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

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 16, 2023

or

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

For the transition period from to

Commission File Number: 001-34851

RED ROBIN GOURMET BURGERS, INC.
(Exact name of registrant as specified in its charter)

Delaware	**84-1573084**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10000 E. Geddes Avenue, Suite 500
Englewood, Colorado 80112
(