red Robin," "we," "us," "our", or the "Company" refer to Red Robin Gourmet Burgers, Inc. and our consolidated subsidiaries.

As of the end of our fiscal year on December 26, 2021, there were 531 Red Robin restaurants, of which 430 were Company-owned and 101 were operated by franchisees. Our franchisees are independent organizations to whom we provide certain support. See "Restaurant Franchise and Licensing Arrangements" for additional information about our franchise program. As of December 26, 2021, there were Red Robin restaurants in 44 states and one Canadian province.

The Company operates its business as one operating and one reportable segment. Financial information for our operating segment is included in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

The Company's fiscal year is 52 or 53 weeks ending the last Sunday of the calendar year. We refer to our fiscal years as 2021, 2020, and 2019 throughout this Annual Report on Form 10-K. Our fiscal years, fiscal year end dates, and the number of weeks in each period are summarized in the table below:

Fiscal Year	Year End Date	Number of Weeks in Fiscal Year
Current and Prior Fiscal Years:		
2021	December 26, 2021	52
2020	December 27, 2020	52
2019	December 29, 2019	52
Upcoming Fiscal Year:		
2022	December 25, 2022	52
2023	December 31, 2023	53

Business Strategy

Our long-term business strategy was developed using Guest and Team Member insights to align our efforts with our unique brand position in the industry. Our Guests are every-day people seeking connection with friends and family across a diverse, and multi-generational demographic with a large majority falling into the Gen X, Millennial, and Centennial generations. We believe our broad demographic appeal and distinct Red Robin brand equities position us well for future growth.

While the COVID-19 pandemic brought forth complex challenges, it also enabled us to intensely focus on improving our operating and financial model. The material improvements made to our business will enable us to execute our business strategy in an even stronger position. Our business strategy focuses on the following pillars;

- ***People:*** **Be the Employer of Choice in the Industry**. We champion a culture of diversity and inclusion where our people are developed, recognized and celebrated – and can always “come as they are.” We empower the people who make Red Robin possible and offer a compelling Team Member value proposition.

- ***Food:*** **Deliver a Variety of Gourmet Burgers and Mainstream Favorites that Guests Love**. We offer a wide variety of gourmet burgers, with a creative take on traditional. We understand our Guests’ preferences and provide high-quality burgers with sustainable alternatives, including the Impossible™ burger and our Veggie burger. We also offer other mainstream favorites, like shareable pizza, wings, milkshakes, and beer. We continue to focus on meaningful menu innovation that is compelling to Guests and easy for our Operations teams to execute.

- ***Guest Experience:*** **Create Relevant, Personalized and Memorable Guest Experiences**. We leverage our Total Guest Experience ("TGX") hospitality model to deliver fun and playful service that is tailored and customized to our Guests' time and occasion, while delivering exceptional value through our commitment to bottomless steak fries® and drinks. We employ both off-premises and restaurant technology enhancements to present our Guest with a seamless and frictionless experience.

- ***Foundation:*** **Execute Profitable Growth Platforms**. Essential to our business model and related capital allocation, we have developed several platforms designed to drive consistent and profitable growth. We are continuing to invest in these platforms that include our digital ecosystem and Donatos®, and support growing multiple channels of business including dine-in, off-premises and catering. We are also in the early stages of reestablishing our new restaurant development program.

The Red Robin vision is to be the restaurant brand that our communities trust most…YUMMM®!

Restaurant Concept

The Red Robin brand has many desirable attributes, including a range of high-quality menu items, a strong Guest-focused culture, and a strong value proposition, where our Guests experience memorable moments of connection with family, friends, and fun.

We pride ourselves on our Gourmet Burgers and other mainstream favorites served in a casual, playful atmosphere. Our menu features our signature product, a line of Gourmet Burgers made from premium quality, fresh ground beef. To complement our best-selling Gourmet Burgers, we offer an everyday-value line of Red's Tavern Double® burgers, and Red Robin's Finest line made with premium toppings. We also offer burgers made with other proteins including chicken breasts (grilled or fried), turkey patties, as well as a proprietary vegetarian patty and the Impossible™ plant-based burger patty. We offer a selection of buns, including gluten free, sesame, brioche, and lettuce wraps, with a variety of toppings, including house-made sauces, crispy onion straws, sautéed mushrooms, several cheese choices, and a fried egg. All of our burgers are served with our all-you-can-eat Bottomless Steak Fries® or Guests may choose from other side options. We specialize in customizing our menu items to meet our Guests' dietary needs and preferences and have received recognition from experts in the allergen community. In addition to burgers, which accounted for 58% of food sales in 2021, Red Robin serves an array of other mainstream favorites that appeal to our Guests. These items include a variety of shareable foods like Donatos® pizza, wings, salads, other entrees, and desserts. We also offer a range of single-serve and shareable desserts as well as our milkshakes. Our beverages include signature alcoholic and non-alcoholic specialty drinks, cocktails, wine, and a variety of national and craft beers.

We strive to give our Guests the choice of the pace of their experience based on their occasion, from accommodating time-pressured meals to offering a place to relax and connect with family and friends. Red Robin also has an extraordinary approach to Guest service, and we have cataloged thousands of stories of Red Robin Team Members who live our values. Many examples can be found on our website, www.redrobin.com. Note that our website and the information contained on or connected to our website are not incorporated by reference herein, and our web address is included as an inactive textual reference only.

We also strive to provide our Guests with exceptional dining value and the ability to customize their experience. In 2021, we had an average check per Guest of $14.46 including beverages. Average Guest check increased compared to 2020 when the COVID-19 pandemic restricted indoor dining resulting in a higher off-premise sales mix. We believe our price-to-value relationship, featuring our innovative array of quality burgers, served with bottomless fries, differentiates us from our casual dining competitors and allows us to appeal to a broad base of middle income, multi-generational consumers.

Ongoing Commitment to Sustainability

Red Robin's *Better for Being Here* mentality represents our commitment as the Company matures its approach to sustainability. Red Robin is a company that cares; we have always strived to make the world a better place for our Team Members, our community, and our planet. We are beginning to undertake a more formal and robust sustainability journey with meaningful goals and a commitment to align with the industry, and are informed by experts including the Sustainability Accounting Standards Board (the "SASB").

Human Capital Management

We strive to ensure our employees, whom we refer to as Team Members, are Better for Being Here through our core B.U.R.G.E.R values: Bottomless Fun, Unwavering Integrity, Relentless Focus on Improvement, Genuine Spirit of Service, Extraordinary People, and Recognized Burger Authority. Each of these values work to empower and develop our Team

Members and has created a Company culture that we collectively take pride in every day. We reward and incentivize our Team Members with competitive pay, recognition and rewards, and benefit programs. We also provide our Team Members the opportunity to grow and develop, promote health and safety, and value inclusion, diversity, and engagement.

As part of our human capital management strategy, we focus on the following areas:

Our Team Members

As of December 26, 2021, we had 22,483 Team Members consisting of 22,045 Team Members at Company-owned restaurants and 438 restaurant support center and field-based Team Members. We focus on General Manager tenure in restaurants and its positive link to Guest traffic, overall Guest satisfaction, and Team Member turnover trends. Our General Manager turnover during 2021 was 27.6%, and 67.2% of General Managers have been managing their current restaurant for a year or more. None of our Team Members are covered by a collective bargaining agreement.

Competitive Compensation and Benefits

We support our Team Members by offering market-competitive wages and benefits for eligible Team Members. We pay competitive, prevailing wages, and our only positions paid below minimum wage at the restaurant level are our tipped Team Members who are paid at the state tip credit rate or state minimum wage rate. All other positions are paid at or above minimum wage, and we ensure tipped positions make more than minimum wage when including tips. Our benefits programs include medical and other insurance, employee assistance programs, shift meals, Red Robin meal discounts, paid time off, 401(k) with employer match, an employee stock purchase plan, and equity-based awards for eligible restaurant support center and operations Team Members, generally, at the director level and above.

Our compensation and performance evaluation systems are carefully designed to maintain pay equity by focusing pay decisions on experience and performance to ensure the Company retains a highly productive workforce to operate our business while providing a high level of service to our Guests.

Health and Safety

We operate with the health, safety, and well-being of Red Robin's Team Members, Guests, and communities in mind, as well as federal, state and local regulatory requirements. We have traditionally been a leader in health and safety and have implemented new practices during the COVID-19 pandemic consistent with that leadership position.

In response to the COVID-19 pandemic, we have provided personal protective equipment for our restaurant Team Members. We also provided COVID-19 testing coverage for our restaurant Team Members through our benefit plans before it was required.

During the COVID-19 pandemic, we immediately instituted telecommuting policies at the restaurant support center to support working from home. As a result of the success of that approach, we have implemented a dispersed workforce policy that permits many of our Restaurant Support Center Team Members to continue working remotely and we expect that to continue on a go-forward basis. For on-site critical, Company leadership, and those who desire to work in a shared location, we have optimized our office footprint to meet the needs of that population.

Diversity, Equity, and Inclusion

At Red Robin, we value diversity and inclusion. We have a successful Women's Excellence program, a Company-wide resource group to support and inspire Team Members through development, networking, leadership, and other resources while fueling a culture of opportunity and diversity, and we continue to partner with the Women's Foodservice Forum, which has been instrumental in providing valuable resources and insights to help the advancement of our female leaders.

We are progressing with an initiative with the assistance of a diversity consultant to identify areas of opportunity for expanded diversity and inclusion practices in our Company and to support the development and execution of a comprehensive long-term diversity, equity, and inclusion strategy for Red Robin. In late 2021, Directors and above in Operations and Restaurant Support Center leadership positions completed unconscious bias training. We intend to provide similar training to our restaurant General Managers in 2022.

Restaurant Management

Our typical restaurant management team consists of a general manager, an assistant general manager, one to two associate managers, and additional shift supervisors depending on restaurant sales volumes. With our restaurant management restructuring completed in 2020, we have been able to fluctuate supervision needs more easily to better adjust to sales volumes in our restaurants. This improves our ability to manage effectively by placing more management and supervision in the restaurants during peak times. In 2021, we accelerated hiring of associate managers to reflect improving sales volumes, and to support operationally challenged restaurants. Our restaurant management restructuring also expanded our talent pipeline with additional capacity for entry-level restaurant managers. This provides a structured and clear career path for our Team Members and allows us to broaden our external candidate pool beyond individuals with full service dining experience.

The management team of each restaurant is responsible for the day-to-day operation of that restaurant, including hiring, training, and coaching of Team Members, as well as operating results. Our typical restaurant employs approximately 47 Team Members, most of whom work part-time on an hourly basis.

Learning and Development

We strive to maintain quality and consistency in each of our restaurants through the training and development of Team Members and the establishment of, and adherence to, high standards relating to Team Member performance, Guest satisfaction, food and beverage preparation, and the maintenance of our restaurants. Each restaurant maintains a group of certified learning coaches, including a head learning coach, who collectively are tasked with preparing new Team Members for success by providing on-the-job training leading up to a final skills certification for their position. Team Members seeking advancement have the opportunity to join our management development program as a Shift Supervisor. We continue to focus on hiring, training, and retaining our Team Members as we believe this is key to maintaining quality and consistency in each of our restaurants.

New restaurant managers participate in our eight-week Management Foundations training program. This program hones each manager's skills, specifically in two areas: flawless shift execution and effective coaching of Team Members.

These learning and development practices at the restaurants support our talent pipeline to develop and promote our restaurant management Team Members from within.

Team Member Engagement

We regularly collect feedback to better understand and improve Team Member experience and identify opportunities to strengthen our culture. We welcome open, candid feedback to ensure Team Members feel heard and engaged and to better support the values important to each of our Team Members. We accomplish this through a variety of programs and forums, including town halls, virtual open forums, and one-on-one coaching, wellness and engagement meetings, and Team Member Voice surveys. In addition to these structured programs and forums, we maintain an open-door policy at all levels of the Company. Our Company remains committed to offering Team Members numerous opportunities to have their voices heard because we believe our Team Members are our most valuable resource.

In late 2021, we began exploring the need to update and enhance our Team Member value proposition. This includes a multi-channel discovery process where we have sought feedback from prior Team Members as well as current Team Members in our restaurants and the Restaurant Support Center. Conducted through a variety of survey and interview techniques, we have developed a growing body of data to inform the evolution of our Team Member value proposition.

Food Safety and Purchasing

Our food safety and quality assurance programs help manage our commitment to quality ingredients and food preparation. Our systems are designed to protect our food supply from product receipt through preparation and service. We provide detailed specifications for our proprietary food ingredients, products, and supplies to our suppliers. We qualify and audit on an annual basis all of our food and beverage suppliers, as well as growers. Their certifications must comply with the Global Food Safety Initiative, if applicable. Our restaurant managers are certified in a comprehensive safety and sanitation course by the National Restaurant Association's ServSafe program. Strict food safety protocols, including safe cooking temperature requirements, food handling procedures, cooling procedures, and frequent temperature and quality checks, ensure the safety and quality of the food we serve in our restaurants. In order to provide the freshest ingredients and products and to maximize operating efficiencies between purchase and usage, each restaurant's management team determines the restaurant's daily usage requirements for food ingredients, products, and supplies, and accordingly, orders from approved suppliers, and distributors. The restaurant management team inspects deliveries to ensure that the products received meet our safety and quality specifications. Additionally, we engage an independent auditing company to perform unannounced comprehensive food safety and sanitation inspections up to four times a year in all Company-owned and franchised restaurants.

To maximize our purchasing efficiencies and obtain the best possible prices for our high-quality ingredients, products, and supplies, our centralized purchasing team negotiates supply agreements that may include fixed price contracts that can vary in term or formula-based pricing agreements that can fluctuate on changes in raw material commodity pricing. Of our total cost of goods in 2021, ground beef represented approximately 16%, potatoes represented approximately 12%, and poultry represented approximately 11%. We monitor the market for the primary commodities we purchase and extend contract positions when applicable in order to minimize the impact of fluctuations in price and availability. However, certain commodities, primarily cheese, bacon and ground beef, have historically been subject to market price fluctuations. As a result of the COVID-19 pandemic, we have experienced and expect to continue to experience distribution disruptions, commodity cost inflation, and certain food and supply shortages. To manage this risk in part, we enter into fixed-price purchase commitments for certain commodities; however, it may not be possible for us to enter into fixed-price purchase commitments for certain commodities, or we may choose not to enter into fixed-price contracts for certain commodities. We believe that substantially all of our food and supplies meeting our specifications are available from alternate sources, which we have identified to diversify our supply chain.

As of December 26, 2021, approximately 65% of our estimated annual food and beverage purchases were covered by fixed price contracts, most of which are scheduled to expire at various times through the end of 2022.

Restaurant Development, Remodels, and Donatos®

In 2020, Red Robin reestablished a new restaurant development program as part of its long-term growth strategy which includes opportunities to execute sustainable growth initiatives that deliver value to our stockholders. We have made considerable progress establishing the foundation of our program during the pandemic, including refining our new restaurant prototype design, identifying target markets to prudently add new restaurants and reengaging our broker network to assist in identifying new restaurant sites. Target markets were selected based on brand affinity, operational and financial performance, marketing efficiency, availability of incremental sites, and expected financial returns. Specific site selection criteria is focused on identifying markets, trade areas, and specific sites that are likely to yield the greatest density of desirable demographic characteristics, retail traffic, and visibility.

In the fourth quarter of 2021, we opened one corporate restaurant in a high volume market. This restaurant utilizes our new prototype configuration with design enhancements to improve dine in, off-premises, and curbside execution, and an optimized kitchen layout that enhances efficiency. The Company is expecting to pursue modest new restaurant growth based on an ongoing track record of successful restaurant openings that meet our financial criteria, beginning in 2023.

During the pandemic, we suspended restaurant refreshes and remodels at our existing locations. Starting in 2022, we are resuming this program to keep our restaurants relevant and well-maintained.

In 2020, we announced our partnership with Donatos®, a high-quality pizza brand "nested" inside of Red Robin restaurants. Through this partnership, our restaurants will prepare and serve Donatos® branded pizzas to our dine in and off-premises Guests. Pursuant to a licensing arrangement, we will pay royalties on sales of Donatos® pizza products to Donatos®. As of December 26, 2021, we have introduced Donatos® pizzas to 198 restaurants. We plan to introduce Donatos® to approximately 50 restaurants in 2022 and expect to complete our rollout to approximately 400 Company-owned restaurants during 2023.

Restaurant Franchise and Licensing Arrangements

As of December 26, 2021, our franchisees operated 101 restaurants in 16 states and British Columbia, Canada. Our two largest franchisees own 43 restaurants located in Eastern and Central Pennsylvania, Michigan and Ohio. We anticipate that our franchisees will open one new restaurant in 2022.

Franchise Compliance Assurance

We actively work with and monitor our franchisees' performance to help them develop and operate their restaurants in compliance with Red Robin's standards, systems, and procedures. During the restaurant development phase, we review the franchisee's site selection and provide the franchisee with our prototype building plans. We provide trainers to assist the franchisee in opening the restaurant for business. We advise the franchisee on all menu items, management training, and equipment and food purchases. We also exchange best operating practices with our franchisees as we strive to improve our operating systems while attaining a high level of franchisee participation.

Digital Ecosystem

During 2021, the Company has significantly advanced its digital strategy by completing a number of enhancements which together create an integrated and seamless digital ecosystem for our Guests.

In the fourth quarter of 2021, we launched mobile applications on both iOS and Android platforms. These applications are designed to generate higher order conversion compared to the legacy online experience, and offer superior suggested upsell capabilities on top of a more convenient user experience.

During the fourth quarter of 2021, we also introduced improved and more relevant digital experiences to drive incremental frequency from existing Guests, new Guest traffic and Guest checks. These improvements include the launch of a new and improved website, and the integration of a new loyalty platform, giving us new segmentation capabilities to connect with our Guests more meaningfully, through personalized messaging based on their purchase history. This has allowed us to maintain high levels of engagement with the over 10 million members of our Red Robin Royalty program.

These enhancements of our digital Guest experiences were "soft-launched" in the fourth quarter of 2021, and will receive marketing support in early 2022 to drive awareness and trials of the new applications and website ordering experience. These enhancements are iterative, and we expect to continue making ongoing innovations and improvements to Red Robin's digital ecosystem following the initial launch for years to come.

Information Technology

We rely on information systems in all aspects of our operations, including, but not limited to, point-of-sale transaction processing in our restaurants, digital experiences, operation of our restaurants, labor management, management of our inventories, collection of cash, payment of payroll and other obligations, and various other processes and procedures.

Our restaurant support center and Company-owned restaurants are enabled with information technology and decision support systems. In our restaurants, these systems are designed to provide operational tools for sales, inventory, and labor management. This technology includes industry-specific, off-the-shelf systems such as tools designed to optimize food, beverage, and labor costs. These systems are integrated with our point-of-sale systems to provide daily, weekly, and period-to-date reporting that is important for Managers to run an efficient and high-performing restaurant. We also use technology to interact with our Guests via our digital ecosystem, inclusive of our website, mobile Apps, loyalty platform, online ordering site, and Guest feedback systems, which provide actionable insights on Guest service, food quality, and atmosphere of each restaurant.

We utilize centralized financial, accounting, and human resource management systems to support our restaurant support center and Company-owned restaurants. In addition, we use an operations scorecard that integrates data from our centralized systems and distributes information to assist in managing our restaurants. We believe these combined tools are important in analyzing and improving our operations, profit margins, and other results.

In 2020, we invested in infrastructure that modernized and upgraded the capacity of our restaurant systems, stabilized the hand-held point-of-sale devices system wide to prepare for the launch of our new Total Guest Experience service model, and continued work on new, Guest facing digital experiences that support in-restaurant and off-premise dining. In 2021, we implemented the first phase of our digital transformation which included a new and improved ordering site, custom mobile Apps (iOS and Android), and a new integrated Loyalty Platform. We plan to continue our investments in building innovative digital experiences for our Guests and to improve our ability to manage our technology infrastructure through investments in infrastructure, automation, and advanced monitoring through a Cloud first approach.

We accept electronic payment cards from our Guests for payment in our restaurants. We also receive and maintain certain personal information about our Guests and Team Members. We have systems and processes in place that focus on the protection of our Guests' credit card information and other private information we are required to protect, such as our Team Members' personal information. We have taken a number of steps to prevent the occurrence of security breaches in this respect. Our systems have been carefully designed and configured to protect against data loss or compromise. For example, because of the number of credit card transactions processed in our Company-owned restaurants, Red Robin is required to maintain compliance per the Payment Card Industry Data Security Standard (PCI-DSS) for our networks and systems both at our restaurant support center and Company-owned restaurants. Red Robin not only meets the requirements but also maintains a higher-level designation as a Merchant and Service Provider. These PCI compliance standards, set by a consortium of the major credit card companies, require annual assessment to ensure certain levels of system security and procedures are in place to protect our Guests' credit card and other personal information.

We also engage security assessors and consultants to review and advise us on our other data security practices with respect to protection of other sensitive personal information that we obtain from Guests and Team Members.

Marketing and Advertising

We build brand equity and awareness through a media strategy with tailored content by channel and target. We leverage digital media (including search, website, digital display, over-the-top, online video, and social media), email, SMS, and public relations initiatives. These programs are funded primarily through cooperative creative development and national media advertising funds. In addition, we supplement national media with targeted local media across offline and online channels.

In recent years, we have undertaken significant market research initiatives to gain a deep understanding of our Guests, our brand promise, and what we must do to deliver that promise. Additionally, we gain feedback and perceptions in order to inform our business decisions. Among other things, we use a Guest satisfaction tool in all restaurants that provides feedback from Guests on their experiences. Restaurant managers use this information to help identify areas of focus to strengthen restaurant performance and track progress. We also continually monitor our performance relative to peers and test potential business drivers among both current and potential Guests. We leverage our over ten million member Red Robin Royalty™ database to gain insights and track the frequency and purchase behavior of our Guests.

Our "All the Fulls" brand campaign, highlights our craveable food, distinctive positioning and emotional connection with Guests. We will also continue marketing support for our growing off-premise business which includes carryout, catering, and delivery. In 2021, we have maintained our focus on digital marketing, which has proven effective in reaching our core Guests where and how they consume media, in the most cost effective way. This digital marketing strategy has led to increased Guest engagement with our brand.

Executive Officers

The following table sets forth information about our executive officers:

Name	Age	Position
Paul Murphy	67	President, Chief Executive Officer, and Member of the Board of Directors
Jonathan Muhtar	50	Executive Vice President and Chief Concept Officer
Lynn S. Schweinfurth	54	Executive Vice President, Chief Financial Officer, and Interim Chief Accounting Officer
Michael Buchmeier	58	Senior Vice President and Chief Operating Officer
Michael L. Kaplan	53	Executive Vice President and Chief Legal Officer
Darla Morse	59	Executive Vice President and Chief Information Officer
Wayne Davis	59	Senior Vice President and Chief People Officer

Paul Murphy. Mr. Murphy joined Red Robin as President and Chief Executive Officer in October 2019. Before joining Red Robin, Mr. Murphy served as Executive Chairman of Noodles & Company from July 2017 to September 2019. Prior to that, Mr. Murphy served as CEO and a member of the board of directors of Del Taco Restaurants, Inc. from February 2009 to July 2017 and as President from February 2009 to December 2016. From 1996 to 2008, Mr. Murphy held various roles with Einstein Noah Restaurant Group, Inc. Mr. Murphy originally joined Einstein's as Senior Vice President, Operations in 1997. He was promoted to Executive Vice President, Operations in 1998, and to Chief Operating Officer in 2002. In 2003, he was appointed President and CEO and a member of the board of directors. Mr. Murphy has significant experience in both operational and executive leadership in the restaurant industry, including leading companies through successful business transformations.

Jonathan Muhtar. Mr. Muhtar was promoted to Executive Vice President and Chief Concept Officer of the Company, effective January 1, 2018. Mr. Muhtar previously served the Company as Senior Vice President and Chief Marketing Officer from December 2015 until his promotion. Prior to joining the Company, Mr. Muhtar served as Executive Vice President and Chief Marketing Officer of Captain D's Seafood Restaurant from November 2011 to December 2015, and as Vice President of Global Marketing and Innovation and in other corporate and marketing positions at Burger King Corporation from July 2004 to June 2011.

Lynn S. Schweinfurth. Ms. Schweinfurth joined Red Robin as Executive Vice President and Chief Financial Officer in January 2019. She is also currently serving as our interim Chief Accounting Officer beginning in February 2022. Ms. Schweinfurth previously served as Vice President, Chief Financial Officer and Treasurer of Fiesta Restaurant Group since 2012 and was appointed Senior Vice President of Fiesta Restaurant Group in February 2015. From 2010 to 2012, she served as Vice President of Finance and Treasurer of Winn-Dixie Stores, Inc. Ms. Schweinfurth was Chief Financial Officer of Lone Star Steakhouse and Texas Land & Cattle from 2009 to 2010. She was Vice President, Finance, at Brinker International, Inc. from 2004 to 2009. Prior to 2004, Ms. Schweinfurth served in various corporate finance positions at Yum Brands, Inc. and PepsiCo, Inc.

Michael Buchmeier. Mr. Buchmeier serves as Red Robin's Senior Vice President and Chief Operating Officer since November 2021, and previously served as our Senior Vice President and Chief People Officer since August 2019, and as the Company's interim Chief Operating Officer, beginning January 2020. Prior to his appointment to the Senior Vice President and Chief People Officer position, Mr. Buchmeier served as the Company's interim Chief People Officer from April 2019 to August 2020. He previously served in restaurant operations and various leadership roles for the Company from April 2018 to April 2019, including Vice President, Operations Standards and Talent Optimization from August 2018 to April 2019, Vice President of Operations from January 2018 to August 2018, Vice President, Operations Excellence from October 2016 to January 2018, and Director, New Restaurant Operations from August 2012 to October 2016.

Michael L. Kaplan. Mr. Kaplan joined Red Robin as Senior Vice President, Chief Legal Officer, and Secretary in October 2013 and was promoted to Executive Vice President and Chief Legal Officer in February 2020. Prior to joining the Company, he served as Senior Vice President, General Counsel, Chief Security Officer and Corporate Secretary of DAE Aviation Holdings, Inc. (d/b/a Standard Aero), a privately held global aviation maintenance company, from January 2010 to September 2013, and as a Shareholder at Greenberg Traurig, LLP, an international law firm, from January 2002 to January 2010.

Darla Morse. Ms. Morse joined Red Robin as Executive Vice President and Chief Information Officer in March 2021. Prior to joining the Company, she served as Chief Information Officer at CKE Restaurants Holdings from April 2019 to April 2021, Chief Information Officer at Inspire Brands from April 2016 to April 2019, and Chief Information Officer at Seaworld from April 2010 to April 2016.

Wayne Davis. Mr. Davis joined Red Robin as Senior Vice President and Chief People Officer in November 2021. Prior to joining the Company he served as Senior Vice President of International Human Resources at Comcast from June 2009 to January 2021, and Vice President of Human Resources at YRC Worldwide from June 2005 to June 2009.

Competition

The restaurant industry is highly competitive, and our Guests may choose to purchase food at supermarkets or other food retailers. Although, for some occasions, we compete against other segments of the restaurant industry, including quick-service and fast-casual restaurants, our primary competition is with other sit-down, casual dining restaurants within the full service dining segment. In addition, we compete to attract Guests for off-premise dining occasions, including online ordering, delivery, to-go, and catering. The number, size, and strength of competitors vary by region, concept, market, and even restaurant. We compete on the basis of taste, quality, price of food and related Guest value, Guest service, ambiance, location, and overall dining experience.

We believe our Guest demographics, strong brand recognition, gourmet burger concept, family friendly atmosphere, attractive price-value relationship, and the quality of our food and service enable us to differentiate ourselves from our casual dining competitors. We believe we compete favorably with respect to each of these factors. Our competitors include well-established national chains which have more substantial marketing resources. We also compete with many other restaurant and retail establishments for Team Members.

Seasonality

Our business is subject to seasonal fluctuations. Prior to the onset of the COVID-19 pandemic, sales in most of our restaurants have been higher during the summer months and winter holiday season due to factors including our retail-oriented locations and family appeal. As a result, our quarterly operating results and comparable restaurant sales may fluctuate significantly as a result of seasonality. Accordingly, results for any one quarter or year are not necessarily indicative of results to be expected for any other quarter or for any year, and comparable restaurant sales for any particular future period may vary.

Trademarks

We have a number of registered trademarks and service marks, including the Red Robin®, Red Robin Gourmet Burgers®, "YUMMM®", Red Robin Gourmet Burgers and Brews®, and Red Robin Royalty® and logos. We have registered for these marks, among others, with the United States Patent and Trademark Office, and we have applied to register various trademarks in certain other international jurisdictions. Pursuant to our licensing arrangement with Donatos®, we license the right to use the Donatos® trademark.

In order to better protect our brand, we have also registered the Internet domain name *www.redrobin.com*. We believe our trademarks, service marks, and other intellectual property rights have significant value and are important to our brand building efforts and the marketing of our restaurant concept.

Government Regulation

In response to the COVID-19 pandemic, federal, state, and local governments have issued and revised a significant amount of regulations affecting our business, with requirements often changing without much advance notice. Regulations relating to the vaccination and COVID-19 testing of Guests and Team Members, Guest spacing within dining rooms and other social distancing practices, sanitation practices, isolation and quarantine periods for Team Members, paid sick leave, and mask mandates for Guests and Team Members have materially affected the way we operate our business and serve our Guests.

We are also subject to laws and regulations relating to the preparation and sale of food, including regulations regarding product safety, nutritional content, and menu labeling. Our collection or use of personal information about Guests or our Team Members is regulated at the federal and state levels, including the California Consumer Privacy Act.

Our restaurants are subject to various licensing requirements and other regulations by state, and local health, safety, fire, and other authorities, including licensing requirements, regulations for the sale of alcoholic beverages and food, and public health related indoor capacity restrictions. To date, we have been able to obtain and maintain all necessary licenses, permits, and approvals. The development and construction of new restaurants is also subject to compliance with applicable zoning, land use, and environmental regulations. We are also subject to certain guidelines under the Americans with Disabilities Act of 1990 and various state codes and regulations, which require restaurants and our brand to provide full and equal access to persons with physical disabilities.

We are also subject to federal regulation and state laws that regulate the offer and sale of franchises and substantive aspects of the franchisor-franchisee relationship. Various federal and state labor laws govern our relationship with our Team Members and can significantly impact our operating costs. These laws govern minimum wage requirements, overtime pay, tip credits, paid leave, meal and rest breaks, unemployment tax rates, health care and other benefits, workers' compensation rates, citizenship or residency requirements, child labor regulations, and discriminatory conduct.

Available Information

We maintain a link to investor relations information on our website,*ir.redrobin.com*, where we make available, free of charge, our Securities and Exchange Commission ("SEC") filings, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. All SEC filings are also available at the SEC's website at *www.sec.gov.* Our website and the information contained on or connected to our website are not incorporated by reference herein, and our web address is included as an inactive textual reference only.

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 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 may relate to, among other things: (i) our business objectives and strategic plans, including projected or anticipated growth, including in Guest traffic and revenue, planned improvements in operational efficiencies, gross margins, and expense management and enhancements to our restaurant environments and Guest engagement, including the anticipated impacts of innovations, improvements and enhanced marketing support for certain aspects of our business; (ii) our expectations about pricing strategy and average check size; (iii) our expectations of the competitiveness of the labor market and our ability to hire, train, and retain Team Members; (iv) anticipated capital investments including in our digital ecosystem, information technology systems, our restaurant development program, and the anticipated related benefits; (v) our expectations about restaurant operating costs, including commodity and food prices and labor and energy costs; (vi) anticipated legislation and other regulation of our business; (vii) anticipated continued investments in our partnership with Donatos®; (viii) our expectations about anticipated uses of, and risks associated with future cash flows, liquidity, future capital expenditures and other capital deployment opportunities, and taxes; (ix) our expectations regarding competition; and (x) our expectations regarding demand and business recovery, consumer preferences, and consumer discretionary spending; (xi) our expectations regarding the implementation and anticipated benefits of our diversity and inclusion initiatives; (xii) anticipated impacts of COVID-19, measures we have and may continue to take in response to the COVID-19 pandemic including remote working arrangements, and any pandemic mitigation measures imposed by governments; (xiii) the seasonality of our business; (xiv) our expectations and other statements regarding interest rates, commodity prices and the other risks discussed under Risk Factors below.

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:

- the impact of COVID-19 on our results of operations, supply chain, and liquidity;
- the effectiveness of the Company's strategic initiatives, including alternative labor models, service, and operational improvement initiatives;
- our ability to staff, train, and retain our workforce for service execution;
- the effectiveness of the Company's marketing strategies and promotions;
- menu changes, including the anticipated sales growth, costs, and timing of the Donatos® expansion;
- the implementation, rollout, and timing of technology solutions in our restaurants and at our restaurant support center, in addition to digital platforms that are accessed by our Guests;
- our ability to achieve revenue and cost savings from off-premise sales and other initiatives;
- competition in the casual dining market and discounting by competitors;
- changes in consumer spending trends and habits;
- changes in the cost and availability of key food products, distribution, labor, and energy;

- general economic conditions, including changes in consumer disposable income, weather conditions, and related events in regions where our restaurants are operated;
- the adequacy of cash flows and the cost and availability of capital or credit facility borrowings;
- the impact of federal, state, and local regulation of the Company's business;
- the impact of federal, state, and local COVID-19 regulation or requirements, including capacity restrictions;
- 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; and
- costs and other effects of legal claims by Team Members, franchisees, customers, vendors, stockholders, and others, including negative publicity regarding food safety or cyber security.

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 1A. Risk Factors

An investment in our common stock involves a high degree of risk. You should carefully read and consider the risks described below before making an investment decision. The occurrence of any of the following risks could materially harm our business, financial condition, results of operations, or cash flows. The trading price or value of our common stock could decline, and you could lose all or part of your investment. When making an investment decision with respect to our common stock, you should also refer to the other information contained in this Annual Report on Form 10-K, including our consolidated financial statements and the related notes.

Risks Related to Our Business

The COVID-19 pandemic has disrupted and may further disrupt our business, which has and could further materially adversely affect our operations, business, and financial results. In addition, any other epidemic, disease outbreak, or public health emergency may result in similar adverse effects.

The COVID-19 pandemic has had a material adverse effect on our business. The COVID-19 pandemic has impacted and may continue to impact sales and traffic at our restaurants, may make it more difficult to staff restaurants, cause an inability to obtain supplies, increase commodity costs, continue to cause partial or total closures of impacted restaurants, and could damage our reputation. The extent to which the COVID-19 pandemic and other epidemics, disease outbreaks, or public health emergencies will impact our business, liquidity, financial condition, and results of operations depends on numerous evolving factors that we may not be able to accurately predict or assess, including the duration and scope of the pandemic, epidemic, disease outbreak, or public health emergency; the negative impact on the economy; the short and longer-term impacts on the demand for restaurant services and levels of consumer confidence; our ability to successfully navigate the impacts; government action, including restrictions on restaurant operations; and increased unemployment and reductions in consumer discretionary spending. Even if a virus or other disease does not spread significantly, the perceived risk of infection or health risk may damage our reputation and adversely affect our business, liquidity, financial condition, and results of operations.

We have been and could continue to be adversely affected by government restrictions on public gatherings, shelter-in-place orders, travel bans, and limitations on operations of restaurants, including dine-in restrictions and mandatory or voluntary closures or restrictions on hours of operations. Restaurants in the U.S. are currently under government mandates or guidelines to temporarily suspend operation or limit restaurant dine-in business in light of COVID-19. We are unable to predict when these measures may be further reduced, how quickly or if our operations will return to previous levels after the measures are scaled back, or if there will be additional future suspensions of operation for potential future waves of COVID-19 or another epidemic or public health emergency. While some of our restaurants have been able to reopen dining rooms, others have had to close again and most of our restaurants are still heavily relying on an off-premise operating model, as dining rooms at reopened restaurants have limited occupancy due to enhanced health and safety procedures and practices that are intended to ensure the safety and comfort of our Team Members and Guests. Even when dining room restrictions ease, we expect to incur increased cleaning and supply costs for an indefinite period of time and labor inefficiencies as we adjust to improved sales volumes and enhanced health and safety protocols. In addition, we cannot guarantee that changes to our operational policies and training will be effective to keep our Team Members and Guests safe from COVID-19. Any publicity relating to health concerns or the perceived or specific outbreaks of COVID-19 attributed to one or more of our restaurants, could result in a significant decrease in Guest traffic in all of our restaurants and could have a material adverse effect on our results of operations. Similar publicity or occurrences with respect to other restaurants or restaurant chains could also decrease our Guest traffic and have a similar material adverse effect on our business. In addition, adverse weather conditions in regions in which the Company's restaurants are located could limit our ability to utilize our expanded outdoor seating. We have also implemented temporary restaurant closures, modified hours, reduced staff, and furloughed employees. These changes and any additional changes may materially adversely affect our business, liquidity, financial condition, and results of operations, particularly if these changes are in place for a prolonged amount of time.

Our restaurant operations could be further disrupted if large numbers of our Team Members are diagnosed with COVID-19. If a significant percentage of our workforce is unable to work, whether because of illness, quarantine, fear of contracting COVID-19, limitations on travel, or other government restrictions in connection with COVID-19, our operations may be negatively impacted. Additionally, it may be difficult to properly staff and reopen our dining rooms if our previously furloughed employees found other sources of employment or are unwilling to return to work during the current climate.

The spread of COVID-19 has also caused us to modify our corporate business practices (including corporate travel, corporate work locations, cancellation of physical participation in meetings, events and conferences, and social distancing measures), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees. Work-from-home and other measures introduce additional operational risks, including cybersecurity risks, and have affected the way we conduct our business, which could have an adverse effect on our operations. There is no certainty that measures taken will be sufficient to mitigate the risks posed by the virus, and illness and workforce disruptions could lead to unavailability of key personnel and harm our ability to perform critical functions.

The COVID-19 pandemic as well as other epidemics, disease outbreaks, or public health emergencies may also materially adversely affect our ability to implement our strategic growth plans, including delays in the rollout of Donatos® pizza to additional restaurant locations, the implementation of technology platforms and technology solutions, restaurant remodels, and development of new restaurants in future years.

Our suppliers have been and could continue to be adversely impacted by the COVID-19 pandemic. If our suppliers' employees are unable to work, whether because of illness, quarantine, fear of contracting COVID-19, limitations on travel or other government restrictions in connection with COVID-19, we could face shortages of food items or other supplies at our restaurants, and our operations and sales could be adversely impacted by such supply interruptions. We provide personal protective equipment ("PPE") to our Team Members and have added additional supplies of sanitization products to our restaurants for employee and Guest use. A shortage of supply of PPE or sanitization products could adversely impact our restaurant operations.

In an effort to preserve liquidity, we have and may continue to take certain actions with respect to some or all of our leases, including negotiating with landlords to obtain rent abatement, deferrals, or lease restructuring as well as continuing to make partial rent payments. We can provide no assurances that forbearance of any further lease obligations will be provided to us, or that, following the COVID-19 pandemic, we will be able to continue restaurant operations on the current terms of our existing leases, any of which could have an adverse effect on our business and results. In addition, we have received notices of default for some of our leases, and, in a small number of cases, notices of eviction or have had eviction proceedings commenced against us. We are actively responding to these notices or proceedings; however, we cannot be certain that our efforts will be successful, which could have an adverse impact on our operations. While we intend for all Company-owned restaurants to reopen, certain of our Company-owned restaurants may remain permanently closed or ultimately close as a result of COVID-19.

The effects of the pandemic on our business could be long-lasting and could continue to have adverse effects on our business, results of operations, liquidity, cash flows, and financial condition, some of which may be significant and adversely impact our access to capital or to borrowing capacity under our credit facility and, as a result, our ability to operate our business on the same terms as we conducted business prior to the pandemic, complete our planned capital expenditures, and execute our strategic plan.

We have experienced and continue to experience the impacts of labor shortages and significant labor cost inflation, which have and may continue to negatively impact our financial condition and results of operations.

Our ability to provide the experience our Guests expect and desire depends on our ability to continue attracting and retaining a sufficient number of qualified management and operating Team Members. Labor shortages in our industry and in the broader economy have disrupted, and may further disrupt, our ability to maintain adequate staffing levels at our restaurants. Increasing competition in the market for Team Members may increase our labor costs, including by requiring us to take additional measures to ensure that our compensation and benefits for Team Members remain competitive within the restaurant industry and with other industries that compete with us for workers, which could materially increase our expenses. During 2021 we took, and we may continue to take, certain measures to limit the impact of staffing shortages on the Guest experience. These measures included limiting operating hours and dine-in services at some of our restaurants. If labor shortages continue or worsen, we may be required to take similar or additional measures at a larger number of our restaurants. If we are not successful in implementing these measures, or if these measures are insufficient to mitigate the impacts of any labor shortages, our Guest experience may be negatively impacted, leading to a decline in traffic and sales, which may impact our financial condition and results of operations.

Additionally, in 2021, many of our vendor partners experienced challenges in hiring and retention, which together with global supply chain disruptions have contributed to intermittent product and distribution shortages. We may be unable to mitigate the impacts of such disruptions by locating vendors who can provide us with supplies that meet our timing, quality, and cost requirements and expectations, or at all, particularly in the event of widespread supply chain disruptions. Sustained supply shortages have and could continue to adversely affect our revenue and our costs.

We believe it is becoming increasing likely that the United States federal government will seek to significantly increase the federal minimum wage and tip credit wage (or eliminate the tip credit altogether) and require significantly more mandated benefits than what is currently required under federal law. Should this happen, other state and local jurisdictions that have historically mandated higher wages and greater benefits than what is required under federal law may seek to further increase wages and mandated benefits. In addition to increasing the overall wages paid to our minimum wage and tip credit wage earners, these increases create pressure to increase wages and other benefits paid to other Team Members who, in recognition of their tenure, performance, job responsibilities, and other similar considerations, historically received a rate of pay exceeding the applicable minimum wage or minimum tip credit wage. Because we employ a large workforce, any wage increase or expansion of benefits mandates will have a particularly significant impact on our labor costs. Our vendors are similarly impacted by wage and benefit cost inflation, and many have or will increase their price for goods, construction, and services in order to offset their increasing labor costs.

While we try to offset labor cost increases through price increases, more efficient purchasing practices, productivity improvements, greater economies of scale and by offering a variety of health plans to our Team Members, there can be no assurance that these efforts will be successful. If we are unable to anticipate and offset increased labor costs, our financial performance could be materially adversely affected.

Our business strategy may not be successful or achieve the desired results, which may have an adverse impact on our business and financial results.

Our business strategy is designed to allow Red Robin to deliver long-term value creation for stockholders in a rapidly evolving marketplace. Our transformation strategy focuses on recapturing and delivering on our brand promise through delivering memorable moments connecting family, friends, and fun, a new service model, technology solutions, and staffing and retention; telling our story through a new creative strategy and marketing initiatives; and accelerating profitable growth through off-premise sales, and menu rationalization and enhancement including the introduction of Donatos® pizza, and a new restaurant prototype.

These strategies and initiatives may not result in sustained higher sales. Our new service model may not achieve the service enhancements we expect, which may negatively affect Guest traffic and sales. Catering, online ordering, and other out-of-restaurant sales options also involve additional operating procedures and complexity for our restaurants and increase reliance on third parties. We may not successfully execute these procedures and are not in control of the experience provided by third parties, which could adversely impact the Guest experience and, as a result, harm Guest perception of our brand and sales. Our business and successful turnaround depends upon our ability to continue to grow and evolve through various important strategic initiatives. There can be no assurance we will be able to develop or implement these or other important strategic initiatives, or that we have, or will have, sufficient resources to fully and successfully implement, sustain results from, or achieve additional expected benefits from them, which could in turn adversely affect our business.

Our success depends on our ability to effectively compete in the restaurant industry to attract and retain Guests.

Competition in the restaurant industry is intense and barriers to entry are low. Our competitors include a large and diverse group of restaurants in all segments ranging from quick serve and fast casual to polished casual and those verging on fine dining. These competitors range from independent local operators that have opened restaurants in various markets, high growth targeted "better" burger concepts in the quick serve and fast casual space, to the well-capitalized national restaurant companies. Many of these concepts have already captured segments of the market that we are targeting, and are expanding faster than we are, penetrating both desirable geographic and demographic markets. Many of our competitors are well established in the casual dining market segment and in certain geographic locations and some of our competitors have substantially greater financial, marketing, and other resources than we have available. Accordingly, they may be better equipped than us to increase marketing or to take other measures to maintain their competitive position, including the use of significant discount offers to attract Guests. We also compete with other restaurants and retail establishments for prime real estate locations.

Our marketing and branding strategies to attract, engage, and retain our Guests may not be successful, which could negatively affect our business.

We continue to evolve our marketing and branding strategies in order to appeal to customers and compete effectively to attract, engage, and retain customers. Our unique loyalty program, Red Robin Royalty™, has experienced some success in enrollment and driving sales and Guest counts by providing loyal Guests with various incentives and rewards. We intend to continue to provide a family friendly atmosphere and have recently shifted our marketing focus to reinforce moments of connection and brand equities instead of price to drive Guest engagement, traffic, and sales. We do not have any assurance our marketing strategies will be successful. If our advertising, branding, and other marketing programs and methods are not successful, we may not generate the level of restaurant sales or Guest traffic we expect, and the expense associated with these programs may negatively affect our financial results. Moreover, many of our competitors have larger marketing resources and more extensive national marketing strategies and media usage and we may not be able to successfully compete against those established programs.

Our inability to effectively use and monitor social media could harm our marketing efforts as well as our reputation, which could negatively impact our restaurant sales and financial performance.

As part of our marketing efforts, we rely on an omni-channel creative strategy including increased social and digital engagement platforms, including Facebook®, Instagram®, and Twitter® to attract and retain Guests. As a result, we need to continuously innovate and develop our social media strategies in order to maintain broad appeal. Many of our competitors are expanding their use of social media and new social media platforms are rapidly being developed, potentially making more traditional social media platforms obsolete and making it challenging for us to differentiate our social media messaging. As a result, we need to continuously innovate and develop our social media strategies in order to maintain broad appeal.

Social media can be challenging because it provides consumers, employees, and others with the ability to communicate approval or displeasure with a business, in near real time, and provides any individual with the ability to reach a broad audience and with comments that are often not filtered or checked for accuracy. If we are unable to quickly and effectively respond, any negative publicity could "go viral" causing nearly immediate and potentially significant harm to our brand and reputation, whether or not factually accurate. In addition, social media can facilitate the improper disclosure of proprietary information, exposure of personally identifiable information, fraud, or out-of-date information.

As a result, if we do not appropriately manage our social media strategies, our marketing efforts in this area may not be successful and any failure (or perceived failure) to effectively respond to negative or potentially damaging social media chatter, whether accurate or not, could damage our reputation, negatively impacting our restaurant sales and financial performance. The inappropriate use of social media vehicles by our Guests or Team Members could increase our costs, lead to litigation, or result in negative publicity that could damage our reputation.

A privacy or security breach involving our information technology systems, or the failure of our data security measures could interrupt our business, damage our reputation, and negatively affect our operations and profits.

The protection of Guest, Team Member, and Company data is critical to us. We are subject to laws relating to information security, privacy, cashless payments, consumer credit, and fraud. Additionally, an increasing number of government and industry groups have established laws and standards for the protection of personal and health information. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements including the California Consumer Privacy Act (CCPA). Compliance with these requirements may result in cost increases due to necessary system changes and the development of new administrative processes, and if we fail to comply with the laws and regulations regarding privacy and security, we could be exposed to risks of fines, investigations, litigation and disruption of our operations.

Moreover, we accept electronic payment cards from our Guests for payment in our restaurants. In the ordinary course of our business, we receive and maintain certain personal information from our Guests, Team Members, and vendors, and we process Guest payments using payment information. Customers and employees have a high expectation we will adequately protect their personal information. Third parties may have the technology or know-how to breach the security of this customer information, and our security measures and those of our technology vendors may not effectively prohibit others from obtaining improper access to this information. A number of restaurant operators and retailers have experienced security breaches in which credit and debit card information may have been stolen. Although we employ security technologies and practices and have taken other steps to try to prevent a breach, we may nevertheless not have the resources or technical sophistication to prevent rapidly evolving types of cyber-attacks. If we have experienced, or in the future experience, a security breach, we could become subject to claims, lawsuits, or other proceedings for purportedly fraudulent transactions arising out of the theft of credit or debit card information, compromised security and information systems, failure of our employees to comply with applicable laws, the unauthorized acquisition or use of such information by third parties, or other similar claims. Any such incidents or proceedings could disrupt the operation of our restaurants, adversely affect our reputation, Guest confidence, and our results of operations, or result in the imposition of penalties or cause us to incur significant unplanned losses and expenditures, including those necessary to remediate any damage to persons whose personal information may have been compromised. Although we have established a consumer cyber security "bill of rights" for our Guests, which includes a number of procedures designed to increase transparency and address our Guests' concerns regarding data breaches (whether actual or perceived), this policy may not be effective in addressing those concerns, which may in turn adversely affect our reputation and Guest confidence. We maintain a separate insurance policy covering cyber security risks and such insurance coverage may, subject to policy terms and conditions, cover certain aspects of cyber risks, but is subject to a retention amount and may not be applicable to a particular incident or otherwise may be insufficient to cover all our losses beyond any retention. Further, in light of recent court rulings and amendments to policy forms, there is uncertainty as to whether traditional commercial general liability policies will be construed to cover the expenses related to a cyber-attack and breaches if credit and debit card information is stolen.

Because of the number of credit card transactions we process, we are required to maintain the highest level of PCI Data Security Standard compliance at our restaurant support center and Company-owned restaurants. As part of an overall security program and to meet PCI standards, we undergo regular external vulnerability scans and we are reviewed by a third party assessor. As PCI standards change, we may be required to implement additional security measures. If we do not maintain the required level of PCI compliance, we could be subject to costly fines or additional fees from the card brands that we accept or lose our ability to accept those payment cards. Our franchisees are separate businesses that have different levels of compliance required depending on the number of credit card transactions processed. If our franchisees fail to maintain the appropriate level of PCI compliance or they experience a security breach, it could negatively impact their business operations, and we could face a loss of or reduction in royalties or other payments they are required to remit to us and it could adversely affect our reputation and Guest confidence.

If there is a material failure in our information technology systems, our business operations and profits could be negatively affected, and our systems may be inadequate to support our future growth strategies.

We rely heavily on information technology systems in all aspects of our operations including our restaurant point-of sale systems, financial systems, marketing programs, employee engagement, supply chain management, cyber-security, and various other processes and transactions. This reliance has grown since the onset of the COVID-19 pandemic as we have had to rely to a greater extent on systems such as online ordering, contactless payments, online reservations, systems supporting a remote workforce. Our ability to effectively manage and run our business depends on the reliability and capacity of our information technology systems, including technology services and systems for which we contract from third parties. These systems and services may be insufficient to effectively manage and run our business. These systems and our business needs will continue to evolve and require upgrading and maintenance over time, consequently requiring significant future commitments of resources and capital.

We cannot provide assurance, however, that the measures we take to secure and enhance these systems will be sufficient to protect our information technology systems and prevent cyber-attacks, system failures or data or information loss. Cyber-attacks, malicious internet-based activity and online and offline fraud are prevalent and continue to increase. In addition to traditional computer "hackers," threat actors, personnel (such as through theft or misuse), sophisticated nation-states and nation-state supported actors now engage in attacks. We may be subject to a variety of evolving threats, including but not limited to social engineering, such as phishing, malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial-of-service attacks (such as credential stuffing), personnel misconduct or error, supply-chain attacks, software bugs, server malfunctions and large-scale, complex automated attacks that can evade detection for long periods of time. Ransomware attacks, including those perpetrated by organized criminal threat actors, nation-states and nation-state supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, loss of data and income, reputational harm and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments.

Any breach of our or our service providers' networks, or other vendor systems, may result in the loss of confidential business and financial data, misappropriation of our consumers', users' or employees' personal information or a disruption of our business. Any of these outcomes could have a material adverse effect on our business, including unwanted media attention, impairment of our consumer and customer relationships, damage to our reputation, resulting in lost sales and consumers, fines, lawsuits, government enforcement actions (for example, investigations, fines, penalties, audits and inspections) or significant legal and remediation expenses. We also may need to expend significant resources to protect against, respond to and/or redress problems caused by any breach.

In addition, the increased use of employee-owned devices for communications as well as work-from-home arrangements, such as those implemented in response to the COVID-19 pandemic, present additional operational risks to our information technology systems, including, but not limited to, increased risks of cyber-attacks. Our software or information technology systems, or that of third parties upon who we rely to operate our business, may have material vulnerabilities and, despite our efforts to identify and remediate these vulnerabilities, our efforts may not be successful or we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. It may be expensive and time-consuming to remediate material vulnerabilities, and our operations, reputation, sales and financial performance may be adversely impacted if we are not able to successfully and promptly remediate such vulnerabilities. Further, like other companies in the restaurant industry, we have in the past experienced, and we expect to continue to experience, cyber-attacks, including phishing attacks, and other attempts to breach or gain unauthorized access to, our systems. For example, in 2021, a remote code execution vulnerability in Apache log4j was identified as affecting large amounts of systems worldwide, and one of our third party software service providers was impacted and suffered a ransomware attack as a result. We completed investigation of this incident and concluded that they resulted in no material adverse impact to us. However, despite the precautions we take to mitigate the risks of such events, an attack on our enterprise information technology system, or those of third parties with which we do business, could result in theft or unauthorized disclosure of our proprietary or confidential information or a breach of confidential customer, supplier or employee information. Such events could impair our ability to conduct our operations or cause disruptions to our supply chain, which could have an adverse impact on revenue and harm our reputation. Additionally, such an event could expose us to regulatory sanctions or penalties, lawsuits or other legal action or cause us to incur legal liabilities and costs, which could be significant, in order to address and remediate the effects of an attack and related security concerns. The insurance coverage we maintain may be inadequate to cover claims or liabilities relating to a cybersecurity attack.

We also use information technology systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. If these systems suffer severe damage, disruption or shutdown and our business continuity plans, or those of our vendors, do not effectively resolve the issues in a timely manner, we could experience delays in reporting our financial results, which could result in lost revenues and profits, as well as reputational damage. Furthermore, we depend on information technology systems and personal information collection for digital marketing, digital commerce, consumer engagement and the marketing and use of our digital products and services. We also rely on our ability to engage in electronic communications throughout the world between and among our employees as well as with other third parties, including customers, suppliers, vendors, and consumers. Any interruption ininformation technology systems may impede our ability to engage in digital commerce and result in lost revenues, damage to our reputation, and loss of users.

Moreover, these technology services and systems, communication systems, and electronic data could be subject or vulnerable to damage or interruption from earthquakes, terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses, loss of data, data breaches, or other attempts to harm our systems. A failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, or any other failure to maintain a continuous and secure information technology network for any of the above reasons could result in interruption and delays in Guest services, adversely affect our reputation, and negatively impact our results of operations.

Changes in consumer preferences could negatively affect our results of operations.

The restaurant industry is characterized by the continual introduction of new concepts and is subject to rapidly changing consumer preferences, tastes, and eating and purchasing habits. Our restaurants compete on the basis of a varied menu and feature burgers, salads, soups, appetizers, other entrees, desserts, and our signature alcoholic and non-alcoholic beverages, and we are in the process of rolling out Donatos® pizza to our restaurants. Our continued success depends, in part, upon the continued popularity of these foods and this style of dining. Shifts in consumer preferences away from this cuisine or dining style could have a material adverse effect on our future profitability. In addition, competitors' use of significant advertising and food discounting could influence our Guests' dining choices. There is no assurance that the addition of Donatos® pizza to our menu will not negatively impact our brand or cannibalize sales of core menu items.

Further, changing health or dietary preferences may cause consumers to avoid our products in favor of alternative foods. The food service industry as a whole rests on consumer preferences and demographic trends at the local, regional, and national levels, and the effect on consumer eating habits of new information regarding diet, nutrition, and health. New laws requiring additional nutritional information to be disclosed on our menus, changes in nutritional guidelines issued by the federal government agencies, issuance of similar guidelines or statistical information by other federal, state or local municipalities, or academic studies, among other things, may affect consumer choice and cause consumers to significantly alter their dining choices in ways that adversely affect our sales and profitability.

We are subject to all of the risks associated with leasing space subject to long-term non-cancelable leases, and risks related to renewal.

As of December 26, 2021, 393 of our 430 Company-owned restaurants are located on leased premises. Payments under our operating leases account for a significant portion of our operating expenses. Additional sites that we lease are likely to be subject to similar long-term non-cancelable leases. In connection with closing restaurants, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term.

In addition, as each of our leases expires, there can be no assurance we will be able to renew our expiring leases after the expiration of all remaining renewal options, either on commercially acceptable terms or at all. As a result, we may incur additional costs to operate our restaurants, including increased rent and other costs related to the negotiation of terms of occupancy of an existing leased premise. If we are unable to renew a lease or determine not to renew a lease, there may be costs related to the relocation and development of a replacement restaurant or, if we are unable to relocate, reduced revenue.

The global and domestic economic environment may negatively affect frequency of Guest visits and average ticket spend at our restaurants, which would negatively affect our revenues and our results of operations.

The global and domestic economic environment affects the restaurant industry and may negatively affect us directly and indirectly through our customers, distributors, and suppliers. These conditions include unemployment, weakness and lack of consistent improvement in the housing markets, downtrend or delays in residential or commercial real estate development, volatility in the U.S. stock market and in other financial markets, inflationary pressures, wage rates, tariffs and other trade barriers, reduced access to credit or other economic factors that may affect consumer confidence. As a result, our Guests may be apprehensive about the economy and maintain or further reduce their level of discretionary spending. This could affect the frequency with which our Guests choose to dine out or the amount they spend on meals, thereby decreasing our revenues and potentially negatively affecting our operating results. Also, our Guests may choose to purchase food at supermarkets or other food retailers. We believe there is a risk that prolonged uncertain economic conditions might cause consumers to make long-lasting changes to their discretionary spending behavior, including dining out less frequently or at lower priced restaurants on a more permanent basis, which would have a negative effect on our profitability as we spread fixed costs across a lower level of sales.

Changes in consumer buying patterns, particularly due to declines in traffic near our leased locations, and the increase in popularity of e-commerce sites and off-premise sales, may affect our revenues, operating results, and liquidity.

The success of our restaurants depends in large part on leased locations. Our restaurants are primarily located near high density retail areas such as regional malls, lifestyle centers, big box shopping centers, and entertainment centers. We depend on a high volume of visitors at these centers to attract Guests to our restaurants. As demographic and economic patterns change, current locations may or may not continue to be attractive or profitable. E-Commerce or online shopping continues to increase and negatively impact consumer traffic at traditional "brick and mortar" retail sites located in regional malls, lifestyle centers, big box shopping centers and entertainment centers. A decline in development or closures of businesses in these settings or a decline in visitors to retail areas near our restaurants could negatively affect our restaurant sales. In addition, desirable locations for the relocation of existing restaurants may not be available at an acceptable cost, due in part to the inability to easily terminate a long-term lease.

In the last several years, off-premise sales, specifically delivery, have increased due to consumer demand for convenience. While we plan to continue to invest in the growth of our online, to-go, catering, and delivery services to drive off-premise sales, there can be no guarantee we will be able to continue to increase our off-premise sales. Off-premise sales could also cannibalize dine in sales, or our systems and procedures may not be sufficient to handle off-premise sales, which may require additional investments in technology or people. Additionally, a large percentage of delivery from our restaurants is through third party delivery companies. These third party delivery companies require us to pay them a commission, which lowers our profit margin on those sales. Any bad press, whether true or not, regarding third party delivery companies or their business model may negatively impact our sales. While we have introduced an alternative to third party delivery by offering an online Company platform to collect orders and outsource the "last mile" of delivery, we may not be able to convert Guests to our platform and that model remains subject to some of the same risks.

Our operations are susceptible to the changes in cost and availability of commodities which could negatively affect our operating results.

Our profitability depends in part on our ability to anticipate and react to changes in commodity costs. Various factors beyond our control, including adverse weather conditions, governmental regulation and monetary policy, potential imposition of tariffs on imports from other countries, product availability, recalls of food products, and seasonality, as well as the effects of the current macroeconomic environment on our suppliers, may affect our commodity costs or cause a disruption in our supply chain. In an effort to mitigate some of this risk, we enter into fixed price agreements on some of our food and beverage products, including certain proteins, produce and cooking oil. As of the end of 2021, approximately 65% of our estimated 2022 annual food and beverage purchases were covered by fixed price contracts, most of which are scheduled to expire at various times through 2021. Changes in the price or availability of commodities for which we do not have fixed price contracts could have a material adverse effect on our profitability. Expiring contracts with our food suppliers could also result in unfavorable renewal terms and therefore increase costs associated with these suppliers or may necessitate negotiations with alternate suppliers. Although the majority of our commodities are sourced domestically, changes in trade policy and tariffs could negatively impact our commodity costs. We may be unable to obtain favorable contract terms with suppliers or adjust our purchasing practices and menu prices to respond to changing food costs, and a failure to do so could negatively affect our operating results.

We may experience interruptions in the delivery of food and other products from third parties.

Our restaurants depend on frequent deliveries of fresh produce, food, beverage, and other products. This subjects us to the risk of interruptions in food and beverage supplies that may result from a variety of causes including, but not limited to, outbreaks of food-borne illness, disruption of operation of production facilities, financial difficulties, including bankruptcy of our suppliers or other unforeseen circumstances. Such shortages could adversely affect our revenue and profits. Our restaurants bear risks associated with the timeliness of deliveries by suppliers and distributors as well as the solvency, reputation, labor relationships, freight rates, and health and safety standards of each supplier and distributor. Other significant risks associated with our suppliers and distributors include improper handling of food and beverage products and/or the adulteration or contamination of such food and beverage products.

Price increases may negatively affect Guest visits.

We may make future price increases, primarily to offset increased costs and operating expenses. We cannot provide assurance that any future price increases will not deter Guests from visiting our restaurants, reduce the frequency of their visits, or affect their purchasing decisions.

New or improved technologies or changes in consumer behavior facilitated by these technologies could negatively affect our business.

Advances in technologies or certain changes in consumer behavior driven by such technologies could have a negative effect on our business. Technology and consumer offerings continue to develop, and we expect new or enhanced technologies and consumer offerings will be available in the future. We may pursue certain of those technologies and consumer offerings if we believe they offer a sustainable Guest proposition and can be successfully integrated into our business model. However, we cannot predict consumer acceptance of these delivery channels or their impact on our business. In addition, our competitors, some of whom have greater resources than us, may be able to benefit from changes in technologies or consumer acceptance of such changes, which could harm our competitive position. There can be no assurance we will be able to successfully respond to changing consumer preferences, including with respect to new technologies or to effectively adjust our product mix, service offerings, and marketing initiatives for products and services that address, and anticipate advances in, technology, and market trends. If we are not able to successfully respond to these challenges, our business, financial condition, and operating results could be harmed.

Expanding our restaurant base is a component of our long-term growth and our ability to open and profitably operate new restaurants is subject to factors beyond our control.

The expansion of our restaurant base depends in large part on our ability and the ability of our franchisees to timely and efficiently open new restaurants and to operate these restaurants on a profitable basis. Delays or failures in opening new restaurants, or the inability to profitably operate them once opened, could materially and adversely affect our planned growth. The success of our expansion strategy and the success of new restaurants depends upon numerous factors, many of which are beyond our control, including the following:

- changes to or volatility in the macroeconomic environment nationally and regionally, which could affect restaurant-level performance and influence our decisions on the rate of expansion, timing, and the number of restaurants to be opened;
- competition in our markets and general economic conditions that may affect consumer spending or choice;
- identification of and ability to secure an adequate supply of available and suitable restaurant sites;
- timely adherence to development schedules;
- cost and availability of capital to fund restaurant expansion and operation;
- negotiation of favorable lease and construction terms;
- the availability of construction materials and labor;
- our ability to manage construction and development costs of new restaurants;
- unforeseen environmental problems with new locations;
- securing required governmental approvals and permits, including liquor licenses, in a timely manner or at all;
- our ability to locate, hire, train, and retain qualified operating Team Members to staff our new restaurants, especially managers;
- our ability to attract and retain Guests;
- weather, natural disasters, and other calamities; and
- our ability to operate at acceptable profit margins.

We are subject to the risks presented by acquisitions or refranchising.

As part of our expansion efforts, we have acquired some of our franchised restaurants in the past. In the future, we may, from time to time, consider opportunistic acquisitions or dispositions of restaurants. We may in the future pursue refranchising with quality operators in certain identified markets. Any future acquisitions or dispositions will be accompanied by the risks commonly encountered in acquisitions. These risks include among other things:

- the difficulty of integrating operations and Team Members;
- the potential disruption to our ongoing business;
- the potential distraction of management;
- the effect on selling, general, and administrative expenses and earnings;
- the inability to maintain uniform standards, controls, procedures, and policies; and
- the impairment of relationships with Team Members and Guests as a result of changes in ownership and management.

New or less mature restaurants, once opened, may vary in profitability and levels of operating revenue for six months or more.

New and less mature restaurants typically experience higher operating costs in both dollars and percentage of revenue initially when compared to restaurants in the comparable restaurant base. There is no assurance new restaurants in the future will continue to experience success. It takes approximately six months or more for new restaurants to reach normalized operating levels due to inefficiencies and other factors typically associated with new restaurants. These factors include operating costs, which are often significantly greater during the first several months of operation, and fluctuating Guest counts at new locations, as well as competition from our competitors or our own restaurants, consumer acceptance of our restaurants in new markets and lack of market awareness of our brand in a new market. Further, there is no assurance our less mature restaurants will attain operating results similar to those of our existing restaurants.

The large number of Company-owned restaurants concentrated in the Western United States makes us susceptible to changes in economic and other trends in that region.

As of December 26, 2021, a total of 170 or 39.5% of our 430 Company-owned restaurants, representing 48% of restaurant revenues, were located in the Western United States (i.e., Arizona, California, Colorado, Nevada, Oregon, Idaho, New Mexico, Utah, and Washington state). As a result of our geographic concentration, negative publicity regarding any of our restaurants in the Western United States, as well as regional differences in the legal, regulatory, and litigation environment, could have a material adverse effect on our business and operations, as could other regional occurrences such as local strikes, energy shortages, or increases in energy prices, droughts, earthquakes, fires, or other natural disasters.

Our revenues and operating results may fluctuate significantly due to various risks and unexpected circumstances, including increases in costs, seasonality, weather, and other factors outside our control.

We are subject to a number of significant risks that might cause our actual quarterly and annual results to fluctuate significantly or be negatively affected. These risks include but are not limited to: extended periods of inclement weather which may affect Guest visits as well as limit the availability and cost of key commodities such as beef, poultry, potatoes, and other items that are important ingredients in our products; material disruptions in our supply chain; changes in borrowings and interest rates; changes to accounting methods or principles; impairment of long-lived assets, including goodwill, and losses on restaurant closures; and costs from natural disasters and repairs to damaged or lost property.

Moreover, our business fluctuates seasonally. Prior to the onset of the COVID-19 pandemic, sales in most of our restaurants have been higher during the summer months and winter holiday season. As a result, our quarterly and annual operating results and comparable restaurant sales may fluctuate significantly as a result of seasonality and the factors discussed above. Accordingly, results for any one quarter or year are not necessarily indicative of results to be expected for any other quarter or for any year, and comparable restaurant sales for any particular future period may decrease.

We rely on our senior executive team for the development and execution of our business strategy and the loss of any member of our senior executive team could negatively affect our operating results.

Key members of our senior executive management team are central to our success and difficult to replace. We may be unable to retain them or attract other highly qualified senior executives, particularly if we do not offer competitive employment terms. The loss of the services of any of our key senior executives or the failure to implement an appropriate succession plan could prevent us from achieving our business strategy and initiatives, which could adversely affect our operating results.

If we are unable to successfully recruit and retain qualified restaurant management and operating Team Members in an increasingly competitive market, we may be unable to effectively operate and grow our business and revenues, which could materially adversely affect our financial performance.

We must continue to attract, retain, and motivate a sufficient number of qualified management and operating Team Members to provide the desired Guest and Team Member experience in our restaurants or deliver on our business strategy. Qualified management and operating Team Members are currently in high demand. If we are unable to attract and retain qualified people, especially at the General Manager level, our restaurants could be short staffed, we may be forced to incur overtime expenses, hourly Team Member turnover could increase, and our ability to operate our restaurants and roll out new service model and technology solutions effectively could be limited, and the Guest experience could be negatively affected, leading to a decline in traffic and sales.

Our franchisees could take actions that could harm our business, expose us to liability or damage our reputation.

Franchisees are independent entities and are not our employees, partners, or affiliates. We share with our franchisees what we believe to be best practices in the restaurant industry; however, franchisees operate their restaurants as independent businesses. Consequently, the quality of franchised restaurant operations may be diminished by any number of factors beyond our control. Moreover, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements or may not hire and train qualified managers and other restaurant Team Members. In addition, as independent businesses, franchisees may not be required to comply with the same levels of business or regulatory compliance we are. While we try to ensure the quality of our brand and compliance with our operating standards, and the confidentiality thereof, are maintained by all of our franchisees, we cannot provide assurance our franchisees will avoid actions that negatively affect the reputation of Red Robin or the value of our proprietary information. Our image and reputation and the image and reputation of other franchisees may suffer materially, and system-wide sales could significantly decline if our franchisees do not operate restaurants according to our standards.

Further, we are subject to federal and state laws that regulate the offer and sale of franchises and aspects of the licensor-licensee relationship. Also, there may be circumstances in which we may be held liable for the actions of our franchisees. In a 2014 action, the National Labor Relations Board (NLRB) alleged McDonald's USA, LLC (the parent-franchisor company for McDonald's restaurants) could be jointly liable for labor and wage violations by its franchisees. Although the parties reached a proposed settlement in March 2018, the administrative law judge in the action rejected the proposed settlement in July 2018. If the action is not settled and results in an adverse outcome against McDonald's USA, liability for franchisees' overtime, wage, or union-organization violations could be pursued against us. Failure to comply with the laws and regulations governing our franchisee relationships or adverse decisions similar to the above-described NLRB action could subject us to liability for actions of the franchisees, or expose us to liability to franchisees, or fines and penalties for non-compliance.

Decreased cash flow from operations, or an inability to access credit could negatively affect our business initiatives or may result in our inability to execute our revenue, expense, and capital deployment strategies.

Our ability to fund our operating plans and to implement our capital deployment strategies depends on sufficient cash flow from operations or other financing, including using funding under our revolving credit agreement. Our capital deployment strategies include but are not limited to paying down debt, maintaining existing restaurants and infrastructure, and executing on our long-term transformation strategy. If we experience decreased cash flow from operations, our ability to fund our operations and planned initiatives, and to take advantage of growth opportunities, may be delayed or negatively affected. In addition, these disruptions and any resulting negative effect on our net income, cash flows, or other relevant financial performance metrics under our revolving credit facility could affect our ability to borrow or comply with our covenants under that facility. While our share repurchase program is currently suspended, when resumed, any repurchase by us of our shares of common stock will further reduce cash available for operations and future growth, as well as debt repayment.

Our future success depends on our ability to protect our intellectual property.

Our business prospects will depend in part on our ability to protect our proprietary information and intellectual property, including the Red Robin, Red Robin Gourmet Burgers®, Red Robin America's Gourmet Burgers & Spirits®, "YUMMM®", Red Robin Gourmet Burgers and Brews™, and Red Robin Royalty™ names and logos. We have registered or filed applications for trademarks for these names and logos, among others, with the United States Patent and Trademark Office and in Canada and we have applied to register various trademarks in certain other international jurisdictions. Our trademarks could be infringed in ways that leave us without redress, such as by imitation or by filings by others in jurisdictions where we are not currently registered. In addition, we rely on trade secrets and proprietary know-how in operating our restaurants, and we employ various methods to protect these trade secrets and proprietary know-how. However, such methods may not afford adequate protection and others could independently develop similar know-how or obtain access to our know-how, concepts, and recipes. Consequently, our business could be negatively affected and less profitable if we are unable to successfully defend and protect our intellectual property.

Food safety and food-borne illness concerns, and any related unfavorable publicity could have an adverse effect on our business.

We dedicate substantial resources to ensuring our Guests enjoy safe, quality food products. Nonetheless, restaurant businesses such as ours can be adversely affected by publicity resulting from complaints or litigation regarding poor food quality, food-borne illness, personal injury, food tampering, communicable disease, adverse health effects of consumption of various food products or high-calorie foods, or other concerns. Food safety issues also could be caused by food suppliers or distributors and, as a result, could be out of our control. Regardless of the source or cause, any report of food-borne illnesses such as E. coli, norovirus, listeria, hepatitis A, salmonella, or trichinosis, as well as other food safety issues including food tampering or contamination, at one of our or a franchisee's restaurants, could adversely affect our reputation and have a negative impact on our sales. The occurrence of food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins.

Health concerns relating to the consumption of beef, chicken, or other food products could affect consumer preferences and could negatively affect our results of operations.

Consumer preferences could be affected by health concerns about food-related illness, the consumption of beef (which is the key ingredient in many of our menu items), or negative publicity or publication of government or industry findings concerning food quality, illness, and injury. Further, consumers may react negatively to reports concerning our food products or health or other concerns or operating issues stemming from one or more of our restaurants. Such negative publicity, whether or not valid, may negatively affect demand for our food and could result in decreased Guest traffic to our restaurants. A decrease in Guest traffic to our restaurants as a result of these health concerns or negative publicity or as a result of a change in our menu or concept could materially harm our business and negatively affect our profitability.

Our business could be adversely affected by increased labor costs, including costs related to the increase in minimum wage and new heath care laws.

Labor is a primary component in the cost of operating our business. Increased labor costs, whether due to competition, unionization, increased minimum and tip wage, state unemployment rates, employee benefits costs, or otherwise, may adversely impact our operating expenses. A considerable amount of our restaurant Team Members are paid at rates related to the federal, state, or local minimum wage. Further, we have a substantial number of restaurants located in states or municipalities where the minimum wage is greater than the current federal minimum wage, including California, Washington, Oregon, Colorado, and New York. For example, California enacted legislation that increased its minimum wage through a series of annual rate increases, from $10.50 an hour in January 2017 to $15 an hour in January 2022, and some California localities currently mandate wages higher than $15 an hour. In addition, the Biden administration and members of Congress have called for an increase in the federal minimum wage from $7.25 an hour to $15 an hour. We anticipate additional legislation increasing minimum wage standards will be enacted in future periods and in other jurisdictions, including a potential increase or elimination of the tip credit wage.

In the past, many of our eligible Team Members chose not to participate in our Company-sponsored health care plans for various reasons, but we expect to continue to see increased costs due to the impact of changes in the health care laws, including as a result of any repeal, replacement or other significant modifications of The Patient Protection and Affordable Care Act of 2010 (the "Affordable Care Act"). Our distributors and suppliers also may be affected by higher minimum wage or health care costs, which could result in higher costs for goods and services supplied to us. A shortage in the labor pool or other general inflationary pressures or changes could also increase our labor costs. In the past, we have been able to offset increases in labor costs by improving our productivity or changing staffing models in our restaurants or by taking gradual increases in pricing, but there is no guarantee we can continue to do so in the future. In addition, we rely on our Team Members to accurately disclose the full amount of tips received, and we based our FICA tax reporting on the amounts provided to us by such tipped Team Members. Inaccurate Team Member FICA tax reporting could subject us to monetary liabilities. If our labor costs increase and we are not able to offset costs through productivity or efficiency gains from changing staffing models, profitable sales drivers or costs reduction efforts, or to pass along the costs in the form of increased prices to our Guests, then it could have a material adverse effect on our results of operations. Further, changes to our staffing models in our restaurants due to labor costs or any labor shortages, could negatively impact our ability to provide adequate service levels to our Guests, which could result in adverse Guest reactions and a possible reduction in Guest traffic at our restaurants.

Our failure to remain in compliance with governmental laws and regulations as they continually evolve, and the associated costs of compliance, could cause our business results to suffer.

Our business is subject to various federal, state, and local government laws and regulations, including, among others, those relating to our employees, public health and safety, food safety, alcoholic beverage control, public accommodations, financial and disclosure reporting and controls, and consumer health regulations, including those pertaining to nutritional content and menu labeling such as the Affordable Care Act, which requires restaurant companies such as ours to disclose calorie information on their menus. These laws and regulations continually evolve and change, and compliance may be costly and time-consuming. Moreover, we may fail to maintain compliance with all laws and regulations despite our best efforts. Changes in applicable laws and regulatory requirements, or failure to comply with them could result in, among other things, increased exposure to litigation, administrative enforcement actions or governmental investigations or proceedings; revocation of required licenses or approvals; fines; and civil and criminal liability. These negative consequences could increase the cost of or interfere with our ability to operate our business and execute our strategies.

Various federal, state, and local employment laws govern our relationship with our Team Members and affect operating costs. These laws govern employee classification, wage rates, fair scheduling and payment requirements including tip credit laws and overtime pay, meal and rest breaks, unemployment and other taxes, health care and benefits, workers' compensation rates, citizenship or residency requirements, labor relations, child labor regulations, and discriminatory conduct. Changes in these laws or our failure to comply with enforcement requirements could require changes to our operations that could harm our operating results. For example, although we require all of our Team Members to provide us with the government-specified documentation evidencing their employment eligibility, some of our Team Members, without our knowledge, may not meet federal citizenship or residency requirements, which could lead to a disruption in our work force. A number of other factors could adversely affect our operating results, including:

- additional government-imposed increases in minimum and/or tipped wages, overtime pay, paid leaves of absence, sick leave, and mandated health benefits;
- increased tax reporting and tax payment requirements for employees who receive gratuities;
- a reduction in the number of states that allow gratuities to be credited toward minimum wage requirements; and
- increased employee litigation including claims under federal and/or state wage and hour laws, including the WARN Act.

We are subject to "dram shop" statutes in some states. These statutes generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to such intoxicated person. Failure to comply with alcoholic beverage control or dram shop regulations could subject us to liability and could negatively affect our business.

The Company's effective tax rate could be volatile and materially change as a result of changes in tax laws.

Prior to the 2020 U.S. presidential election, President Biden proposed an increase in the U.S. corporate income tax rate from 21% to 28%, the creation of a 10% penalty on certain imports, and a 15% minimum tax on worldwide book income. Additionally, a repeal of NOL carrybacks has also been discussed. If any or all of these (or similar) proposals are ultimately enacted into law, in whole or in part, they could have a negative impact to the Company's effective tax rate and cash tax refunds. Additionally, while we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals. The results of a tax audit could have a material effect on our results of operations or cash flows in the period which the final determination is made.

A significant increase in litigation could have a material adverse effect on our results of operations, financial condition, and business prospects.

As a member of the restaurant industry, we are sometimes the subject of complaints or litigation, including class action lawsuits, from Guests alleging illness, injury, or other food quality, health, or operational concerns. Negative publicity resulting from these allegations could harm our restaurants, regardless of whether the allegations are valid or whether we are liable. In addition, we are subject to the same risks of negative publicity resulting from these sorts of allegations even if the claim actually involves one of our franchisees.

Any failure by us to comply with the various federal and state labor laws governing our relationship with our Team Members including requirements pertaining to minimum wage, overtime pay, meal and rest breaks, unemployment tax rates, workers' compensation rates, citizenship or residency requirements, child labor regulations, and discriminatory conduct, may have a material adverse effect on our business or operations. We have been subject to such claims from time to time. The possibility of a material adverse effect on our business relating to employment litigation is even more pronounced given the high concentration of Team Members employed in the Western United States, as this region, and California in particular, has a substantial amount of legislative and judicial activity pertaining to employment-related issues. Further, employee claims against us based on, among other things, discrimination, harassment, or wrongful termination may divert our financial and management resources that would otherwise be used to benefit the future performance of our operations.

Labor organizing could adversely affect our operations and harm our competitive position in the restaurant industry, which could harm our financial performance.

Our employees or others may attempt to unionize our workforce, establish boycotts or picket lines or interrupt our supply chains which could increase our labor costs, limit our ability to manage our workforce effectively, and cause disruptions to our operations. A loss of our ability to effectively manage our workforce and the compensation and benefits we offer to our staff members could harm our financial performance.

Our current insurance may not provide adequate levels of coverage against claims.

There are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure against. Such losses could have a material adverse effect on our business and results of operations. In addition, we self-insure a significant portion of expected losses under our employee health, workers' compensation, general liability, property, and cyber insurance programs. Unanticipated changes in the actuarial assumptions and management estimates underlying our reserves for these losses could result in materially different amounts of expense under these programs, which could have a material adverse effect on our financial condition, results of operations, and liquidity. Failure to obtain and maintain adequate directors' and officers' insurance could materially adversely affect our ability to attract and retain qualified officers and directors.

Risks Related to Owning Our Stock

The market price of our common stock is subject to volatility, which has and may continue to attract the interest of activist stockholders.

During fiscal 2021, the price of our common stock fluctuated between $15.20 and $41.14 per share. The market price of our common stock may be significantly affected by a number of factors, including, but not limited to, actual or anticipated variations in our operating results or those of our competitors as compared to analyst expectations, changes in financial estimates by research analysts with respect to us or others in the restaurant industry, announcements of significant transactions (including mergers or acquisitions, divestitures, joint ventures or other strategic initiatives) by us or others in the restaurant industry, and the COVID-19 pandemic. In addition, the equity markets have experienced price and volume fluctuations that affect the stock price of companies in ways that have been unrelated to an individual company's operating performance. The price of our common stock may continue to be volatile, based on factors specific to our Company and industry, as well as factors related to the equity markets overall. Moreover, such volatility has recently and may continue to attract the interest of activist stockholders. Responding to activist stockholders can be costly and time-consuming, and the perceived uncertainties as to our future direction resulting from responding to activist strategies could itself then further affect the market price and volatility of our common stock.

Any failure to repurchase the Company's stock up to the maximum amounts permitted under our previously announced repurchase program may negatively impact investor perception of us and may affect the market price and volatility of our stock.

Our stock repurchase program is temporarily suspended. If and when we reinstate our stock repurchase program, it may require us to use a significant portion of our cash flow from operations and/or may require us to incur indebtedness utilizing our existing credit facility or some other form of debt financing. Our ability to repurchase stock will depend on our ability to generate sufficient cash flows from operations, as supplemented by proceeds from the exercise of employee stock options and our capacity to borrow funds, which may be subject to economic, financial, competitive and other factors that are beyond our control. The inability to complete stock repurchases under our previously announced repurchase program may negatively impact investor perception of us and may therefore affect the market price and volatility of our stock.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

We currently lease the real estate for most of our Company-owned restaurant facilities under operating leases with remaining terms ranging from less than one year to over 15 years excluding options to extend. These leases generally contain options which permit us to extend the lease term at an agreed rent or at prevailing market rates. Certain leases provide for contingent rents, which are determined as a percentage of adjusted gross restaurant sales in excess of specified levels. Contingent rental payments are recognized as a variable lease expense when specified levels have been achieved or when management determines achieving the specified levels during the year is probable. Certain lease agreements also require the Company to pay maintenance, insurance, and property tax costs.

We own real estate for 37 Company-owned restaurants located in Arizona (4); Arkansas (1); California (1); Colorado (4); Florida (1); Georgia (1); Illinois (1); Indiana (1); Maryland (1); Missouri (1); North Carolina (3); Ohio (4); Pennsylvania (3); Texas (5); Virginia (4); and Washington (2).

Our restaurant support center is located in Greenwood Village, Colorado. As a result of the COVID-19 pandemic, we have implemented a dispersed workforce policy that permits many of our Restaurant Support Center Team Members to continue working remotely and we expect that to continue on a go-forward basis. For on-site critical, Company leadership, and those who desire to work in a shared location, we have optimized our office footprint to meet the needs of that population. We occupy this facility under a lease that expires on May 31, 2025. We operate a test kitchen and training facility located in Englewood, Colorado under a lease that expires May 31, 2025.

Our existing prototype for new Red Robin restaurants is approximately 5,100 square feet with a capacity of approximately 200 seats. We develop restaurants under ground leases on which we build our own restaurants in addition to converting existing buildings on standalone, in-line, end cap, and mall locations. As of December 26, 2021, our restaurant locations comprised approximately 2.7 million square feet.

ITEM 3. Legal Proceedings

For information regarding contingencies related to litigation, please see Footnote 12.*Commitments and Contingencies* included within Item 8. Financial Statements and Supplementary Data of Part II of this Annual Report on Form 10-K for the period ended December 26, 2021, the contents of which are incorporated herein by reference.

ITEM 4. Mine Safety Disclosures

Not applicable.

PART II

ITEM 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on The Nasdaq Global Select Market under the symbol RRGB. As of March 8, 2022, there were 92 registered owners of our common stock.

Dividends

We did not declare or pay any cash dividends on our common stock during 2021, 2020 or 2019. We currently anticipate we will retain any future cash flow to pay down debt, maintain existing restaurants and infrastructure, and execute on our long-term business strategy. Our credit facility has certain limitations on paying dividends or making repurchases of our shares, and we are subject to certain covenant ratios, including a leverage ratio under our credit agreement.

Any future determination relating to our dividend policy will be made at the discretion of our board of directors and will depend on then existing conditions, including our financial condition, results of operations, contractual restrictions, capital requirements, business prospects, and other factors our board of directors may deem relevant.

Issuer Purchases of Equity Securities

During the fiscal year ended December 26, 2021, the Company did not have any sales of securities in transactions that were not registered under the Securities Act that have not been reported in a Current Report on Form 8-K. No share repurchases were made by the Company during 2021. Our ability to repurchase shares is limited to certain conditions set forth by our lenders in the credit facility.

Performance Graph

The following graph compares the yearly percentage in cumulative total stockholders' return on Common Stock of the Company since the end of its fiscal year 2015, with the cumulative total return over the same period for (i) The Russell 3000 Index, and (ii) the S&P 600 Restaurants.

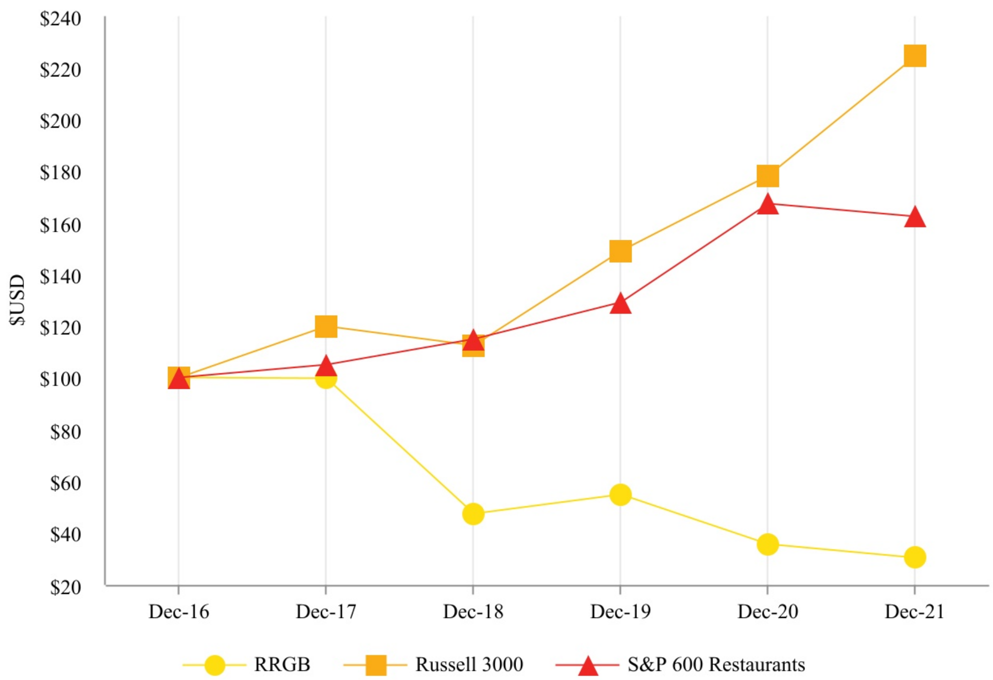
Pursuant to rules of the SEC, the comparison assumes $100 was invested on December 24, 2016, the last trading day in the Company's 2016 fiscal year, in the Company's Common Stock and in each of the indices.

This performance graph shall not be deemed to be "soliciting material" or to be "filed" under either the Securities Act or the Exchange Act.

COMPARISON OF FIVE YEAR CUMULATIVE TOTAL RETURN[1)]

Among Red Robin Gourmet Burgers, Inc., The Russell 3000 Index

and S&P 600 Restaurants Index



	Fiscal Years Ended					
	December 25, 2016	December 31, 2017	December 30, 2018	December 29, 2019	December 27, 2020	December 26, 2021
Red Robin Gourmet Burgers, Inc. (RRGB)	$ 100.00	$ 99.91	$ 47.33	$ 54.97	$ 35.61	$ 30.40
The Russell 3000 Index	100.00	119.86	112.59	149.16	178.27	224.41
S&P 600 Restaurants[(2)]	$ 100.00	$ 105.05	$ 115.04	$ 129.10	$ 167.49	$ 162.41

(1) Represents performance of $100 invested on December 25, 2016 in stock or index, including reinvestment of dividends based on calendar years ending December 31 for purposes of comparability.
(2) The S&P 600 Restaurants includes companies such as Bloomin' Brands Inc., Brinker International, Inc., Chuy's Holdings Inc., Dine Brands Global, Inc., Fiesta Restaurant Group, Inc., and The Cheesecake Factory Incorporated.

ITEM 6. Reserved

ITEM 7. 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 consolidated financial statements. All comparisons under this heading between 2021 and 2020 refer to the fifty-two weeks ended December 26, 2021 and December 27, 2020, unless otherwise indicated.

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 casual dining restaurants with 531 locations in North America. As of December 26, 2021, the Company operated 430 Company-owned restaurants located in 38 states. The Company also had 101 franchised restaurants in 16 states and one Canadian province as of December 26, 2021. 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.

The Company's fiscal year ends on the last Sunday of each calendar year. Most of our fiscal years have 52 weeks; however, we experience a 53rd week once every five to six years. Both 2021 and 2020 refer to 52 week fiscal years.

Fiscal Year 2021 Accomplishments

Despite the continued challenges of the COVID-19 pandemic, and associated staffing and supply chain headwinds, we made significant progress on executing our strategic business model during fiscal year 2021. Our accomplishments in 2021 include the following:

- Sustained off-premises sales of more than double pre-pandemic levels, with off-premises sales mix of 31.4% for the fourth quarter of 2021, compared to approximately 14.0% in the fourth quarter of 2019. Off-premises sales comprised $84.7 million, $85.1 million and $36.7 million of comparable restaurant revenue for the fourth quarters of 2021, 2020 and 2019, respectively;
- Continued Donatos® roll-out to 120 Company-owned restaurants, bringing the total number of restaurants with Donatos® to 198 restaurants as of December 26, 2021. Restaurants that have been serving Donatos® pizza prior to 2021 are continuing to benefit from growing incremental sales beyond their first year as operations mature and brand affinity grows, with comparable restaurant revenue up 6.5% compared to 2019 in restaurants without supply chain issues;
- At the end of 2021, we were 93% staffed at the salaried manager positions, and 96% staffed in the General Manager role;
- Launched integrated and seamless digital ecosystem for our Guests, including mobile applications on both iOS and Android platforms, an improved and more relevant digital Guest experience consisting of a new and improved website, and the integration of a new loyalty program; and,
- Completed our lease renegotiation and restructuring initiative that we began in 2020 as a result of the COVID-19 pandemic, resulting in 3% to 4% occupancy savings over remaining lease terms on restructured leases.

COVID-19 Impact

The COVID-19 pandemic continues to create unprecedented challenges for our industry including government mandated restrictions, changing consumer behavior, labor and supply chain challenges, and wide spread inflationary costs. Even as government restrictions were lifted, and dining rooms returned to full capacity, the surge in the Delta and Omicron variants continued to highlight the critical importance of providing a safe environment for our Team Members and Guests.

In response to these COVID-19 challenges, the Company limited dining hours and seating capacity in order to preserve the consistent quality experience our Guests expect from us. Our disciplined Guest focus is delivered through our TGX hospitality model, off-premises enhancements, and our management labor model.

Our ability to attract and retain Team Members has become more challenging in the current competitive job market. Staffing is our number one priority; we have supported our staffing efforts through technology enhancements to the application and hiring process, improving our wage policies, holding national hiring days, and deploying internal and external resources to augment recruiting, hiring, and training efforts. The challenges in hiring and retention and global supply chain disruptions have affected many of our vendor partners, resulting in intermittent product and distribution shortages.

We remain focused on proactively addressing these industry challenges, while delivering a great Guest experience and continuing to prioritize the satisfaction and retention of our Team Members.

Financial and Operational Highlights

The following summarizes the financial and operational highlights during the fifty-two weeks ended December 26, 2021:

Restaurant revenue, compared to the same period in the prior year, is presented in the table below:

	(millions)
Restaurant revenue for the fifty-two weeks ended December 27, 2020	$ 854.1
Increase in comparable[1] restaurant revenue	276.6
Increase in non-comparable restaurant revenue	7.0
Total increase	283.6
Restaurant revenue for the fifty-two weeks ended December 26, 2021	$ 1,137.7

[1] Comparable restaurant revenue represents revenue from Company-owned restaurants that have operated five full quarters as of the end of the period presented.

Restaurant revenues and operating costs as a percentage of restaurant revenue for the period are detailed in the table below:

	Fifty-two weeks ended		2021 compared to 2020
(Dollars in millions)	December 26, 2021	December 27, 2020	Increase/(Decrease)
Restaurant revenue	$ 1,137.7	$ 854.1	33.2 %
Restaurant operating costs:	(Percentage of Restaurant Revenue)		(Basis Points)
Cost of sales	22.9 %	23.2 %	(30)
Labor	36.0	39.0	(300)
Other operating	18.3	19.3	(100)
Occupancy	8.5	11.7	(320)
Total	85.7 %	93.2 %	(750)

The following table summarizes Net loss, loss per diluted share, and adjusted loss per diluted share (a non-GAAP measure) for the fifty-two weeks ended December 26, 2021 and December 27, 2020;

	Fifty-two Weeks Ended	
(Dollars and shares in thousands, except per share amounts)	December 26, 2021	December 27, 2020
Net loss as reported	$ (50,002)	$ (276,068)
Loss per share - diluted:		
Net loss as reported	$ (3.19)	$ (19.29)
Restaurant closure costs	0.40	1.39
Asset impairment	0.45	1.88
Litigation contingencies	0.08	0.45
COVID-19 related costs	0.08	0.13
Board and stockholder matter costs	0.01	0.17
Goodwill impairment	—	6.67
Severance costs	—	0.06
Income tax effect	(0.26)	(2.79)
Adjusted loss per share - diluted	$ (2.43)	$ (11.33)
Weighted average shares outstanding		
Basic	15,660	14,314
Diluted	15,660	14,314

We believe the non-GAAP measure of adjusted loss per diluted share 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 diluted share excludes the effects of goodwill impairment, asset impairment, litigation contingencies, board and stockholder matters costs, restaurant closure costs, severance and executive transition costs, executive retention costs, COVID-19 related costs, and related income tax effects. Other companies may define adjusted net loss per share differently, and as a result our measure of adjusted loss per share may not be directly comparable to those of other companies. Adjusted loss per share 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.

Restaurant Data

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

	Fifty-two Weeks Ended	
	December 26, 2021	December 27, 2020
Company-owned:		
Beginning of period	443	454
Opened during the period	1	—
Closed during the period	(14)	(11)
End of period	430	443
Franchised:		
Beginning of period	103	102
Opened during the period	—	1
Closed during the period	(2)	—
End of period	101	103
Total number of restaurants	531	546

The following table presents total Company-owned and franchised restaurants by state or province as of December 26, 2021:

	Company-Owned Restaurants	Franchised Restaurants
State:		
Arkansas	2	2
Alaska	—	3
Alabama	4	—
Arizona	17	1
California	59	—
Colorado	22	—
Connecticut	—	3
Delaware	—	5
Florida	19	—
Georgia	6	—
Iowa	5	—
Idaho	8	—
Illinois	22	—
Indiana	13	—
Kansas	—	4
Kentucky	4	—
Louisiana	2	—
Massachusetts	4	2
Maryland	13	—
Maine	2	—
Michigan	—	20
Minnesota	4	—
Missouri	8	3
Montana	—	2
North Carolina	17	—
Nebraska	4	—
New Hampshire	3	—
New Jersey	12	1
New Mexico	3	—
Nevada	6	—
New York	14	—
Ohio	18	2
Oklahoma	5	—
Oregon	15	5
Pennsylvania	11	21
Rhode Island	1	—
South Carolina	4	—
South Dakota	1	—
Tennessee	11	—
Texas	20	9
Utah	1	6
Virginia	20	—
Washington	39	—
Wisconsin	11	—
Province:		
British Columbia	—	12
Total	430	101

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

	Year Ended	
	2021	2020
Revenues:		
Restaurant revenue	97.9 %	98.3 %
Franchise revenue	1.5	1.0
Other revenue	0.6	0.7
Total revenues	100.0 %	100.0 %
Costs and expenses:		
Restaurant operating costs[1] (exclusive of depreciation and amortization shown separately below):		
Cost of sales	22.9 %	23.2 %
Labor	36.0	39.0
Other operating	18.3	19.3
Occupancy	8.5	11.7
Total restaurant operating costs	85.7	93.2
Depreciation and amortization	7.2	10.1
Selling, general and administrative expenses	10.6	12.3
Pre-opening and acquisition costs	0.1	—
Other charges	1.4	17.7
Loss from operations	(3.2)%	(31.7)%
Other expense (income):		
Interest expense	1.2 %	1.2 %
Interest (income) and other, net	(0.1)	(0.2)
Total other expenses	1.2	1.0
Loss before income taxes	(4.3)	(32.6)
Income tax benefit	0.0	(0.9)
Net loss	(4.3)%	(31.8)%

[1] Expressed as a percentage of restaurant revenue

Revenues

(Revenues in thousands)	Year Ended 2021	2020	Percent Change
Restaurant revenue	$ 1,137,733	$ 854,136	33.2 %
Franchise revenue	17,236	8,853	94.7 %
Other revenue	7,109	5,726	24.2 %
Total revenues	$ 1,162,078	$ 868,715	33.8 %
Average weekly net sales per Company-owned restaurants	$ 51,116	$ 38,381	
Total operating weeks	22,258	22,254	— %
Net sales per square foot	$ 425	$ 320	32.8 %

Restaurant revenue, which comprises primarily food and beverage sales, increased $283.6 million in 2021, or 33.2%, as compared to 2020. The increase was due to a $276.6 million, or 33.5%, increase in comparable restaurant revenue due to the COVID-19 pandemic and a $7.0 million increase primarily from reopened restaurants that were temporarily closed during 2020. The comparable restaurant revenue increase was driven by a 22.3% increase in Guest count and an 11.2% increase in average Guest check. The increase in average Guest check comprised a 6.7% increase in menu mix, and a 3.7% increase in pricing and a 0.8% increase from lower discounting. The increase in menu mix was primarily driven by higher sales of beverages, appetizers, and limited time menu offerings with higher dine-in sales volumes.

Average weekly net sales volumes represent 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 are in the comparable base based on operating five full fiscal quarters as of the end of each period presented. Temporarily closed Company-owned restaurants due to the COVID-19 pandemic were not included in the comparable base for the fiscal years ended December 26, 2021 and December 27, 2020. 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 new and acquired restaurants during the period, the average square footage of our restaurants, as well as the impact of changing capacity limitations in response to COVID-19 levels in a given locality. Net sales per square foot represents the total of restaurant revenue for Company-owned restaurants included in the comparable base divided by the total adjusted square feet of Company-owned restaurants included in the comparable base.

Franchise revenue primarily comprises royalty income and advertising fund contributions. Franchise revenue increased $8.4 million, or 94.7%, in 2021 compared to 2020 primarily due to improved comparable franchise sales performance, and charging and collecting royalty payments and advertising contributions from our franchisees during 2021. During 2020, the Company had temporarily abated franchisee royalty and advertising contribution payments in mid-March, and resumed collection during the latter half of the second fiscal quarter of 2020.

Other revenue is primarily comprised of gift card breakage, which represents the value associated with the portion of gift cards sold that are unlikely to be redeemed, and licensing royalties. During 2021 and 2020, we recognized $5.4 million and $4.5 million of gift card breakage.

Cost of Sales

(In thousands, except percentages)	2021	2020	Percent Change
Cost of sales	$ 260,896	$ 198,487	31.4 %
As a percent of restaurant revenue	22.9 %	23.2 %	(0.3)%

Cost of sales, which comprises food and beverage costs, is variable and generally fluctuates with sales channel mix and volume. Cost of sales as a percentage of restaurant revenue decreased 30 basis points in 2021 as compared to 2020. The decrease was primarily driven by pricing and favorable mix shifts, partially offset by commodity inflation.

Labor

(In thousands, except percentages)	2021	2020	Percent Change
Labor	$ 409,901	$ 332,827	23.2 %
As a percent of restaurant revenue	36.0 %	39.0 %	(3.0)%

Labor costs include restaurant-level hourly wages and management salaries as well as related taxes and benefits. Labor as a percentage of restaurant revenue decreased 300 basis points in 2021 as compared to 2020. The decrease was primarily driven by staffing shortages, and sales leverage, partially offset by higher wage rates, staffing costs and increased restaurant management compensation costs in 2021.

Other Operating

(In thousands, except percentages)	2021	2020	Percent Change
Other operating	$ 207,829	$ 164,468	26.4 %
As a percent of restaurant revenue	18.3 %	19.3 %	(1.0)%

Other operating costs include costs such as equipment repairs and maintenance costs, restaurant supplies, utilities, restaurant technology, and other miscellaneous costs including royalties paid to Donatos®. Other operating costs as a percentage of restaurant revenue decreased 100 basis points in 2021 as compared to 2020. The decrease was primarily driven by sales leverage and lower utilities and supplies, partially offset by increased third party commissions and hiring advertisement costs.

Occupancy

(In thousands, except percentages)	2021	2020	Percent Change
Occupancy	$ 96,484	$ 99,521	(3.1)%
As a percent of restaurant revenue	8.5 %	11.7 %	(3.2)%

Occupancy costs include fixed rents, property taxes, common area maintenance charges, general liability insurance, contingent rents, and other property costs. In 2021, occupancy costs as a percentage of restaurant revenue decreased 320 basis points as compared to 2020 primarily driven by sales leverage, savings from permanently closed restaurants and restructured leases.

Our fixed rents in 2021 and 2020 were $68.8 million and $66.1 million, an increase of $2.7 million due to the recognition of occupancy costs in Other charges for temporarily closed Company-owned restaurants during periods of closure due to the COVID-19 pandemic in 2020, partially offset by decreases from 14 restaurants permanently closed during 2021 and 11 restaurants permanently closed during 2020.

Depreciation and Amortization

(In thousands, except percentages)	2021	2020	Percent Change
Depreciation and amortization	$ 83,438	$ 87,557	(4.7)%
As a percent of total revenues	7.2 %	10.1 %	(2.9)%

Depreciation and amortization includes depreciation on capital expenditures for restaurants and corporate assets as well as amortization of acquired franchise rights, leasehold interests, and certain liquor licenses. In 2021, depreciation and amortization expense as a percentage of revenue decreased 290 basis points as compared to 2020. The decreases are primarily due to net closed Company-owned restaurants, and sales leverage.

Selling, General, and Administrative expenses

(In thousands, except percentages)	2021	2020	Percent Change
Selling, general, and administrative expenses	$ 122,743	$ 106,822	14.9 %
As a percent of total revenues	10.6 %	12.3 %	(1.7)%

Selling, general, and administrative costs include all corporate and administrative functions. Components of this category include marketing and advertising costs, our 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 of directors expenses.

Selling, general, and administrative expense increased $15.9 million, or 14.9% in 2021 as compared to 2020. The increase in selling, general, and administrative expenses in 2021 was primarily driven by the return of marketing spend closer to a more normalized level in 2021, merit increases and lapping temporary salary reductions in 2020, increased travel costs, and higher professional services spend.

Pre-opening Costs

(In thousands, except percentages)	2021	2020	Percent Change
Pre-opening costs	$ 1,410	$ 296	*
As a percent of total revenues	0.1 %	*	*

** Percentage increases and decreases over 100 percent were not considered meaningful.*

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 restaurant openings, the size of the restaurants being opened, and the location of the restaurants. Pre-opening costs for any given quarter will typically include expenses associated with restaurants opened during the quarter as well as expenses related to restaurants opening in subsequent quarters.

We incurred pre-opening costs during 2021 related to the rollout of Donatos® and the costs associated with opening one new restaurant. We incurred pre-opening costs during 2020 related to the rollout of Donatos®. The Company completed the rollout of 120 restaurants during the year ended December 26, 2021, and expects to continue its roll out of Donatos® to approximately 50 restaurants in 2022 with full completion by 2024. Rollout of Donatos® requires pre-opening expense of approximately $12 thousand per restaurant.

Other Charges

(In thousands, except percentages)	2021	2020	Percent Change
Restaurant closures and refranchising costs	$ 6,276	$ 19,846	(68.4)%
Asset impairment	7,052	26,940	(73.8)%
Litigation contingencies	1,330	6,440	(79.3)%
COVID-19 related costs	1,288	1,858	(30.7)%
Board and shareholder matter costs	128	2,504	(94.9)%
Goodwill impairment	—	95,414	*
Severance and executive transition	—	881	*
Other charges	$ 16,074	$ 153,883	

** Percentage increases and decreases over 100 percent were not considered meaningful.*

For further information on Other charges line items, refer to Footnote 4,*Other Charges*, of the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

Interest Expense and Interest Income

Interest expense in 2021 and 2020 was $14.2 million and $10.2 million, respectively. Our weighted average interest rate in 2021 and 2020 was 7.1% and 4.5%.

During the fourth quarter of 2020, we received a $49.4 million federal cash tax refund that included approximately $1.1 million of interest, recorded in the Interest income and other, net line on the consolidated statements of operation and comprehensive loss.

Income Taxes

Income tax benefit was $0.2 million in 2021, compared to an income tax benefit of $7.5 million in 2020. Our effective tax rate was a 0.3% benefit in 2021 and a 2.6% benefit in 2020. The decrease in tax benefit for the year ended December 26, 2021 is primarily due to the 2020 favorable rate impact of net operating loss ("NOL") carrybacks allowed as part of the CARES Act.

The Company had outstanding federal and state refund claims of approximately $15.8 million as of December 26, 2021. In January 2022, the Company received $2.4 million of those refund claims and expects to receive the remaining $13.4 million over the next 12-18 months due to processing delays at the IRS.

Liquidity and Capital Resources

Cash and cash equivalents increased $6.7 million to $22.8 million at December 26, 2021, from $16.1 million at the beginning of the fiscal year. As the Company continues to recover from the COVID-19 pandemic and generates operating cash flow, the Company is using available cash flow from operations to pay down debt, maintain existing restaurants and infrastructure, and execute on its long-term strategic initiatives. As of December 26, 2021, the Company had approximately $57.7 million in liquidity, including cash on hand and available borrowing capacity under its credit facility.

Cash Flows

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

	Year Ended	
	2021	2020
Net cash provided by operating activities	$ 47,292	$ 20,233
Net cash used in investing activities	(42,241)	(21,393)
Net cash provided by (used) in financing activities	1,563	(11,704)
Effect of currency translation on cash	20	(1,065)
Net increase (decrease) in cash and cash equivalents	$ 6,634	$ (13,929)

Operating Cash Flows

Net cash flows provided by operating activities increased $27.1 million to $47.3 million in 2021 as compared to 2020. The changes in net cash provided by operating activities are primarily attributable to a $163.4 million increase in profit from operations (defined as the change in operating margins from comparable and non-comparable restaurants), lower accounts receivable and higher accounts payable balances due to the timing of operational receipts and payments, as well as other changes in working capital as presented in the Consolidated Statements of Cash Flows.

Investing Cash Flows

Net cash flows used in investing activities increased $20.8 million to $42.2 million in 2021 as compared to 2020. The increase is primarily due to adding Donatos® to 120 restaurants during 2021, as well as increased spending on restaurant improvements, and investments in technology.

The following table lists the components of our capital expenditures for each fiscal year presented (in thousands):

	Year Ended	
	2021	2020
Donatos® expansion	$ 17,113	$ 2,620
Restaurant improvement capital and other	12,798	9,794
Investment in technology, infrastructure, and other	10,812	9,718
New restaurants and restaurant refreshes	1,538	—
Total capital expenditures	$ 42,261	$ 22,132

Expenditures for Donatos® expansion include expenditures for kitchen equipment, other equipment and other capital costs associated with adding Donatos® to our restaurants, Restaurant improvement capital and other consists of capital equipment for our restaurants, Investment in technology, infrastructure and other consists of capital costs related to restaurant technology assets, capital overhead, and other items, and new restaurants and restaurant refreshes primarily relates to costs associated with the re-establishment of our new restaurant development program.

Financing Cash Flows

Net cash flows provided by (used in) financing activities increased $13.3 million to $1.6 million in 2021 as compared to 2020. The increase primarily resulted from a $40.2 million increase in net draws of long-term debt, a decrease of $1.6 million for cash used to repurchase the Company's common stock due to the Company's financial covenants restricting the repurchase of common stock in 2021, and a $1.2 million decrease in cash paid for debt issuance costs in 2021 compared to 2020, partially offset by a $28.7 million decrease from net cash proceeds received from the issuance of common stock in 2020.

Prior Credit Facility

On November 9, 2021, the Company entered into the Third Amendment to the Company's amended and restated credit facility (the "prior credit facility") to obtain additional flexibility to continue to implement our business strategy. The Third Amendment, which waived compliance with the Leverage Ratio Covenant for the third fiscal quarter of 2021, and provided for adjustments during fourth fiscal quarter of 2021, also included certain amendments to the prior credit facility to address LIBOR transition matters.

As of December 26, 2021, the Company had outstanding borrowings under the prior credit facility of $176.1 million, of which $9.7 million was classified as current, in addition to amounts issued under letters of credit of $7.9 million. Amounts issued under letters of credit reduce the amount available under the credit facility but are not recorded as debt.

As of December 26, 2021, the Company was in compliance with all covenants applicable to our credit facility, as amended.

For additional details regarding our prior credit facility, see Footnote 8, Borrowings included within the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

New Credit Facility

On March 4, 2022 the Company entered into a new Senior Secured Term Loan and Revolving Credit Facility (the "new credit facility"). The new facility 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 0.50% per annum, or (c) one-month term SOFR plus 1.00% per annum.

We are subject to a number of customary covenants under our new 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.

For additional details regarding our new credit facility, see Footnote 8, Borrowings included within the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

Debt Outstanding

Total debt outstanding increased $6.3 million to $177.0 million at December 26, 2021, from $170.6 million at December 27, 2020, due to net borrowings of $6.3 million on the credit facility during 2021. As of December 26, 2021, the Company had $35 million of available borrowing capacity under its credit facility. Net borrowings during 2021 totaled $6.3 million.

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 million of the Company's common stock. The share repurchase authorization will terminate upon completing repurchases of $75 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. From the date of the current program approval through December 26, 2021, we have repurchased a total of 226,500 shares at an average price of $29.14 per share for an aggregate amount of $6.6 million. Accordingly, as of December 26, 2021, we had $68.4 million of availability under the current share repurchase program.

Effective March 14, 2020, the Company temporarily suspended its share repurchase program to provide additional liquidity during the COVID-19 pandemic. As of December 26. 2021, our ability to repurchase shares was limited to conditions set forth by our lenders in the Second Amendment to our credit facility prohibiting us from repurchasing additional shares until the first fiscal quarter of 2022 at the earliest and not until we deliver a covenant compliance certificate demonstrating a lease adjusted leverage ratio less than or equal to 5.00:1.00. The new credit facility limits our ability to repurchase shares to certain conditions set forth by our lenders in the new credit facility.

Contractual Obligations

The following table summarizes the amounts of payments due under specified contractual obligations as of December 26, 2021 (in thousands):

	Payments Due by Period				
	Total	2022	2023 - 2024	2025 - 2026	Thereafter
Long-term debt obligations(1)	$ 189,692	$ 21,796	$ 166,769	$ 65	$ 1,062
Finance lease obligations(2)	15,021	1,716	2,508	2,628	8,169
Operating lease obligations(3)	681,318	80,361	151,524	134,435	314,998
Purchase obligations(4)	233,491	81,830	82,693	45,373	23,595
Other non-current liabilities(5)	6,244	1,408	1,833	147	2,856
Total contractual obligations	$ 1,125,766	$ 187,111	$ 405,327	$ 182,648	$ 350,680

(1) Long-term debt obligations primarily represent minimum required principal payments under our existing credit agreement as of December 26, 2021, including estimated interest of $12.4 million based on a 7% average borrowing interest rate.

(2) Finance lease obligations include interest of $3.1 million.

(3) Operating lease obligations exclude variable lease costs, such as sales based contingent rent, and include interest of $197.3 million.

(4) Purchase obligations includes the Company's share of expected system-wide fixed price commitments for food, beverage, and restaurant supply items. These amounts are estimates based on anticipated inventory needed for the Company's restaurants, and could vary due to the timing of volumes.

(5) Other non-current liabilities primarily represent the employee deferred compensation plan liability. Refer to Note 15, *Employee Benefit Programs*, of the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for additional information.

Financial Condition and Future Liquidity

We require capital principally to maintain, improve, and refurbish existing restaurants, support infrastructure needs, and for general operating purposes, as well as to grow the business through new restaurant construction and expansion of our restaurant base which serves Donatos®. In addition, we have and may continue to use capital to pay principal on our borrowings and repurchase our common stock as allowed by our credit agreement. Our primary short-term and long-term sources of liquidity are expected to be cash flows from operations and our credit facility. Based upon current levels of operations and anticipated growth, and the diminishing impacts of the COVID-19 pandemic, we expect cash flows from operations and available borrowing capacity under the credit facility will be sufficient to meet debt service, capital expenditures, and working capital requirements for at least the next twelve months. We and the restaurant industry in general maintain relatively low levels of accounts receivable and inventories, and vendors generally grant short-term trade credit for purchases, such as food and supplies. The addition of new restaurants and refurbishment of existing restaurants are reflected as long-term assets and not as part of working capital.

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. When necessary, we utilize our 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 will be sufficient to satisfy any working capital deficits and our planned capital expenditures.

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 we might obtain different results if we use different assumptions or conditions. We have identified the following as the Company's most critical accounting policies and estimates, which are most important to the portrayal of the Company's financial condition and results and require management's most subjective and complex judgment. Information regarding the Company's other significant accounting policies is disclosed in Note 1, *Description of Business and Summary of Significant Accounting Policies*, of the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K.

Impairment of Long-Lived Assets - Long-lived assets, including restaurant sites, leasehold improvements, other fixed assets, right of use assets, and amortizable intangible assets are reviewed when indicators of impairment are present. Expected cash flows associated with an asset are the key factor in determining the recoverability of the asset. Identifiable cash flows are measured at the restaurant level. The estimate of cash flows is based upon, among other things, certain assumptions about expected future operating performance, including assumptions on future revenue trends. Management's estimates of undiscounted cash flows may differ from actual cash flows due to, among other things, changes in economic conditions, changes to our business model, or changes in operating performance. If the sum of the undiscounted cash flows is less than the carrying value of the asset, we recognize an impairment loss. The amount of the impairment loss is measured as the amount by which the carrying value exceeds the fair value of the asset, which is determined using discounted cash flows.

Judgments made by management related to our ability to realize undiscounted cash flows in excess of the carrying amounts of such assets are affected by factors such as the ongoing maintenance and improvements of the assets, changes in economic conditions, and changes in operating performance. As the ongoing expected cash flows and carrying amounts of long-lived assets are assessed, these factors could cause us to realize a material impairment charge. Each restaurant's past and present operating performance were reviewed in combination with projected future results, primarily through projected undiscounted cash flows, which indicated possible impairment. We compared the carrying amount of each restaurant to its fair value as estimated by management. The fair value of the long-lived assets is typically determined using a discounted cash flow projection model. The discount factor is determined using external information regarding the risk-free rate of return, industry beta factors, and premium adjustments. These factors are combined with internal information such as the Company's average cost of debt and effective tax rate to determine a weighted average cost of capital which is applied to the undiscounted cash flows. In certain cases, management uses other market information such as market rent, when available, to estimate the fair value of a restaurant. The impairment charges represent the excess of each restaurant's carrying amount over its estimated fair value. During 2021, the Company determined long-lived assets at ten excess properties were impaired as a result of our cash flow analysis, and recognized non-cash impairment charges of $6.4 million primarily related to the impairment of the long-lived assets associated with excess properties. During 2020, we impaired 40 Company-owned restaurants as a result of our cash flow analysis resulting in non-cash impairment charges of $21.7 million.

Information technology systems, such as internal-use computer software, are reviewed and tested for recoverability if the internal-use computer software is not expected to provide substantive service potential, a significant change occurs to the extent or manner in which the software is used or is expected to be used, a significant change is made or will be made to the software program, or costs of developing or modifying internal-use software significantly exceed the amount originally expected to develop or modify the software. During 2020, the Company impaired information technology assets totaling $5.2 million due to the COVID-19 pandemic redirecting our implementation of certain digital platforms in order to accelerate our speed to market.

Liquor licenses with indefinite lives are reviewed for impairment annually or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. We determine fair value based on quoted prices in the active market for the license in the same or similar jurisdictions, representing a level 1 fair value measurement. During the fourth quarter of 2021, the Company performed its annual review of its indefinite lived liquor licenses that had a carrying value of $7.2 million, and recorded impairment charges of $0.5 million to indefinite-lived intangibles in 2021. No impairment charges were recorded to liquor licenses with indefinite lives in 2020, or 2019.

Recently Issued Accounting Standards

See Footnote 2, *Recent Accounting Pronouncements*, of the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Annual Report on Form 10-K for our discussion of recently issued accounting standards.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Under our credit facility, we are exposed to market risk from changes in interest rates on borrowings. Borrowings under the credit facility, if denominated in U.S. Dollars, are subject to rates based on the London Interbank Offered Rate ("LIBOR") plus a spread based on leverage or a base rate plus a spread based on leverage. The base rate is the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.50%, and (c) LIBOR for an Interest Period of one month plus 1%. Additionally, increased pricing is required by the Third Amendment. As of December 26, 2021, we had $176.1 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 $1.7 million on an annualized basis.

LIBOR is set to terminate on December 31, 2021; however, the Third Amendment to our credit facility included certain amendments to the credit facility to address LIBOR transition matters. These include specifics related to benchmark replacement, which reference the Secured Overnight Financing Rate ("SOFR"), a new index calculated by short-term repurchase agreements and backed by U.S. Treasury securities. The Third Amendment outlines its definition of a SOFR transition event as well as new base rates and provisions to take effect upon completion of such an event. Through the end of our fiscal year ended December 26, 2021, the Company's credit facility continued to reference LIBOR. The Company refinanced its credit facility on March 4, 2022, the new facility references SOFR or the Alternate Base Rate ("ABR"), which represents the highest of (a) the Prime Rate, (b) the Federal Funds Rate plus 0.50% per annum, or (c) one-month term SOFR plus 1.00% per annum.

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.

Commodity Price Risks

The Company's restaurant menus are highly dependent upon a few select commodities, including ground beef, poultry, potatoes, and restaurant supplies. We purchase food, supplies and other commodities for use in our operations based on prices established with our suppliers. Many of the commodities purchased by us are subject to volatility due to market supply and demand factors outside of our control, including the price of other commodities, weather, seasonality, production, trade policy, and other factors. As a result of the COVID-19 pandemic, we have experienced and expect to continue to experience distribution disruptions, commodity cost inflation, and certain food and supply shortages. To manage this risk in part, we enter into fixed-price purchase commitments for certain commodities; however, it may not be possible for us to enter into fixed-price purchase commitments for certain commodities, or we may choose not to enter into fixed-price contracts for certain commodities. We believe that substantially all of our food and supplies meeting our specifications are available from alternate sources, which we have identified to diversify our supply chain to mitigate our overall commodity risk. 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 $2.6 million on an annualized basis.

Many of the food products we purchase are affected by changes in weather, production, availability, seasonality, and other factors outside our control. In an effort to mitigate some of this risk, we have entered into fixed price agreements on some of our food and beverage products, including certain proteins, produce, and cooking oil. As of December 26, 2021, approximately 65% of our estimated annual food and beverage purchases were covered by fixed price contracts, most of which are scheduled to expire at various times through the end of 2022. These contracts may exclude related expenses such as fuel surcharges and other fees. In addition, we believe that almost all of our food and supplies are available from several sources, which helps to reduce or mitigate these risks.

ITEM 8. Financial Statements and Supplementary Data

RED ROBIN GOURMET BURGERS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Red Robin Gourmet Burgers, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Red Robin Gourmet Burgers, Inc. and subsidiaries (the "Company") as of December 26, 2021, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for the period ended December 26, 2021, and the related notes (collectively, referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 26, 2021, and the results of its operations and its cash flows for the period ended December 26, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 26, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 10, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of Long-Lived Assets – Refer to Notes 1, 4 and 9 in the Financial Statements

Critical Audit Matter Description

As of December 26, 2021, the Company had $386.3 million in property and equipment, net, $400.8 million in operating lease assets, net, and $9.7 million in finance lease assets, net. The Company assesses long-lived assets for impairment at the individual restaurant level whenever events and circumstances indicate the carrying amount of an asset group may not be recoverable. During the fiscal year ended December 26, 2021, the Company recorded an impairment of $6.4 million related to long-lived assets associated with excess properties.

Long-lived assets are reviewed whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Expected undiscounted cash flows associated with an asset are the key factor in determining the recoverability of the asset. Identifiable cash flows are measured at the restaurant level. The estimate of cash flows is based upon, among other things, certain assumptions about expected future operating performance, including assumptions of future revenue trends. If the sum of the discounted cash flows is less than the carrying value of the asset, an impairment loss is recognized and measured as the amount by which the carrying value exceeds the fair value of the asset.

We identified the evaluation of long-lived asset impairment for restaurant sites, leasehold improvements, other fixed assets, right of use assets, and amortizable intangible assets, as a critical audit matter because of the significant judgments made by management to estimate the undiscounted cash flows, including assumptions about expected future operating performance, and the fair value of the right of use assets. This required a high degree of auditor judgment and an increased extent of effort, when performing audit procedures to evaluate whether management appropriately identified and evaluated potential impairment indicators, and when evaluating the reasonableness of management's estimates and assumptions, particularly related to undiscounted cash flows and market rent.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the impairment of long-lived assets included the following, among others:

- We tested the operating effectiveness of internal controls over the Company's assessment and evaluation of potential impairment indicators for long-lived assets and over forecasted undiscounted cash flows and market rent used in their recoverability and impairment analyses.
- We evaluated the reasonableness of the Company's evaluation of impairment indicators by:
    - Evaluating the Company's process for identifying qualitative and quantitative impairment indicators by location and whether the Company appropriately considered such indicators
    - Conducting a completeness assessment to determine whether additional impairment indicators were present during the period that were not identified by the Company.
- We tested the mathematical accuracy of management's calculations and for a selection of restaurant sites, we tested the underlying source information.
- We evaluated the reasonableness of the information in the Company's forecasted undiscounted cash flows used in their recoverability and impairment analyses, by comparing the forecasts to
    - Historical actual information
    - Internal communications between management and the Board of Directors
    - Forecasted information included in analyst and industry reports for the Company and certain of its peer companies.
- We evaluated the Company's forecasted undiscounted cash flows for consistency with evidence obtained in other areas of the audit.
- With the assistance of our fair value specialists, we evaluated the market rent by developing a range of independent estimates and comparing those to the market rent used by management.

/s/ Deloitte & Touche LLP

Denver, Colorado

March 10, 2022

We have served as the Company's auditor since 2021.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

Red Robin Gourmet Burgers, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Red Robin Gourmet Burgers, Inc. and subsidiaries (the Company) as of December 27, 2020, the related consolidated statements of operations and comprehensive loss, stockholders' equity, and cash flows for each of the years in the two-year period ended December 27, 2020, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 27, 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended December 27, 2020, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion

/s/ KPMG LLP

We served as the Company's auditor from 2015 to 2021.

Denver, Colorado

March 3, 2021, except as to paragraph (d) of Note 1, which is as of March 10, 2022

RED ROBIN GOURMET BURGERS, INC.

CONSOLIDATED BALANCE SHEETS

(In thousands, except per share amounts)

	December 26, 2021	December 27, 2020
Assets:		
Current assets:		
Cash and cash equivalents	$ 22,750	$ 16,116
Accounts receivable, net	21,400	16,510
Inventories	25,219	23,802
Income tax receivable	15,824	16,662
Prepaid expenses and other current assets	16,963	13,818
Total current assets	102,156	86,908
Property and equipment, net	386,336	427,033
Operating lease assets, net	400,825	415,929
Intangible assets, net	21,292	24,714
Other assets, net	18,389	20,155
Total assets	$ 928,998	$ 974,739
Liabilities and stockholders' equity:		
Current liabilities:		
Accounts payable	$ 32,510	$ 20,179
Accrued payroll and payroll-related liabilities	32,584	27,653
Unearned revenue	54,214	50,138
Current portion of operating lease liabilities	48,842	54,197
Current portion of long-term debt	9,692	9,692
Accrued liabilities and other current liabilities	45,458	40,695
Total current liabilities	223,300	202,554
Long-term debt	167,263	160,952
Long-term portion of operating lease liabilities	435,136	454,296
Other non-current liabilities	26,325	36,224
Total liabilities	852,024	854,026
Stockholders' equity:		
Common stock; $0.001 par value: 45,000 shares authorized; 20,449 shares issued; 15,722 and 15,548 shares outstanding as of December 26, 2021 and December 27, 2020	20	20
Preferred stock, $0.001 par value: 3,000 shares authorized; no shares issued and outstanding as of December 26, 2021 and December 27, 2020	—	—
Treasury stock 4,727 and 4,901 shares, at cost as of December 26, 2021 and December 27, 2020	(192,803)	(199,908)
Paid-in capital	242,560	243,407
Accumulated other comprehensive income (loss), net of tax	1	(4)
Retained earnings	27,196	77,198
Total stockholders' equity	76,974	120,713
Total liabilities and stockholders' equity	$ 928,998	$ 974,739

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(In thousands, except per share amounts)

	Year Ended		
	December 26, 2021	**December 27, 2020**	**December 29, 2019**
Revenues:			
Restaurant revenue	$ 1,137,733	$ 854,136	$ 1,289,521
Franchise revenue	17,236	8,853	17,497
Other revenue	7,109	5,726	7,996
Total revenues	1,162,078	868,715	1,315,014
Costs and expenses:			
Restaurant operating costs (excluding depreciation and amortization shown separately below):			
Cost of sales	260,896	198,487	303,404
Labor (includes $894, $157, and $161 of stock-based compensation)	409,901	332,827	456,778
Other operating	207,829	164,468	186,476
Occupancy	96,484	99,521	111,798
Depreciation and amortization	83,438	87,557	91,790
Selling, general, and administrative expenses (includes $5,728, $4,173, and $3,103 of stock-based compensation)	122,743	106,822	155,978
Pre-opening costs	1,410	296	319
Other charges	16,074	153,883	21,598
Total costs and expenses	1,198,775	1,143,861	1,328,141
Loss from operations	(36,697)	(275,146)	(13,127)
Other expense (income):			
Interest expense	14,176	10,163	10,178
Interest (income) and other, net	(719)	(1,757)	(1,068)
Total other expenses, net	13,457	8,406	9,110
Loss before income taxes	(50,154)	(283,552)	(22,237)
Income tax benefit	(152)	(7,484)	(14,334)
Net loss	$ (50,002)	$ (276,068)	$ (7,903)
Loss per share:			
Basic	$ (3.19)	$ (19.29)	$ (0.61)
Diluted	$ (3.19)	$ (19.29)	$ (0.61)
Weighted average shares outstanding:			
Basic	15,660	14,314	12,959
Diluted	15,660	14,314	12,959
Other comprehensive income (loss):			
Foreign currency translation adjustment	$ 5	$ (1,115)	$ 428
Other comprehensive income (loss), net of tax	5	(1,115)	428
Total comprehensive loss	$ (49,997)	$ (277,183)	$ (7,475)

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(In thousands)

	Common Stock		Treasury Stock		Paid-in Capital	Accumulated Other Comprehensive (Loss) Income, net of tax	Retained Earnings	Total
	Shares	Amount	Shares	Amount				
Balance, December 30, 2018	17,851	$ 18	4,880	$ (201,505)	$ 212,752	$ (4,801)	$ 376,341	$ 382,805
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(64)	2,642	(2,180)	—	—	462
Acquisition of treasury stock	—	—	112	(3,450)	—	—	—	(3,450)
Non-cash stock compensation	—	—	—	—	3,350	—	—	3,350
Topic 842 transition impairment, net of tax	—	—	—	—	—	—	(15,172)	(15,172)
Net loss	—	—	—	—	—	—	(7,903)	(7,903)
Other comprehensive income	—	—	—	—	—	428	—	428
Balance, December 29, 2019	17,851	18	4,928	(202,313)	213,922	(4,373)	353,266	360,520
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(99)	4,040	(3,720)	—	—	320
Acquisition of treasury stock	—	—	72	(1,635)	—	—	—	(1,635)
Non-cash stock compensation	—	—	—	—	4,489			4,489
Issuance of common stock, $0.001 par value, net of stock issuance costs	2,598	2	—	—	28,716	—	—	28,718
Release of currency translation adjustment	—	—	—	—	—	5,484	—	5,484
Net loss	—	—	—	—	—	—	(276,068)	(276,068)
Other comprehensive loss	—	—	—	—	—	(1,115)	—	(1,115)
Balance, December 27, 2020	20,449	20	4,901	(199,908)	243,407	(4)	77,198	120,713
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(174)	7,105	(7,484)	—	—	(379)
Non-cash stock compensation	—	—	—	—	6,637			6,637
Net loss	—	—	—	—	—	—	(50,002)	(50,002)
Other comprehensive income	—	—	—	—	—	5		5
Balance, December 26, 2021	20,449	$ 20	4,727	$ (192,803)	$ 242,560	$ 1	$ 27,196	$ 76,974

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Year Ended		
	December 26, 2021	**December 27, 2020**	**December 29, 2019**
Cash Flows From Operating Activities:			
Net loss	$ (50,002)	$ (276,068)	$ (7,903)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	83,438	87,557	91,790
Gift card breakage	(5,373)	(4,516)	(6,776)
Goodwill and asset impairments	7,052	122,354	15,094
Non-cash other charges	346	2,837	(13,621)
Deferred income tax provision (benefit)	—	51,502	(9,640)
Stock-based compensation expense	6,622	4,330	3,344
Other, net	3,103	1,052	678
Changes in operating assets and liabilities:			
Accounts receivable	(4,919)	5,601	2,766
Inventories	(1,925)	2,239	161
Income tax receivable	759	(11,276)	(5,238)
Prepaid expenses and other current assets	(3,066)	7,443	(3,163)
Operating lease assets, net of liabilities	(9,293)	18,324	696
Trade accounts payable and accrued liabilities	19,449	(9,566)	(15,490)
Unearned revenue	9,449	430	5,632
Other operating assets and liabilities, net	(8,348)	17,990	(415)
Net cash provided by operating activities	47,292	20,233	57,915
Cash Flows From Investing Activities:			
Purchases of property, equipment and intangible assets	(42,261)	(22,132)	(57,309)
Proceeds from sales of real estate and property, plant, and equipment and other	20	739	279
Net cash used in investing activities	(42,241)	(21,393)	(57,030)
Cash Flows From Financing Activities:			
Borrowings of long-term debt	192,500	211,000	273,500
Payments of long-term debt and capital leases	(188,845)	(247,501)	(261,063)
Purchase of treasury stock	—	(1,635)	(3,450)
Debt issuance costs	(1,714)	(2,952)	(33)
Proceeds from issuance of common stock, net of stock issuance costs	—	28,718	—
(Uses) proceeds from other financing activities, net	(378)	666	724
Net cash provided by (used in) financing activities	1,563	(11,704)	9,678
Effect of exchange rate changes on cash	20	(1,065)	913
Net change in cash and cash equivalents	6,634	(13,929)	11,476
Cash and cash equivalents, beginning of period	16,116	30,045	18,569
Cash and cash equivalents, end of period	$ 22,750	$ 16,116	$ 30,045
Supplemental disclosure of cash flow information			
Income taxes (refund received) paid, net	$ (962)	$ (50,629)	$ 3,237
Interest paid, net of amounts capitalized	10,455	9,869	9,750
Accrued purchases of property, equipment and intangible assets	$ 4,655	$ 2,358	$ 3,307

See Notes to Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business and Summary of Significant Accounting Policies

(a) 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 casual dining restaurants in North America. As of December 26, 2021, the Company owned and operated 430 restaurants located in 38 states. The Company also had 101 casual dining restaurants operated by franchisees in16 states and one Canadian province. The Company operates its business asone operating and one reportable segment.

(b) Basis of Presentation and Principles of Consolidation

The consolidated financial statements of the Company are prepared in accordance with accounting principles generally accepted in the United States and include the accounts of Red Robin and its wholly owned subsidiaries after elimination of all intercompany accounts and transactions. The Company's fiscal year is 52 or 53 weeks ending the last Sunday of the calendar year. Year-end dates and the number of weeks in each fiscal year are shown in the table below for periods presented in the consolidated financial statements and for the upcoming fiscal year.

Fiscal Year	Year End Date	Number of Weeks in Fiscal Year
Current and Prior Fiscal Years:		
2021	December 26, 2021	52
2020	December 27, 2020	52
2019	December 29, 2019	52
Upcoming Fiscal Years:		
2022	December 25, 2022	52
2023	December 31, 2023	53

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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 periods. The areas that require management's most significant estimates are impairment of long-lived assets, lease accounting, estimating fair value, and unearned revenue. Actual results could differ from those estimates.

(d) Immaterial Restatements

Subsequent to the issuance of the December 27, 2020 Consolidated Financial Statements, management concluded that Financing lease right of use assets, Current portion of financing lease obligations and Long-term portion of financing lease liabilities were incorrectly presented within the same financial statement line items as Operating lease right of use assets, Current portion of operating lease obligations, and Long-term portion of operating lease obligations, respectively, on the December 27, 2020 Consolidated Balance Sheet. To correct the classification of these assets and liabilities, $9.7 million of Financing lease right of use assets net was reclassified to Other assets, net, $1.1 million of the Current portion of financing lease obligations was reclassified to Accrued liabilities and other current liabilities, and $10.9 million of the Long-term portion of financing lease obligations was reclassified to Other non-current liabilities. Remaining balances in the captions pertain to Operating leases, and the financial statement line item descriptions were changed in the current year presentation to reflect this.

Additionally, subsequent to the issuance of the December 27, 2020 Consolidated Financial Statements, management concluded that the Company had incorrectly disclosed the Change in construction related payables, whereas the required disclosure presents the accrued capital expenditure amounts included in accounts payable and accrued expenses and other current liabilities as of year-end. The Company corrected the disclosure in the current year and corrected the financial statement line item description to Accrued purchases of property, equipment and intangible assets, and corrected the 2020 and 2019 amounts from $(0.9) million and $(3.9) million, respectively to $2.4 million and $3.3 million, respectively, within the Consolidated Statement of Cash Flows.

These restatements were related to presentation, and did not have any impact to retained earnings in the current or prior year presentations. Management has evaluated these errors and has determined, based on quantitative and qualitative factors that they were not material to the December 27, 2020 balance sheet or the cash flow statements for the year ended December 27, 2020 and December 29, 2019.

(e) Summary of Significant Accounting Policies

Revenue Recognition - Revenues consist of sales from restaurant operations (including third party delivery), franchise revenue, and other revenue including gift card breakage and miscellaneous revenue. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a restaurant Guest, franchisee, or other customer.

The Company recognizes revenues from restaurant operations when payment is tendered at the point of sale, as the Company's performance obligation to provide food and beverage to the customer has been satisfied.

The Company sells gift cards which do not have an expiration date, and it does not deduct dormancy fees from outstanding gift card balances. We recognize revenue from gift cards as either: (i) Restaurant revenue, when the Company's performance obligation to provide food and beverage to the customer is satisfied upon redemption of the gift card, or (ii) gift card breakage, as discussed below.

Red Robin Royalty™ deferred revenue primarily relates to a program in which registered members earn an award for a free entrée for every nine entrées purchased. Registered members can also earn an award if they visit a Red Robin restaurant 5 separate times within 5 weeks of joining our Royalty™ program. We recognize the current sale of an entrée and defer a portion of the revenue to reflect partial prepayment for the future entrée the member is entitled to receive. We estimate the future value of the award based on the historical average value of redemptions. We also estimate what portion of registered members are not likely to reach the ninth purchase or fifth visit based on historical activity and recognize the revenue related to those purchases from deferred revenue. We recognize the deferred revenue in restaurant revenue on earned rewards when the Company satisfies its performance obligation at redemption, or upon expiration. We compare the estimate of the value of future awards to historical redemptions to evaluate the reasonableness of the deferred amount.

Revenues we receive from our franchise arrangements include sales-based royalties, advertising fund contributions, area development fees, and franchise fees. Red Robin franchisees are required to remit 4.0% to 5.0% of their revenues as royalties to the Company and contribute up to 3.0% of revenues to two national advertising funds. The Company recognizes these sales-based royalties and advertising fund contributions as the underlying franchisee sales occur.

The Company also provides its franchisees with management expertise, training, pre-opening assistance, and restaurant operating assistance in exchange for area development fees and franchise fees. The Company capitalizes these fees upon collection from the franchisee, which then amortize over the contracted franchise term as the services comprising the performance obligation are satisfied. The Company typically grants franchise rights to franchisees for a term of 20 years, with the right to extend the term for an additional ten years if various conditions are satisfied by the franchisee.

Gift card breakage is recognized when the likelihood of a gift card being redeemed by the customer is remote and the Company determines there is not a legal obligation to remit the unredeemed gift card balance to the relevant jurisdiction. The determination of the gift card breakage rate is based upon the Company's specific historical redemption patterns. The Company recognizes gift card breakage by applying its estimate of the rate of gift card breakage on a pro rata basis over the period of estimated redemption.

Other revenue consists of miscellaneous revenues considered insignificant to the Company's business.

Cash and Cash Equivalents - The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Amounts receivable from credit card issuers are typically converted to cash within two days to four days of the original sales transaction and are considered to be cash equivalents.

Cash and cash equivalents are maintained with multiple financial institutions. Generally, these deposits may be redeemed upon demand and are maintained with financial institutions with reputable credit and therefore bear minimal credit risk. The Company holds cash and cash equivalents at financial institutions in excess of amounts covered by the Federal Depository Insurance Corporation (the "FDIC") and sometimes invests excess cash in money market funds not insured by the FDIC. The Company periodically assesses the credit risk associated with these financial institutions and believes that the risk of loss is minimal.

Accounts Receivable, Net - Accounts receivable, net consists primarily of third party gift card receivables, third party delivery partner receivables, trade receivables due from franchisees for royalties and advertising fund contributions, and tenant improvement allowances. At the end of 2021, there was approximately $10.9 million of gift card receivables in accounts receivable related to gift cards that were sold by third party retailers compared to $7.6 million at the end of 2020. At the end of

2021, there was also approximately $3.0 million related to third party delivery partners in accounts receivable compared to approximately $4.0 million at the end of 2020.

Inventories - Inventories consist of food, beverages, and supplies valued at the lower of cost (first-in, first-out method) or net realizable value. At the end of 2021 and 2020, food and beverage inventories were $8.7 million and $6.8 million, respectively, and supplies inventories were $16.4 million and $17.0 million, respectively.

Property and Equipment, Net - Property and equipment are recorded at cost. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are expensed as incurred. Depreciation is computed on the straight-line method based on the shorter of the estimated useful lives or the terms of the underlying leases of the related assets. Interest incurred on funds used to construct Company-owned restaurants is capitalized and amortized over the estimated useful life of the related assets.

The estimated useful lives for property and equipment are:

Buildings	5 years to 20 years
Leasehold improvements	Shorter of lease term or estimated useful life, not to exceed 20 years
Furniture, fixtures and equipment	5 years to 20 years
Computer equipment	2 years to 5 years

The Company capitalizes certain overhead related to the development and construction of its new restaurants as well as certain information technology infrastructure upgrades. Costs incurred for the potential development of restaurants that are subsequently terminated are expensed.

Leases - The Company leases land, buildings, and equipment used in its operations under operating and finance leases. Our leases generally have remaining terms of 1-15 years, most of which include options to extend the leases for additional 5-year periods. Generally, the lease term is the minimum of the non-cancelable period of the lease or the lease term inclusive of reasonably certain renewal periods up to a term of 20 years.

We determine if a contract contains a lease at inception. Operating lease assets and liabilities are recognized at the lease commencement date. Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent our right to use an underlying asset and are based upon the operating lease liabilities adjusted for prepayments or accrued lease payments, initial direct costs, lease incentives, and impairment of operating lease assets. To determine the present value of lease payments not yet paid, we estimate incremental secured borrowing rates corresponding to the maturities of the leases. We estimate this rate based on prevailing financial market conditions, comparable company and credit analysis, and management judgment.

Our leases typically contain rent escalations over the lease term. We recognize expense for these leases on a straight-line basis over the lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce our right-of-use asset related to the lease. These are amortized through the right-of-use asset as reductions of expense over the lease term.

Some of our leases include rent escalations based on inflation indexes and fair market value adjustments. Certain leases contain contingent rental provisions that include a fixed base rent plus an additional percentage of the restaurant's sales in excess of stipulated amounts. Operating lease liabilities are calculated using the prevailing index or rate at lease commencement. Subsequent escalations in the index or rate and contingent rental payments are recognized as variable lease expenses. Our lease agreements do not contain any material residual value guarantees or material restrictive covenants.

We have elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term of 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that we are reasonably certain to exercise, are not recorded on the balance sheet.

We elected the practical expedient that does not require us to separate lease and non-lease components for our population of real estate assets.

Intangible Assets, net - Intangible assets comprise primarily leasehold interests, acquired franchise rights, and the costs of purchased liquor licenses. Leasehold interests primarily represent the fair values of acquired lease contracts having contractual rents lower than fair market rents and are amortized on a straight-line basis over the remaining initial lease term. Acquired franchise rights, which represent the acquired value of franchise contracts, are amortized over the term of the franchise agreements. The costs of obtaining non-transferable liquor licenses from local government agencies are capitalized and generally amortized over a period of up to 20 years. The costs of purchasing transferable liquor licenses through open markets in jurisdictions with a limited number of authorized liquor licenses are capitalized as indefinite-lived intangible assets.

Liquor licenses with indefinite lives are reviewed for impairment annually or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. We determine fair value based on prices in the open market for license in same or similar jurisdictions. Impairment charges of $0.5 million were recorded related to indefinite-lived intangibles in 2021. No impairment charges were recorded in 2020, or 2019.

Impairment of Long-Lived Assets - The Company reviews its long-lived assets, including restaurant sites, leasehold improvements, information technology systems, right of use assets, other fixed assets, and amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of the assets to the future undiscounted net cash flows expected to be generated by the assets. Identifiable cash flows are measured at the lowest level for which they are largely independent of the cash flows of other groups of assets and liabilities, generally at the restaurant level. If the assets are determined to be impaired, the amount of impairment recognized is the amount by which the carrying amount of the assets exceeds their fair value. Fair value is generally determined using forecasted cash flows discounted using an estimated weighted average cost of capital. Management may also utilize other market information to determine fair value when relevant information is available, such as market rent, when available, to estimate the fair value of a restaurant. Restaurant sites and other assets to be disposed of are reported at the lower of their carrying amount or fair value, less estimated costs to sell. Information technology systems, such as internal-use computer software, are reviewed and tested for recoverability if the internal-use computer software is not expected to provide substantive service potential, a significant change occurs in the extent or manner in which the software is used or is expected to be used, a significant change is made or will be made to the software program, or costs of developing or modifying internal-use software significantly exceed the amount originally expected to develop or modify the software.

Other Assets, net - Other assets, net consist primarily of assets related to various deposits, the employee deferred compensation plan, and unamortized debt issuance costs on the credit facility. Debt issuance costs are capitalized and amortized to interest expense on a straight-line basis which approximates the effective interest rate method over the term of the Company's long-term debt.

Advertising - Under the Company's franchise agreements, both the Company and the franchisees must contribute up to3.0% of revenues to two national media advertising funds (the "Advertising Funds"). These Advertising Funds are used to build the Company's brand equity and awareness primarily through a national marketing strategy, including national television advertising, digital media, social media programs, email, loyalty, and public relations initiatives. Contributions to these Advertising Funds from franchisees are recorded as revenue under Franchise revenue in the consolidated statements of operations and comprehensive loss in accordance with ASC Topic 606, *Revenue from Contracts with Customers.*

Total advertising costs of $34.3 million, $24.9 million, and $44.3 million in 2021, 2020, and 2019 and were included in Selling, general, and administrative expenses.

Advertising production costs are expensed in the period when the advertising first takes place. Other advertising costs are expensed as incurred.

Self-Insurance Programs - The Company utilizes a self-insurance plan for health, general liability, and workers' compensation coverage. Predetermined loss limits have been arranged with insurance companies to limit the Company's per occurrence cash outlay. Accrued liabilities and other current liabilities and accrued payroll and payroll-related liabilities include the estimated cost to settle reported claims and incurred but unreported claims.

Legal Contingencies - In the normal course of business, we are subject to various legal proceedings and claims, the outcomes of which are uncertain. We record an accrual for legal contingencies when we determine it is probable that we have incurred a liability and we can reasonably estimate the amount of the loss. In making such determinations we evaluate, among other things, the probability of an unfavorable outcome, and when we believe it probable that a liability has been incurred, our ability to make a reasonable estimate of the loss.

Pre-opening Costs - Pre-opening costs are expensed as incurred. Pre-opening costs include rental expenses through the date of opening for each restaurant, travel expenses, wages, and benefits for the training and opening teams, as well as food, beverage, and other restaurant opening costs incurred prior to a restaurant opening for business. Costs related to preparing restaurants to introduce Donatos® will be expensed as incurred and included in pre-opening costs.

Income Taxes - Deferred tax liabilities are recognized for the estimated effects of all taxable temporary differences, and deferred tax assets are recognized for the estimated effects of all deductible temporary differences, net operating losses, and tax credit carryforwards. Realization of net deferred tax assets is dependent upon profitable operations and future reversals of existing taxable temporary differences. However, the amount of the deferred tax assets considered realizable could be adjusted if estimates of future taxable income during the carry forward period are increased or reduced or if there are differences in the timing or amount of future reversals of existing taxable temporary differences.

Pursuant to the guidance for uncertain tax positions, a taxpayer must be able to more likely than not sustain a position to recognize a tax benefit, and the measurement of the benefit is calculated as the largest amount that is more than 50 percent likely to be realized upon resolution of the benefit. The Company has analyzed filing positions in all of the federal, state, and foreign jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The only periods subject to examination for the Company's federal and state returns are the 2017 through 2021 tax years.

The Company records interest and penalties associated with audits as a component of income before taxes. Penalties are recorded in Selling, general, and administrative expenses, interest received is recorded in Interest income and other, net, and interest paid is recorded in Interest expense on the consolidated statements of operations and comprehensive loss. The Company recorded immaterial interest expense on the identified tax liabilities in 2021, 2020, and 2019. Approximately $1.1 million of interest income was recorded related to the $49.4 million federal cash tax refund received during the fourth quarter of 2020.

Loss Per Share - Basic loss per share amounts are calculated by dividing net loss by the weighted average number of common shares outstanding during the year. Diluted loss per share amounts are calculated based upon the weighted average number of common and potentially dilutive common shares outstanding during the year. Potentially dilutive shares are excluded from the computation in periods in which they have an anti-dilutive effect. Diluted loss per share reflects the potential dilution that could occur if holders of options and awards exercised their holdings into common stock. As the Company was in a net loss position for the fifty-two week period ended December 26, 2021, December 27, 2020, and December 29, 2019, all potentially dilutive common shares are considered anti-dilutive.

The Company uses the treasury stock method to calculate the impact of outstanding stock options and awards.Basic weighted average shares outstanding is reconciled to diluted weighted average shares outstanding for the fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019 as follows (in thousands):

	2021	2020	2019
Basic weighted average shares outstanding	15,660	14,314	12,959
Dilutive effect of stock options and awards	—	—	—
Diluted weighted average shares outstanding	15,660	14,314	12,959
Awards excluded due to anti-dilutive effect on diluted earnings per share	875	489	378

Comprehensive Loss - Total comprehensive loss consists of the net loss and other gains and losses affecting stockholders' equity that, under U.S. GAAP, are excluded from net income. Other comprehensive (loss) income as presented in the consolidated statements of operations and comprehensive loss for 2021, 2020, and 2019 consisted of the foreign currency translation adjustment resulting from the Company's Canadian franchise operations.

Stock-Based Compensation - The Company maintains several equity incentive plans under which it may grant stock options, stock appreciation rights, restricted stock, stock variable compensation, or other forms of awards granted or denominated in the Company's common stock or units of the Company's common stock, as well as cash variable compensation awards to employees, non-employees, directors, and consultants. The Company also maintains an employee stock purchase plan. The Company issues shares relating to stock-based compensation plans and the employee stock purchase plan from treasury shares. We recognize compensation expenses for only the portion of share-based awards that are expected to vest. Therefore, we apply estimated forfeiture rates that are derived from our historical forfeitures of similar awards when a Team Member leaves the Company.

Deferred Compensation - The Company has assets and liabilities related to a deferred compensation plan. The assets of the deferred compensation plan are held in a rabbi trust, where they are invested in certain mutual funds that cover an investment spectrum range from equities to money market instruments. Fluctuations in the market value of the investments held in the trust result in the recognition of deferred compensation expense or income reported in Selling, general, and administrative expenses and recognition of investment gain or loss reported in Interest income and other, net, in the consolidated statements of operations and comprehensive loss.

Foreign Currency Translation - The Canadian Dollar is the functional currency for our Canadian franchise operations. Assets and liabilities denominated in Canadian Dollars are translated into U.S. Dollars at exchange rates in effect as of the balance sheet date. Income and expense accounts are translated using the average exchange rates prevailing throughout the period. The resulting translation adjustment is recorded as a separate component of Other comprehensive (loss) income. Gain or loss from foreign currency transactions is recognized in our consolidated statements of operations and comprehensive loss at the exchange rate in effect as of the date of the transaction.

During the fourth quarter of 2020, the Company substantially completed the exit of Company-owned restaurants in Canada resulting in the removal of the accumulated currency translation adjustment as a component of stockholders' equity and the recognition in Other charges on the consolidated statements of operations and comprehensive loss totaling a loss of $5.5 million.

Impact of COVID-19 Pandemic - The COVID-19 pandemic continues to create unprecedented challenges for our industry including government mandated restrictions, changing consumer behavior, labor and supply chain challenges, and wide spread inflationary costs. Even as government restrictions were lifted, and dining rooms returned to full capacity, the surge in the Delta and Omicron variants continued to highlight the critical importance of providing a safe environment for our Team Members and Guests.

In response to these COVID-19 challenges, the Company limited dining hours and seating capacity in order to preserve the consistent quality experience our Guests expect from us. Our ability to attract and retain Team Members has become more challenging in the current competitive job market. The challenges in hiring and retention and global supply chain disruptions have affected many of our vendor partners, resulting in intermittent product and distribution shortages.

We remain focused on proactively addressing these industry challenges, while delivering a memorable Guest experience and continuing to prioritize the satisfaction and retention of our Team Members.

2. Recent Accounting Pronouncements

Reference Rate Reform

In March 2020, FASB issued Update 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. This update provides temporary optional expedients to applying the reference rate reform guidance to contracts that reference LIBOR or another reference rate expected to be discontinued. Under this update, contract modifications resulting in a new reference rate may be accounted for as a continuation of the existing contract. This guidance is effective upon issuance of the update and applies to contract modifications made through December 31, 2022. We are currently evaluating the impact this guidance will have on our consolidated financial statements.

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 consolidated financial statements.

3. Revenue

Disaggregation of Revenue

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

	Year Ended		
	December 26, 2021	December 27, 2020	December 29, 2019
Restaurant revenue	$ 1,137,733	$ 854,136	$ 1,289,521
Franchise revenue[(1)]	17,236	8,853	17,497
Gift card breakage	5,373	4,516	6,776
Other revenue	1,736	1,210	1,220
Total revenues	$ 1,162,078	$ 868,715	$ 1,315,014

[(1)] The decrease in Franchise revenue during 2020 was driven by the Company temporary abating franchise payments during the onset of the COVID-19 pandemic.

Contract Liabilities

Components of Unearned revenue in the consolidated balance sheets are as follows (in thousands):

	December 26, 2021	December 27, 2020
Unearned gift card revenue	$ 41,128	$ 38,309
Deferred loyalty revenue	$ 13,086	$ 11,829

Revenue recognized in the consolidated statements of operations and comprehensive loss for the redemption of gift cards that were included in the liability balance at the beginning of the fiscal year was as follows (in thousands):

	Year Ended		
	December 26, 2021	December 27, 2020	December 29, 2019
Gift card revenue	$ 14,249	$ 16,385	$ 19,941

4. Other Charges

Other charges consist of the following (in thousands):

	Year Ended		
	December 26, 2021	December 27, 2020	December 29, 2019
Restaurant closures and refranchising costs (gains)	$ 6,276	$ 19,846	$ (1,187)
Asset impairment	7,052	26,940	15,094
Litigation contingencies	1,330	6,440	—
COVID-19 related costs	1,288	1,858	—
Board and shareholder matter costs	128	2,504	3,261
Goodwill impairment	—	95,414	—
Severance and executive transition	—	881	3,450
Executive retention	—	—	980
Other charges	$ 16,074	$ 153,883	$ 21,598

Restaurant Closure and Refranchising Costs (Gains)

Restaurant closure costs represent costs incurred for permanently closed restaurants, including lease termination costs, as well as the ongoing restaurant operating costs of Company-owned restaurants that remained temporarily closed due to the COVID-19 pandemic.

During 2020, the Company temporarily closed 35 restaurants due to the onset of the COVID-19 pandemic. During periods of temporary closure, restaurant operating and occupancy costs were included in Restaurant closures and refranchising costs. The table below shows the disposition of these restaurants:

	(Restaurants)
Restaurants Temporarily closed in March, 2020 as a result of the COVID-19 Pandemic:	35
Temporarily closed restaurants re-opened in 2020:	17
Temporarily closed restaurants permanently closed in 2020:	6
Restaurants temporarily closed as of December 27, 2020:	12
Temporarily closed restaurants re-opened in 2021:	1
Temporarily closed restaurants permanently closed in 2021:	10
Restaurants temporarily closed as of December 26, 2021[(1)]:	1

[(1)] The Company intends to re-open the remaining temporarily closed restaurant in the first fiscal quarter of 2022.

During 2021, the Company permanently closed 14 restaurants. Ten of these restaurants were initially temporarily closed due to COVID-19 in 2020.

During 2020, the Company permanently closed 11 restaurants. Six of these restaurants were initially temporarily closed due to COVID-19. Due to permanent closure of certain restaurants during 2020, we impaired long-lived assets at six of the 11 permanently closed restaurants totaling $5.7 million.

Additionally, during 2020, the Company substantially completed the exit of Company-owned restaurants in Canada and accordingly recognized the accumulated currency translation adjustment as a loss in Other charges on the consolidated statements of operations and comprehensive loss totaling $5.5 million.

During 2019, the Company closed 18 restaurants resulting in a gain of $1.2 million. The gain is driven by early lease terminations on previously closed restaurants.

Asset Impairment

During 2021, the Company determined long-lived assets atten locations were impaired and recognized non-cash impairment charges of $6.4 million primarily related to the impairment of the long-lived assets associated with our excess properties.

Additionally, the Company recognized $0.5 million of non-cash impairment charges related to the impairment of long lived intangible assets related to quota state liquor licenses at seven locations.

During 2020, the Company impaired long-lived assets of40 Company-owned restaurants and recognized non-cash impairment charges of $21.7 million. Additionally, the Company impaired information technology assets totaling $5.2 million due to the COVID-19 pandemic redirecting our implementation of certain digital platforms in order to accelerate our speed to market.

During 2019, the Company impaired long-lived assets of29 Company-owned restaurants and recognized non-cash impairment charges of $15.1 million.

Litigation Contingencies

In 2021 and 2020, the Company recorded $1.3 million and $6.4 million, respectively, of contingencies related to litigation matters. See Note 13,*Commitments and Contingencies*, for further discussion.

COVID-19 Related Costs

In 2021 and 2020, the Company recorded $1.3 million and $1.9 million of costs, respectively, related to purchasing personal protective equipment for restaurant Team Members and Guests and providing emergency sick pay to restaurant Team Members during the pandemic.

Board and Stockholder Matters Costs

During 2021, the Company recorded an immaterial amount of board and stockholder matters costs.

During 2020, the Company recorded $2.5 million of board and stockholder matters costs primarily related to the shareholder rights plan and the recruitment and appointment of a new board member in the first quarter of 2020.

During 2019, the Company recorded $3.3 million of board and stockholder matters costs primarily related to the recruitment and appointment of the three new board members and the adoption of a shareholder rights plan.

Goodwill Impairment

The Company recognized full goodwill impairment during the first quarter of 2020 totaling $95.4 million resulting from the negative effects of COVID-19 on our business.

Severance and Executive Transition

During 2020, the Company recorded $0.9 million of severance and executive transition costs primarily related to severance costs associated with the reduction in force of restaurant support center Team Members in the first quarter of 2020.

During 2019, the Company recorded $3.5 million of severance and executive transition costs primarily related to the transition and realignment of our executive team, including the appointment of a new CEO in the third quarter of 2019.

Executive Retention

During 2019, the Company recorded $1.0 million of executive retention costs related to payments made to retain executive leadership believed to be critical to the ongoing operation of the Company during the uncertainty created following the retirement of our CEO in early April 2019 and throughout the subsequent transition period.

5. Property and Equipment, Net

Property and equipment consist of the following at December 26, 2021 and December 27, 2020 (in thousands):

	December 26, 2021	December 27, 2020
Land	$ 41,850	$ 41,850
Buildings	98,675	97,550
Leasehold improvements	684,235	682,449
Furniture, fixtures, and equipment	405,387	403,051
Construction in progress	8,866	5,086
Property and equipment, gross	$ 1,239,013	$ 1,229,986
Accumulated depreciation and amortization	(852,677)	(802,953)
Property and equipment, net	$ 386,336	$ 427,033

Depreciation and amortization expense on property and equipment was $80.5 million in 2021, $83.2 million in 2020, and $87.4 million in 2019.

On January 25, 2022 the Company entered into a purchase and sale agreement to sell a location where the Company owns the real estate, contingent upon the completion of customary due diligence. If completed, this sale will result in a material gain during 2022.

6. Intangible Assets

The following table presents intangible assets as of December 26, 2021 and December 27, 2020 (in thousands):

	December 26, 2021			December 27, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Intangible assets subject to amortization:						
Franchise rights	$ 49,328	$ (38,662)	$ 10,666	$ 49,972	$ (36,815)	$ 13,157
Leasehold interests	13,001	(9,681)	3,320	13,001	(9,254)	3,747
Liquor licenses and other	9,670	(9,364)	306	9,714	(9,364)	350
	$ 71,999	$ (57,707)	$ 14,292	$ 72,687	$ (55,433)	$ 17,254
Indefinite-lived intangible assets:						
Liquor licenses and other	$ 7,000	$ —	$ 7,000	$ 7,460	$ —	$ 7,460
Intangible assets, net	$ 78,999	$ (57,707)	$ 21,292	$ 80,147	$ (55,433)	$ 24,714

Immaterial impairment charges were recorded related to finite-lived intangibles resulting from the continuing and projected future results at Company-owned restaurants in 2021, 2020, and 2019. Impairment charges of $0.5 million were recorded related to indefinite-lived intangibles in 2021. No impairment charges were recorded related to indefinite-lived intangibles in 2020, and 2019.

The aggregate amortization expense related to intangible assets subject to amortization for 2021, 2020, and 2019 was $2.9 million, $4.4 million, and $4.4 million.

The estimated aggregate future amortization expense as of December 26, 2021 is as follows (in thousands):

2022	$ 2,499
2023	2,362
2024	2,117
2025	1,777
2026	1,464
Thereafter	4,073
	$ 14,292

7. Accrued Payroll and Payroll-Related Liabilities, and Accrued Liabilities and Other Current Liabilities

Accrued payroll and payroll-related liabilities consist of the following at December 26, 2021 and December 27, 2020 (in thousands):

	December 26, 2021	December 27, 2020
Payroll and payroll-related taxes	$ 15,290	$ 11,327
Workers compensation insurance	5,079	4,943
Corporate and restaurant incentive compensation	5,624	4,776
Accrued vacation	4,439	4,283
Other	2,152	2,324
Accrued payroll and payroll-related liabilities	$ 32,584	$ 27,653

Accrued liabilities and other current liabilities consist of the following at December 26, 2021 and December 27, 2020 (in thousands):

	December 26, 2021	December 27, 2020
CARES act deferred payroll tax	$ 8,780	$ —
State and city sales tax payable	6,960	3,487
Real estate, personal property, state income, and other taxes payable	6,696	6,501
General liability insurance	4,984	6,370
Utilities	2,569	2,747
Legal	2,455	10,480
Accrued marketing	2,108	282
Current portion of finance lease liabilities	1,194	1,078
Other	9,712	9,750
Accrued liabilities and other current liabilities	$ 45,458	$ 40,695

8. Borrowings

Borrowings as of December 26, 2021 and December 27, 2020 are summarized below:

	December 26, 2021		December 27, 2020	
(Dollars in thousands)	Borrowings	Weighted Average Interest Rate	Borrowings	Weighted Average Interest Rate
Revolving credit facility, term loan, and other long-term debt	$ 176,955	7.10 %	$ 170,644	4.50 %
Total debt	176,955		170,644	
Less current portion	9,692		9,692	
Long-term debt	$ 167,263		$ 160,952	

Maturities of long-term debt as of December 26, 2021 are as follows (in thousands):

2022	$ 9,692
2023	166,388
2024	—
2025	—
2026	—
Thereafter	875
	$ 176,955

Credit Facility

As of December 26, 2021, the Company had outstanding borrowings under the credit facility of $176.1 million, in addition to amounts issued under letters of credit of $7.9 million. As of December 27, 2020, the Company had outstanding borrowings under the credit facility of $169.8 million, in addition to amounts issued under letters of credit of $8.7 million. The amounts issued under letters of credit reduce the amount available under the credit facility but are not recorded as debt. As of December 26, 2021 and December 27, 2020, the current portion of long-term borrowings under the credit facility totaled $9.7 million.

As of December 26, 2021, our credit facility primarily consisted of a $119.1 million dollar term loan, and a $57.0 million revolving line of credit. The term loan requires quarterly principal payments at a rate of 7.0% per annum of the original principal balance. The term loan and revolving line of credit bear interest at LIBOR with a floor of 1.0%, plus a spread of 6.0%, and both the term loan and the revolving line of credit mature on January 10, 2023.

Borrowings under the credit facility are secured by substantially all of the assets of the Company and are available to: (i) refinance certain existing indebtedness of the Company and its subsidiaries, (ii) finance restaurant construction costs, (iii) pay costs, fees, and expenses in connection with such new restaurant construction, (iv) pay any fees and expenses in connection with the credit facility, and (v) provide for the working capital and general corporate requirements of the Company, including permitted acquisitions and the redemption of capital stock. Restrictions on how borrowings are used by the Company are in place per requirements set forth by our lenders.

The Company was subject to a number of customary covenants under the credit facility, including limitations on additional borrowings, acquisitions, capital expenditures, share repurchases, lease commitments, dividend payments, and requirements to maintain certain financial ratios including the lease adjusted leverage ratio and fixed charge coverage ratio. However, the Third Amendment provided certain covenant relief to the Company through the end of 2021. Our debt covenant assessment is based on inputs subject to various risks and uncertainties caused by the COVID-19 pandemic, including forecasted revenues, expenses, and cash flows, current discount rates, growth rates, observable market data, and changes to the regulatory environment.

Third Amendment

In response to the continued uncertainty around the impact of industry labor and supply chain challenges as well as the COVID-19 Delta variant, the Company amended its current credit facility on November 9, 2021 (the "Third Amendment") to obtain additional flexibility to continue to implement our business strategy. The Third Amendment further amended the Company's credit facility to, among other things:

- waive the application of the lease adjusted leverage ratio financial covenant (the "Leverage Ratio Covenant") for the third fiscal quarter of 2021
- increase the maximum leverage permitted for purposes of the Leverage Ratio Covenant for the fourth fiscal quarter of 2021 and the first, second and third fiscal quarters of 2022, with the definition of the Leverage Ratio Covenant also being amended to provide that it shall not be calculated on a basis that gives effect to a seasonally adjusted annualized consolidated EBITDA in future periods;
- decrease the minimum fixed charge coverage ratio required for purposes of the fixed charge coverage ratio financial covenant (the "FCCR Covenant") for the first fiscal quarter of 2022, with the definition of the FCCR Covenant also being amended to account for cash tax refunds received in any future period and certain capital expenditures constituting "Expansion Capital Expenditures" being excluded from the calculation thereof;
- decrease the minimum liquidity required for purposes of the minimum liquidity covenant and provide for the testing of such minimum liquidity covenant at all times;
- make certain amendments to the Credit Facility to (i) provide that certain additional capital expenditures shall constitute "Expansion Capital Expenditures" and (ii) provide that "Expansion Capital Expenditures" shall be permitted for all periods on or prior to the last day of the fiscal quarter of the Company ending on or about October 2, 2022, so long as (1) there is no default or event of default, (2) on a pro forma basis, Liquidity shall exceed a certain amount and (3) such "Expansion Capital Expenditures" do not exceed certain agreed amounts in each fiscal quarter (with carryforward of unused amounts to the immediately succeeding fiscal quarter), and, for all periods thereafter, so long as (1) there is no default or event of default, (2) on a pro forma basis, Liquidity shall exceed a certain amount and (3) on a pro forma basis, lease adjusted leverage ratio shall not exceed 5.00x;
- increase the pricing under the Credit Facility for (a) the period from the Third Amendment Effective Date through the first interest determination date occurring after the last day of the fiscal quarter of the Company ending on or about

April 17, 2022 to LIBOR (subject to a 1% floor) plus 6.00% and (b) periods thereafter to LIBOR (to which a 1% LIBOR floor shall apply) plus 6.50%;

- provide that the previously agreed utilization fee of 0.75% per annum of the daily outstanding principal amount of term loans, revolving loans, swingline loans and letter of credit obligations under the Credit Facility shall be owing solely in respect of the period commencing on February 25, 2021 and ending on the Third Amendment Effective Date, with all such amounts payable on the Third Amendment Effective Date;
- reduce the aggregate revolving commitment to $75.0 million on the last day of the fiscal quarter of the Company ending on or about April 17, 2022;
- amend the anti-cash hoarding provision to require revolver repayments (but with no associated permanent reduction in the revolving commitment) to the extent that the Company's consolidated cash on hand exceeds $30.0 million at any time;
- revise the requirement that the annual audited financial statements be delivered without a "going concern qualification" to permit such a qualification solely relating to (i) any impending debt maturity (whether under the Credit Facility or otherwise) or (ii) any actual or prospective inability to satisfy a financial maintenance covenant; and
- make certain amendments to the Credit Facility to address LIBOR transition matters.

The description above is a summary of the Third Amendment and is qualified in its entirety by the complete text of the agreement. In conjunction with the Second Amendment to the Amended and Restated Credit Facility (the "Second Amendment") on February 25, 2021 and Third Amendment, the Company paid certain customary amendment fees to the lenders under the Credit Facility totaling approximately $0.6 million and $0.8 million respectively, which will be capitalized as deferred loan fees and amortized over the remaining term of the Credit Facility.

During 2021, the Company expensed approximately $1.7 million of deferred financing charges related to calculated reductions in total borrowing capacity of the revolver associated with the Second and Third Amendments. The $1.7 million is included in interest expense on the Consolidated Statements of Operations and Comprehensive Loss for the year ended December 26, 2021.

New Credit Facility

On March 4, 2022, the Company replaced its 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. The borrower maintains the option to increase 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 new 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 new 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 0.50% per annum, or (c) one-month term SOFR plus 1.00% per annum.

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 replaces 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.

The summary descriptions of the Credit Agreement 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 and the Security Agreement, respectively.

9. Fair Value Measurements

Fair value measurements are made under a three-tier fair value hierarchy, which prioritizes the inputs used in the measuring of fair value:

Level 1: Observable inputs that reflect unadjusted quote prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Inputs that are generally unobservable. These inputs may be used with internally developed methodologies that result in management's best estimate of fair value.

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 current 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. See Note 15, *Employee Benefit Programs*. 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. 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 as of December 26, 2021 and December 27, 2020 (in thousands):

	December 26, 2021	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	$ 6,276	$ 6,276	$ —	$ —
Total assets measured at fair value	$ 6,276	$ 6,276	$ —	$ —

	December 27, 2020	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	$ 6,740	$ 6,740	$ —	$ —
Total assets measured at fair value	$ 6,740	$ 6,740	$ —	$ —

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Assets and liabilities recognized or disclosed at fair value on the 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.

During 2021, 2020, and 2019, the Company measured non-financial assets for impairment using continuing and projected future cash flows, as discussed in Note 4, *Other Charges*, which were based on significant inputs not observable in the market and thus represented a level 3 fair value measurement.

Based on our 2021, 2020 and 2019 impairment analyses, we impaired long-lived assets at ten, 40 and 29 locations with carrying values of $13.7 million, $67.3 million, and $17.3 million. We determined the fair value of these long-lived assets in 2021, 2020, and 2019 to be $7.2 million, $34.7 million and $2.2 million based on level 3 fair value measurements.

Liquor licenses with indefinite lives are reviewed for impairment annually or whenever events or changes in circumstances indicate the carrying amount may not be recoverable. If the carrying amount is not recoverable, we record an impairment charge for the excess of the carrying amount over the fair value. We determine fair value based on quoted prices in the active market for the license in the same or similar jurisdictions, representing a level 1 fair value measurement. During the fourth quarter of 2021, the Company performed its annual review of its indefinite lived liquor licenses that had a carrying value of $7.2 million, and recorded impairment charges of $0.5 million to indefinite-lived intangibles in 2021. No impairment charges were recorded to liquor licenses with indefinite lives in 2020, or 2019.

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 consolidated balance sheets. The carrying value approximated the fair value of the credit facility as of December 26, 2021 and December 27, 2020, as the interest rate on the instrument approximated current market rates. The interest rate on the credit facility represents a level 2 fair value input.

10. Leases

The Company's finance and operating lease assets and liabilities as of December 26, 2021 and December 27, 2020 as follows (in thousands):

December 26, 2021	Finance[(1)]	Operating[(2)]
Lease assets, net[(3)]	$ 9,664	$ 400,825
Current portion of lease obligations	1,194	48,842
Long-term portion of lease obligations	10,765	435,136
Total	$ 11,959	$ 483,978

(1) Finance lease assets and obligations are included in Other assets, net, Accrued liabilities and other current liabilities, and Other non-current liabilities on our December 26, 2021 and December 27, 2020 Consolidated Balance Sheets.

(2) Operating lease assets and obligations are included in Operating lease assets, net, Current portion of operating lease liabilities, and Long-term portion of operating lease liabilities on our December 26, 2021 and December 27, 2020 Consolidated Balance Sheets.

(3) The Lease assets, net caption includes the right of use assets associated with the Company's Finance and Operating leases, net of the associated amortization of these right of use assets.

December 27, 2020	Finance[(1)]	Operating[(2)]
Lease assets, net[(3)]	$ 9,644	$ 415,929
Current portion of lease obligations	1,078	54,197
Long-term portion of lease obligations	10,937	454,296
Total	$ 12,015	$ 508,493

(1) Finance lease assets and obligations are included in Other assets, net, Accrued liabilities and other current liabilities, and Other non-current liabilities on our December 26, 2021 and December 27, 2020 Consolidated Balance Sheets.

(2) Operating lease assets and obligations are included in Operating lease assets, net, Current portion of operating lease liabilities, and Long-term portion of operating lease liabilities on our December 26, 2021 and December 27, 2020 Consolidated Balance Sheets.

(3) The Lease assets, net caption includes the right of use assets associated with the Company's Finance and Operating leases, net of the associated amortization of these right of use assets.

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 consolidated statements of operations and comprehensive loss as follows (in thousands):

	Year Ended		
	December 26, 2021	December 27, 2020	December 29, 2019
Operating lease cost	$ 70,000	$ 67,320	$ 75,496
Finance lease cost:			
Amortization of right of use assets	856	845	793
Interest on lease liabilities[(4)]	532	534	544
Total finance lease cost	$ 1,388	$ 1,379	$ 1,337
Variable lease cost	19,812	24,482	29,300
Total lease costs	$ 91,200	$ 93,181	$ 106,133

(4) Interest on finance lease liabilities is recorded to interest expense in our consolidated statements of operations and comprehensive loss.

Maturities of our lease liabilities as of December 26, 2021 were as follows (in thousands):

	Finance Leases	Operating Leases
2022	$ 1,716	$ 80,361
2023	1,244	76,626
2024	1,264	74,898
2025	1,283	70,282
2026	1,345	64,153
Thereafter	8,169	314,998
Total future lease liability	$ 15,021	$ 681,318
Less imputed interest	3,062	197,340
Present value of lease liability	$ 11,959	$ 483,978

Supplemental cash flow information in thousands (except other information) related to leases is as follows:

	Year Ended		
	December 26, 2021	December 27, 2020	December 29, 2019
Cash flows from operating activities			
Cash paid related to lease liabilities			
Operating leases	$ 81,520	$ 47,164	$ 78,260
Finance leases	532	534	512
Cash flows from financing activities			
Cash paid related to lease liabilities			
Finance leases	1,733	270	817
Cash paid for amounts included in the measurement of lease liabilities	$ 83,785	$ 47,968	$ 79,589
Right of use assets obtained in exchange for operating lease obligations	$ 28,738	$ 56,014	$ 12,580
Right of use assets obtained in exchange for finance lease obligations	$ 1,170	$ 2,918	$ 1,606
Other information related to operating leases as follows:			
Weighted average remaining lease term	9.69 years	10.24 years	10.70 years
Weighted average discount rate	7.05 %	6.90 %	7.38 %
Other information related to financing leases as follows:			
Weighted average remaining lease term	10.81 years	11.76 years	12.37 years
Weighted average discount rate	4.56 %	4.56 %	4.90 %

11. Income Taxes

Loss before income taxes includes the following components for the fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019 (in thousands):

	2021	2020	2019
U.S.	$ (49,978)	$ (262,728)	$ (14,549)
Foreign	(176)	(20,824)	(7,688)
Loss before income taxes	$ (50,154)	$ (283,552)	$ (22,237)

The benefit for income taxes for the fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019 consist of the following (in thousands):

	2021	2020	2019
Current:			
Federal	$ —	$ (60,340)	$ (3,054)
State	(152)	1,354	(1,687)
Foreign	—	—	—
Total current income tax (benefit)	$ (152)	$ (58,986)	$ (4,741)
Deferred:			
Federal	$ —	$ 44,353	$ (10,994)
State	—	8,086	1,354
Foreign	—	(937)	47
Total deferred income tax expense (benefit)	—	51,502	(9,593)
Income tax benefit	$ (152)	$ (7,484)	$ (14,334)

The reconciliation between the income tax benefit and the amount of income tax computed by applying the U.S. federal statutory rate to loss before income taxes as shown in the accompanying consolidated statements of operations and comprehensive loss for fiscal years ended December 26, 2021, December 27, 2020, and December 29, 2019 is as follows:

	2021	2020	2019
Tax provision at U.S. federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes	3.8	3.9	2.2
FICA tip tax credits	—	—	46.0
Foreign taxes versus U.S statutory rate	—	0.2	0.8
Valuation allowance on deferred income tax assets	(25.2)	(27.9)	(9.1)
Impact of CARES Act and related method changes	—	5.5	—
Other tax credits	—	—	6.1
Meals and entertainment	—	—	(0.7)
Excess stock options	1.1	(0.1)	(2.9)
Employee travel	—	—	(0.1)
Other	(0.4)	—	1.2
Effective tax rate	0.3 %	2.6 %	64.5 %

The Company had a tax benefit in all three years presented above, but due to the mathematical computation of tax benefit to book loss the effective tax rate in 2021, 2020, and 2019 are represented as a positive percentage. The decrease in the Company's effective tax benefit in 2021 is primarily due to the 2020 favorable rate impact of net operating loss carrybacks allowed as part of the CARES Act. The decrease in the 2020 effective tax benefit is primarily due to a decrease in credits and an increase in the valuation allowance.

The Company's federal and state deferred taxes at December 26, 2021 and December 27, 2020 are as follows (in thousands):

	2021	2020
Deferred tax assets:		
Leasing transactions	$ 126,981	$ 134,471
General business and other tax credits	40,472	40,366
Net operating loss carryover	36,069	23,567
Accrued compensation and related costs	9,738	11,893
Goodwill	8,296	9,536
Stock-based compensation	6,461	5,561
Advanced payments	3,912	4,702
Other non-current deferred tax assets	5,782	3,073
Subtotal	237,711	233,169
Valuation allowance	(99,093)	(86,677)
Total	$ 138,618	$ 146,492
Deferred tax liabilities:		
Leasing transactions	$ (108,067)	$ (112,860)
Property and equipment	(17,600)	(21,549)
Supplies inventory	(4,128)	(4,267)
Prepaid expenses	(2,517)	(2,884)
Other non-current deferred tax liabilities	(6,306)	(4,932)
Total	$ (138,618)	$ (146,492)
Net deferred tax asset	$ —	$ —

The Company had net operating loss carryforwards for tax purposes of $36.1 million as of December 26, 2021. This is comprised of approximately $11.8 million of federal net operating loss carryovers, approximately $14.8 million of state net operating loss carryovers, and approximately $9.5 million of foreign net operating loss carryovers. The federal net operating loss has an indefinite carryforward period, the state net operating loss carryovers expire at various dates between 2025 and 2041, and the foreign net operating loss carryovers expire at various dates between 2035 and 2041.

As of December 26, 2021, the Company had a deferred tax asset of $39.3 million related to federal tax credits, which expire at various dates between 2037 and 2040. The Company also had a deferred tax asset of $1.2 million related to state tax credits which expire in 2024.

In assessing the realizability of deferred income tax assets, ASC 740 requires a more likely than not standard be met. If the Company determines that it is more likely than not that deferred income tax assets will not be realized, a valuation allowance must be established. The realization of deferred tax assets depends on the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers reversal of deferred income tax liabilities, projected future taxable income, and tax planning strategies when making this determination. Due to the COVID-19 pandemic, the Company has experienced cumulative losses in recent years which is significant negative evidence that is difficult to overcome in order to reach a determination that a valuation allowance is not required. Projected future taxable income is positive subjective evidence but is not strong enough to overcome the recent cumulative loss objective evidence. Therefore, management determined that a full valuation allowance was required as of December 26, 2021 and at December 27, 2020.

Based on the Company's evaluation of its deferred tax assets, a valuation allowance of approximately $99.1 million has been recorded against the deferred tax asset for federal and state tax credits, federal and state deferred tax assets, all net operating loss carry forwards and the deferred taxes of our foreign subsidiary.

The following table summarizes the Company's unrecognized tax benefits at December 26, 2021, December 27, 2020, and December 29, 2019 (in thousands):

	2021	2020	2019
Beginning of year	$ 80	$ 104	$ 304
Increase due to current year tax positions	3	—	52
Due to decrease to a position taken in a prior year	—	(24)	(170)
Settlements	—	—	(16)
Reductions related to lapses in the statute of limitations	(51)	—	(66)
End of year	$ 32	$ 80	$ 104

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate is approximately $32 thousand. The Company does not anticipate significant changes in the aggregate amount of unrecognized tax benefits within the next 12 months, other than nominal tax settlements.

The Company had outstanding federal and state refund claims of approximately $15.8 million as of December 26, 2021. In January 2022, the Company received $2.4 million of those refund claims, and expects to receive the remaining $13.4 million over the next 12-18 months due to processing delays at the IRS.

12. 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 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, and other contingencies. These include employment related claims and claims from Guests or Team Members alleging illness, injury, food quality, health, or operational concerns. 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 these matters will not have a material adverse effect on our financial position and results of operations. 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 December 26, 2021, we had a balance of $2.5 million for loss contingencies on our consolidated balance sheets. We ultimately may be subject to greater or less than the accrued amount.

As of December 26, 2021, we had purchase commitments to certain vendors who provide food and beverages and other supplies to our restaurants, for an aggregate of $155.9 million. We expect to fulfill our commitments under these agreements in the normal course of business, and as such, no liability has been recorded.

13. Stockholders' Equity

On August 9, 2018, the Company's board of directors authorized an increase to the Company's share repurchase program of approximately $21 million to a total of $75 million of the Company's common stock. The increased 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. Purchases may be made from time to time at the Company's discretion, and the timing and amount of any share repurchases will be determined based on share price, market conditions, legal requirements, and other factors. The repurchase program does not obligate the Company to acquire any particular amount of common stock, and the Company may suspend or discontinue the repurchase program at any time. In 2021, the Company did not repurchase any shares under its share repurchase program. From the date of the current program approval through December 26, 2021, we have repurchased a total of 226,500 shares at an average price of $29.14 per share for an aggregate amount of $6.6 million. Accordingly, as of December 26, 2021, we had $68.4 million of availability under the current share repurchase program.

Effective March 14, 2020, the Company temporarily suspended its share repurchase program to provide additional liquidity during the COVID-19 pandemic. Our ability to repurchase shares is limited to conditions set forth by our lenders in the Second Amendment prohibiting us from repurchasing additional shares until the first fiscal quarter of 2022 at the earliest and not until we deliver a covenant compliance certificate demonstrating a lease adjusted leverage ratio less than or equal to 5.00:1.00.

14. Stock Incentive Plans

In May 2017, the Company's stockholders approved the 2017 Performance Incentive Plan (the "2017 Stock Plan"). Following the date of approval, all grants are made under the 2017 Stock Plan and no new awards may be granted under the Second Amended and Restated 2007 Performance Plan (the "2007 Stock Plan"). The 2017 Stock Plan authorizes the issuance of stock options, stock appreciation rights (SARs), and other forms of awards granted or denominated in the Company common stock or unit of the Company's common stock, as well as cash performance awards pursuant to the plan. Persons eligible to receive awards under the 2017 Stock Plan include officers, employees, directors, consultants, and other service providers or any affiliate of the Company. The maximum number of shares of the Company's common stock that may be issued or transferred pursuant to awards under the 2017 Stock Plan was 630,182 shares. The 2017 Stock Plan was amended in May 2019, and again in May 2020 to add an additional 660,000 and 275,000 shares, respectively, bringing the total to 1,565,182 shares as of December 26, 2021.

Vesting of the awards under the 2017 Stock Plan is determined at the date of grant by the plan administrator. Each award granted under the 2017 Stock Plan and 2007 Stock Plan fully vests, becomes exercisable and/or payable, as applicable, upon a change in control event. However, unless the individual award agreement provides otherwise, with respect to executive and certain other high level officers, upon the occurrence of a change in control, no award will vest unless such officers' employment with the Company is terminated by the Company without cause during the two years following such change in control event. Each award expires on such date as shall be determined at the date of grant; however, the maximum term of options, SARs, and other rights to acquire common stock under the plan is ten years after the initial date of the award, subject to provisions for further deferred payment in certain circumstances. Vesting of awards under these plans were generally time based over a period of one year to four years. As of December 26, 2021, 211,608 options and awards to acquire the Company's common stock remained outstanding under the 2007 Stock Plan; all remaining options and awards are outstanding under the 2017 Stock Plan.

Stock-based compensation costs recognized in 2021, 2020, and 2019 were $6.6 million, $4.3 million, and $3.3 million with related income tax benefits of $1.4 million, $0.3 million, and $0.3 million. As of December 26, 2021, there was $12.7 million of unrecognized compensation cost, excluding estimated forfeitures. Unrecognized compensation costs are expected to be recognized over the weighted average remaining vesting period of approximately 0.72 years for stock options, 1.05 years for the restricted stock units ("RSU"), and 1.29 years for the performance stock units ("PSU").

Stock Options

The tables below summarize the status of the Company's stock option plans (in thousands, except exercise price):

	Stock Options	
	Shares	Weighted Average Exercise Price
Outstanding, December 27, 2020	470	$ 36.64
Granted	—	—
Forfeited/expired	(13)	34.67
Exercised	(4)	14.12
Outstanding, December 26, 2021	453	$ 36.91

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Years of Contractual Life	Aggregate Intrinsic Value
Outstanding as of December 26, 2021	453	$ 36.91	5.7	$ 998
Vested and expected to vest as of December 26, 2021[(1)]	436	37.81	5.6	924
Exercisable as of December 26, 2021	299	$ 48.48	4.5	$ 326

(1) The expected to vest options are the result of applying the pre-vesting forfeiture rate assumption to total outstanding options. The Company applies estimated forfeiture rates that are derived from our historical forfeitures of similar awards.

The estimated fair value of each option granted is calculated using the Black-Scholes multiple option-pricing model, and expense is recognized straight line over the vesting period. No options were granted during 2021 or 2019. The average assumptions used in the model for the fiscal years ended December 26, 2021, December 27, 2020 and December 29, 2019 were as follows:

	2021	2020	2019
Risk-free interest rate	— %	0.5 %	— %
Expected years until exercise	0 years	4.7 years	0 years
Expected stock volatility	— %	61.0 %	— %
Dividend yield	— %	— %	— %
Weighted average Black-Scholes fair value per share at date of grant	$ —	$ 6.28	$ —
Total intrinsic value of options exercised (in thousands)	$ 89	$ 30	$ 20

The risk-free interest rate was based on the rate for zero coupon U.S. Government issues with a remaining term similar to the expected life. The expected life of the options represents the period of time the options are expected to be outstanding and is based on historical trends and Team Member exercise patterns. The expected stock price volatility represents an average of the Company's historical volatility measured over a period approximating the expected life. The dividend yield assumption is based on the Company's history and expectations of dividend payouts.

Time-Based RSUs

During 2021, 2020, and 2019, the Company issued time-based restricted stock units ("RSUs") to certain employees as permitted under the 2017 Stock Plan. The Company can grant RSUs to its directors, executive officers, and other key employees. The RSUs granted to employees typically vest in equal installments over three to four years. For the Company's board of directors, RSUs vest in full on the earlier of theone-year anniversary of the grant date or the next annual stockholder meeting. Upon vesting, one share of the Company's common stock is issued for each RSU. The fair value of each RSU granted is equal to the market price of the Company's stock at the date of grant, and expense is recognized straight line over the vesting period.

The table below summarizes the status of the Company's time-based RSUs under the 2017 and 2007 Stock Plans (shares in thousands):

	Restricted Stock Units	
	Shares	Weighted Average Grant-Date Fair Value (per share)
Outstanding, December 27, 2020	347	$ 19.74
Awarded	257	34.72
Forfeited	(35)	27.88
Vested	(150)	17.93
Outstanding, December 26, 2021(1)	419	$ 28.89

(1) Awards expected to vest are the result of applying the pre-vesting forfeiture rate assumption to total outstanding options. The Company applies estimated forfeiture rates that are derived from our historical forfeitures of similar awards.

Performance Stock Units

During 2021, 2020, and 2019, the Company granted performance stock unit awards ("PSUs") to certain employees as permitted under the 2017 Stock Plan. Each PSU represents the right to receive one share of the Company's common stock on the payment date.

Prior to 2020, each PSU was divided intothree equal tranches with applicable performance periods, typically consisting of a fiscal year, subject to the achievement of the applicable performance goals at target and applicable vesting conditions. Fair value of each PSU granted was equal to the market price of the Company's stock at the grant date, and expense is recognized ratably across the total performance period based on probability of achieving applicable performance goals. PSUs remain unvested until the end of the third performance period and are forfeited in the event of termination of employment of a grantee prior to the last day of the third performance period.

Beginning in 2020, the Company began granting PSU awards based on relative total stockholder return defined as increases in the Company's stock price during a performance period of three years as compared to the total stockholder return of a group of peer companies. Fair value of each PSU granted is determined by a Monte Carlo valuation model, and expense is recognized straight line over the performance period. PSUs remain unvested until the last day of the three year performance period and are forfeited in the event of termination of employment of a grantee prior to the last day of the three year performance period.

The table below summarizes the status of the Company's performance stock units under the 2017 Stock Plan (shares in thousands):

	Performance Stock Units	
	Shares	Weighted Average Grant-Date Fair Value (per share)
Outstanding, December 27, 2020	297	$ 20.52
Awarded	100	53.49
Forfeited	(13)	27.34
Vested	(4)	61.25
Outstanding, December 26, 2021[(1)]	380	$ 28.54

[(1)] Awards expected to vest are the result of applying the pre-vesting forfeiture rate assumption to total outstanding options. The Company applies estimated forfeiture rates that are derived from our historical forfeitures of similar awards.

Long-Term Cash Incentive Plan

Beginning in 2020, the long-term cash incentive plan is based on relative total stockholder return defined as increases in the Company's stock price during a performance period of three years as compared to the total stockholder return of a group of peer companies. Compensation is recognized variably over the three year performance period based on a Monte Carlo valuation model. Beginning in 2017, the long-term cash incentive plan was based on operational metrics with three one year performance periods. Compensation expense for awards granted before 2020 is recognized variably over the performance period based on the plan-to-date performance achievement. All long-term cash incentive awards cliff vest after three years at the end of each performance cycle. In 2021, 2020, and 2019, the Company recorded $0.5 million, $0.2 million, and $0.2 million, respectively in compensation expense to Selling, general, and administrative expenses in the consolidated statements of operations and comprehensive loss related to the 2017 long-term cash incentive plan.

During 2021 and 2020, the long-term cash incentive plan payout totaled $0.3 million and $0.5 million, respectively. At December 26, 2021 and December 27, 2020, a $1.0 million and $0.8 million long-term cash incentive plan liability was included in Accrued payroll and payroll-related liabilities on the consolidated balance sheets.

15. Employee Benefit Programs

Employee Deferred Compensation Plan

The Company offers a deferred compensation plan that permits key employees and other members of management defined as highly compensated employees under the IRS code to defer portions of their compensation in a pre-tax savings vehicle that allows for retirement savings above 401(k) limits. Under this plan, eligible Team Members may elect to defer up to 75% of their base salary and up to 100% of variable compensation and commissions each plan year.

The assets of the deferred compensation plan are held in a rabbi trust, where they are invested in certain mutual funds that cover an investment spectrum ranging from equities to money market instruments and are available to satisfy the claims of the Company's creditors in the event of bankruptcy or insolvency. These mutual funds have published market prices and are reported at fair value. See Note 9, *Fair Value Measurements*. Changes in the market value of the investments held in the trust result in the recognition of a corresponding gain or loss reported in Interest income and other, net in the consolidated statements of operations and comprehensive loss. A corresponding change in the liability associated with the deferred compensation plan results in an offsetting deferred compensation expense, or reduction of expense, reported in Selling, general, and administrative expenses in the consolidated statements of operations and comprehensive loss.

The Company recognized $0.7 million of deferred compensation expense in 2021, $0.6 million in 2020, and $1.1 million in 2019. As of December 26, 2021 and December 27, 2020, $6.3 million and $6.7 million of deferred compensation assets are included in Other assets, net and $6.3 million and $6.7 million of deferred compensation plan liabilities are included in Other non-current liabilities in the accompanying consolidated balance sheets.

Employee Stock Purchase Plan

In July 2017, the Company adopted the Amended and Restated Employee Stock Purchase Plan (the "New Plan"). The New Plan authorized 100,000 shares of the Company's common stock for issuance. Under the New Plan, eligible Team Members may voluntarily contribute up to 15% of their salary, subject to limitations, to purchase common stock at a price equal to 85% of the fair market value of a share of the Company's common stock on the first day of each offering period or 85% of the fair market value of a share of the Company's common stock on the last day of each offering period, whichever amount is less. In general, all of the Company's officers and Team Members who have been employed by the Company for at least one year and who are regularly scheduled to work more than 20 hours per week are eligible to participate in this plan, which operates in the successive six months commencing on January 1 and July 1 of each fiscal year. During 2021, the Company issued a total of 42,563 shares under the New Plan with 119,426 shares available for future issuance. During 2020, the Company issued a total of 40,462 shares under the New Plan.

For 2021, in accordance with the guidance for accounting for stock compensation, the Company estimated the fair value of the awards granted pursuant to the stock purchase plan using the Black-Scholes multiple-option pricing model. The assumptions used in the model included 0.3% risk-free interest rate, 0.5 year expected life, expected volatility of 53.94%, and 0% dividend yield. The weighted average fair value per share at grant date was $4.36. For 2020, the assumptions used in the model included 0.1% risk-free interest rate, 0.5 year expected life, expected volatility of 50.40%, and 0% dividend yield. The weighted average fair value per share at grant date was $2.16. For 2019, the assumptions used in the model included 1.5% risk-free interest rate, 0.50 year expected life, expected volatility of 41.82%, and 0% dividend yield. The weighted average fair value per share at grant date was $7.56. The Company recognized $0.2 million of compensation expense related to this plan in 2021, $0.1 million in 2020, and $0.2 million in 2019.

Employee Defined Contribution Plan

The Company maintains a 401(k) Savings Plan ("401k Plan") which covers eligible Team Members who have satisfied the service requirements and reached 21 years of age. The 401k Plan, which qualifies under Section 401(k) of the Internal Revenue Code, allows Team Members to defer specified percentages of their compensation on a pre-tax basis. The Company may make matching contributions in an amount determined by the board of directors. In addition, the Company may contribute each period, at its discretion, an additional amount from profits. Employer matching contributions equal to 100% of the first 3% of compensation and 50% on the next 2% of compensation. The Company matches contributions when the employee contribution is made, and the employer matching contributions are not subject to a vesting schedule. The Company recognized matching contribution expense of $2.8 million in 2021, $2.5 million in 2020, and $3.0 million in 2019.

ITEM 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report on Form 10-K. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of such period, are effective to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act are:

- Recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and
- Accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

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 is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) promulgated under the Exchange Act. Those rules define internal control over financial reporting as a process designed 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 and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and the receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisitions, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 26, 2021. In making this assessment, the Company's management used the criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on our assessment and those criteria, management believes that, as of December 26, 2021, the Company's internal control over financial reporting is effective.

Deloitte & Touche LLP, an independent registered public accounting firm, has issued an audit report on the Company's internal control over financial reporting included herein.

Inherent Limitations of Internal Controls

A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met and misstatements are prevented or detected. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs.

Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Red Robin Gourmet Burgers, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Red Robin Gourmet Burgers, Inc. and subsidiaries (the "Company") as of December 26, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 26, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 26, 2021, of the Company and our report dated March 10, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Denver, Colorado

March 10, 2022

ITEM 9B. Other Information

None.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

Our board of directors has adopted codes of ethics that apply to all of our directors, officers, and employees, including our chief executive officer, chief financial officer, and all of the finance team. The full text of our code of ethics can be found on the governance page within the ESG section of our website at *ir.redrobin.com*. We intend to disclose any changes in or waivers from the codes of ethics by posting such information on our corporate website or by filing a Current Report on Form 8-K.

Information relating to this item will be included in an amendment to this Annual Report on Form 10-K or in the proxy statement for our 2022 annual stockholders' meeting and is incorporated by reference in this Annual Report on Form 10-K. Certain information concerning our executive officers is included in Item 1 of Part I of this Annual Report on Form 10-K and is hereby incorporated by reference.

ITEM 11. Executive Compensation

Information relating to this item will be included in an amendment to this Annual Report on Form 10-K or in the 2022 Proxy Statement and is hereby incorporated by reference in this Annual Report on Form 10-K.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information relating to this item will be included in an amendment to this Annual Report on Form 10-K or in the 2022 Proxy Statement and is hereby incorporated by reference in this Annual Report on Form 10-K.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

Information relating to this item will be included in an amendment to this Annual Report on Form 10-K or in the 2022 Proxy Statement and is hereby incorporated by reference in this Annual Report on Form 10-K.

ITEM 14. Principal Accounting Fees and Services

Information relating to this item will be included in an amendment to this Annual Report on Form 10-K or in the 2022 Proxy Statement and is hereby incorporated by reference in this Annual Report on Form 10-K.

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a) **Exhibits and Financial Statement Schedules**

(1) Our Consolidated Financial Statements and Notes thereto are included in Item 8 of this Annual Report on Form 10-K. See "Financial Statements and Supplementary Data - Red Robin Gourmet Burgers, Inc. - Index" for more detail.

(2) All financial schedules have been omitted either because they are not applicable or because the required information is provided in our Consolidated Financial Statements and Notes thereto, included in Item 8 of this Annual Report on Form 10-K.

(3) Index to 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)	Fourth Amended and Restated Bylaws dated May 24, 2012. Incorporated by reference to Exhibit 3.2 to our Quarterly Report on Form 10- Q filed on August 10, 2012 (File No. 001-34851).
(3.3)	Amendment No. 1 dated February 13, 2013 to Fourth Amended and Restated Bylaws dated May 24, 2012. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on February 19, 2013 (File No. 001-34851).
(4.1)	Specimen stock certificate. Incorporated by reference to Exhibit 4.1 to Amendment No. 1 of our Registration Statement on Form S-1 filed on June 10, 2002 (Registration No. 333-87044).
(4.2)	Description of Capital Stock. Incorporated by reference to Exhibit 4.2 to our Annual Report on Form 10-K filed with the SEC on February 26, 2020 (File No. 001-34851).
(4.3)	Amendment No. 1 to Rights Agreement, dated as of April 10, 2020, by and between Red Robin Gourmet Burgers, Inc. and American Stock Transfer & Trust Company, LLC, as rights agent. Incorporated by reference to Exhibit 4.1 to our Current Report on Form 8-K filed with the SEC on April 13, 2020.
(10.1)*	Red Robin Gourmet Burgers, Inc. Second Amended and Restated 2007 Performance Incentive Plan. Incorporated by reference to Appendix A to our Definitive Proxy Statement filed on April 21, 2011 (File No. 001-34851).
(10.2)*	Form of Red Robin Gourmet Burgers, Inc. Second Amended and Restated 2007 Performance Incentive Plan Nonqualified Stock Option Agreement. Incorporated by reference to Exhibit 10.7 to our Annual Report on Form 10-K filed on February 23, 2012 (File No. 001-34851).
(10.3)*	Form of Red Robin Gourmet Burgers, Inc. 2007 Performance Incentive Plan Restricted Stock Grant Agreement. Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 22, 2009 (File No. 000-49916).
(10.4)*	Form of Red Robin Gourmet Burgers, Inc. 2007 Performance Incentive Plan Restricted Stock Unit Grant Agreement. Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on May 22, 2009 (File No. 000-49916).
(10.5)*	Form of Red Robin Gourmet Burgers, Inc. Restricted Stock Unit Grant Agreement for Non-Employee Directors. Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form10-Q filed on August 13, 2010 (File No. 001-34851).
(10.6)*	Form of Red Robin Gourmet Burgers, Inc. Amended and Restated 2007 Performance Incentive Plan Outside Director Stock Option Agreement. Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 21, 2010 (File No. 000-49916).
(10.7)*	Form of Red Robin Gourmet Burgers, Inc. Second Amended and Restated 2007 Performance Incentive Plan Nonqualified Stock Option Agreement. Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 23, 2014.
(10.8)*	Form of Red Robin Gourmet Burgers, Inc. Second Amended and Restated 2007 Performance Incentive Plan Restricted Stock Unit Grant Agreement. Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on May 23, 2014.
(10.9)*	Red Robin Gourmet Burgers, Inc. Amended and Restated Employee Stock Purchase Plan. Incorporated by reference to Appendix A to our Definitive Proxy Statement filed on April 8, 2020.

Exhibit Number	Description
(10.10)*	Red Robin Gourmet Burgers, Inc. Deferred Compensation Plan as Amended and Restated on December 15, 2015. Incorporated by reference to Exhibit 10.16 to our Annual Report on Form 10-K filed on February 19, 2016.
(10.11)*	Form of Indemnification Agreement entered into by and between Red Robin Gourmet Burgers, Inc. and each of our directors and certain executive officers. Incorporated by reference to Exhibit 10.20 to Amendment No. 3 of our Registration Statement on Form S-1 filed on July 12, 2002 (Registration No. 333-87044).
(10.12)*	Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan. Incorporated by reference to Appendix A to our Definitive Proxy Statement filed on April 4, 2017.
(10.13)*	Form of Performance Stock Unit Award Agreement under the Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan. Incorporated by reference to Exhibit 10.41 to our Annual Report on Form 10-K filed on February 27, 2018.
(10.14)*	Form of Cash Performance Award Agreement under the Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan. Incorporated by reference to Exhibit 10.42 to our Annual Report on Form 10-K filed on February 27, 2018.
(10.15)*	Form of Performance Stock Unit Award Agreement under the Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan. Incorporated by reference to Exhibit 10.43 to our Annual Report on Form 10-K filed on February 27, 2018.
(10.16)*	Red Robin Gourmet Burgers, Inc. Executive Change in Control Severance Plan. Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on August 22, 2018.
(10.17)*	Second Amended & Restated Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Denny Marie Post, dated August 20, 2018. Incorporated by reference to Exhibit 10.2 to our Quarterly Report on Form 10-Q filed on August 22, 2018.
(10.18)*	Amended & Restated Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Guy J. Constant, dated August 20,2018. Incorporated by reference to Exhibit 10.3 to our Quarterly Report on Form 10-Q filed on August 22, 2018.
(10.19)*	Amended & Restated Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Jonathan A. Muhtar, dated August 20, 2018. Incorporated by reference to Exhibit 10.4 to our Quarterly Report on Form 10-Q filed on August 22, 2018.
(10.20)*	Amended & Restated Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Michael L. Kaplan, dated August 20, 2018. Incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q filed on August 22, 2018.
(10.21)*	Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Lynn. S. Schweinfurth, dated December 31, 2018. Incorporated by reference to Exhibit 10.39 to our Annual Report on Form 10-K filed on February 27, 2019.
(10.22)*	Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Paul Murphy, dated September 2, 2019. Incorporated by reference to Exhibit 10.1 to our Current Report filed with the SEC on September 5, 2019.
(10.23)*	Retirement Agreement by and between Red Robin Gourmet Burgers, Inc. and Denny Marie Post, dated April 3, 2019. Incorporated by reference to Exhibit 10.1 to our Quarterly Report on Form 10-Q filed on May 30, 2019.
(10.24)*	Form of Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan Performance Stock Unit Award Agreement. Incorporated by reference to Exhibit 10.40 to our Annual Report on Form 10-K filed on February 25, 2020.
(10.25)*	Form of Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan Cash Performance Award Agreement. Incorporated by reference to Exhibit 10.41 to our Annual Report on Form 10-K filed on February 25, 2020.
(10.26)*	Form of Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan Restricted Stock Unit Grant Agreement. Incorporated by reference to Exhibit 10.42 to our Annual Report on Form 10-K filed on February 25, 2020.
(10.27)*	Form of Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan Nonqualified Stock Option Agreement. Incorporated by reference to Exhibit 10.43 to our Annual Report on Form 10-K filed on February 25, 2020.
(10.28)	Credit Agreement, dated January 10, 2020. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on January 13, 2020.

Exhibit Number	Description
(10.29)	First Amendment to Credit Agreement and Waiver, dated as of May 29, 2020, by and among Red Robin International, Inc., Red Robin Gourmet Burgers, Inc., the Guarantors, the Lenders party thereto and Wells Fargo, National Association, as administration agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on May 29, 2020.
(10.30)	Security Agreement, dated January 10, 2020. Incorporated by reference to Exhibit 10.2 to our Current Report on Form 8-K filed with the SEC on January 13, 2020.
(10.31)	Cooperation Agreement, dated as of March 26, 2020, by and among Red Robin Gourmet Burgers, Inc., Vintage Capital Management, LLC, and Kahn Capital Management, LLC. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on April 1, 2020.
(10.32)*	Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan (as Amended). Incorporated by reference to Appendix B to our Definitive Proxy Statement filed with the SEC on April 8, 2020.
(10.33)*	Form of Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan Performance Stock Unit Award Agreement. Incorporated by reference to Exhibit 10.6 to our Quarterly Report on Form 10-Q filed with the SEC on June 10, 2020.
(10.34)*	Form of Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan Cash Performance Award Agreement. Incorporated by reference to Exhibit 10.7 to our Quarterly Report on Form 10-Q filed with the SEC on June 10, 2020.
(10.35)	Distribution Agreement, dated as of June 16, 2020, by and between Red Robin Gourmet Burgers, Inc. and J.P. Morgan Securities LLC. Incorporated by reference to Exhibit 1.1 to our Current Report on Form 8-K filed with the SEC on June 16, 2020.
(10.36)	Second Amendment to Credit Agreement, dated as of February 25, 2021, by and among Red Robin International, Inc., Red Robin Gourmet Burgers, Inc., the Guarantors, the Lenders party thereto and Wells Fargo Bank, National Association, as administration agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 3, 2021.
(10.37)	Red Robin Gourmet Burgers, Inc. 2017 Performance Incentive Plan (As Amended). Incorporated by reference to Appendix A to our Definitive Proxy Statement filed on April 5, 2021.
(10.38)	Third Amendment to Credit Agreement, dated as of November 9, 2021, by and among Red Robin International, Inc., Red Robin Gourmet Burgers, Inc., the Guarantors, the Lenders party thereto and Wells Fargo Bank, National Association, as administration agent. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on November 11, 2021.
(10.39)	Credit Agreement, dated March 4, 2022. Incorporated by reference to Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on March 10, 2022.
(10.40)	Security Agreement, dated March 4, 2022. Incorporated by reference to Exhibit 102 to our Current Report on Form 8-K filed with the SEC on March 10, 2022.
21.1	List of Subsidiaries.
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm.
23.2	Consent of KPMG LLP, Independent Registered Public Accounting Firm.
31.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-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 Annual Report on Form 10-K of Red Robin Gourmet Burgers, Inc. for the year ended December 26, 2021, formatted in XBRL (eXtensible Business Reporting Language): (i) Consolidated Balance Sheets at December 26, 2021 and December 27, 2020; (ii) Consolidated Statements of Operations for the years ended December 26, 2021, December 27, 2020, and December 29, 2019; (iii) Consolidated Statements of Stockholders' Equity for the years ended December 26, 2021, December 27, 2020, and December 29, 2019; (iv) Consolidated Statements of Cash Flows for the years ended December 26, 2021, December 27, 2020, and December 29, 2019; and (v) the Notes to Consolidated Financial Statements.

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

* Executive compensation plans and arrangements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 duly authorized.

RED ROBIN GOURMET BURGERS, INC.
(Registrant)

March 10, 2022	By:	/s/ PAUL MURPHY
(Date)		Paul Murphy *(Chief Executive Officer)*

Pursuant to the requirements of the Securities Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ PAUL MURPHY Paul Murphy	President, Chief Executive Officer, and Director (Principal Executive Officer)	March 10, 2022
/s/ LYNN S. SCHWEINFURTH Lynn S. Schweinfurth	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 10, 2022
/s/ DAVID A. PACE David A. Pace	Chairperson of the Board	March 10, 2022
/s/ TOM CONFORTI Tom Conforti	Director	March 10, 2022
/s/ CAMMIE W. DUNAWAY Cammie W. Dunaway	Director	March 10, 2022
/s/ G.J. HART G.J. Hart	Director	March 10, 2022
/s/ KALEN F. HOLMES Kalen F. Holmes	Director	March 10, 2022
/s/ ANDDRIA VARNADO Anddria Varnado	Director	March 10, 2022
/s/ STEVEN K. LUMPKIN Steven K. Lumpkin	Director	March 10, 2022
/s/ ANTHONY ACKIL Anthony Ackil	Director	March 10, 2022
/s/ ALLISON PAGE Allison Page	Director	March 10, 2022

Exhibit 21.1

RED ROBIN GOURMET BURGERS, INC.
LIST OF SUBSIDIARIES

1. Red Robin International, Inc., a Nevada corporation
2. Red Robin West, Inc., a Nevada corporation
3. Red Robin North Holdings, Inc., a Nevada corporation
4. Western Franchise Development, Inc., a California corporation
5. Red Robin Distributing Company LLC, a Nevada limited liability company
6. Northwest Robins, LLC, a Washington limited liability company
7. Red Robin Express, LLC, a Colorado limited liability company
8. RR Bird Purchasing, LLC, a Colorado limited liability company
9. RRGB Restaurants Canada, Inc., a British Columbia corporation
10. Red Robin of Anne Arundel County, Inc., a Maryland corporation
11. Red Robin of Baltimore County, Inc., a Maryland corporation
12. Red Robin of Canton, LLC, a Maryland limited liability company
13. Red Robin of Charles County, Inc., a Maryland corporation
14. Red Robin of Harford County, Inc a Maryland corporation
15. Red Robin of Howard County, Inc., a Maryland corporation
16. Red Robin of Montgomery County, Inc., a Maryland corporation
17. Red Robin of St. Mary’s County, Inc., a Maryland corporation
18. Red Robin of Washington County, LLC, a Maryland limited liability company
19. Red Robin Frederick County, LLC, a Maryland limited liability company

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in Registration Statements No. 333-257346, 333-238808, 333-218091, and 333-232085 on Form S-8 and Registration Statement No. 333-238806 on Form S-3 of our reports dated March 10, 2022, relating to the financial statements of Red Robin Gourmet Burgers, Inc. (the "Company") and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K of Red Robin Gourmet Burgers, Inc. for the year ended December 26, 2021.

/s/ Deloitte & Touche LLP

Denver, Colorado

March 10, 2022

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-257346, 333-238808, 333-218091, and 333-232085) on Form S-8 and (No. 333-238806) on Form S-3 of our report dated March 3, 2021, except as to paragraph (d) of Note 1, which is as of March 10, 2022, with respect to the consolidated financial statements of Red Robin Gourmet Burgers, Inc.

/s/ KPMG LLP

Denver, Colorado

March 10, 2022

Exhibit 31.1

CEO CERTIFICATION

I, Paul Murphy, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

March 10, 2022	/s/ Paul Murphy
(Date)	Paul Murphy *Chief Executive Officer*

Exhibit 31.2

CFO CERTIFICATION

I, Lynn S. Schweinfurth, certify that:

1. I have reviewed this Annual Report on Form 10-K 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.

March 10, 2022	/s/ Lynn S. Schweinfurth
(Date)	Lynn S. Schweinfurth *Chief Financial Officer*

Exhibit 32.1

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

In connection with the Annual Report of Red Robin Gourmet Burgers, Inc. (the "Company") on Form 10-K for the period ended December 26, 2021, as filed with the Securities and Exchange Commission on March 10, 2022 (the "Report"), the undersigned, Paul Murphy, Chief Executive Officer, and Lynn S. Schweinfurth, 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 Annual Report on Form 10-K for the period ended December 26, 2021 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:	March 10, 2022	/s/ Paul Murphy
		Paul Murphy *Chief Executive Officer*
Dated:	March 10, 2022	/s/ Lynn S. Schweinfurth
		Lynn S. Schweinfurth *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.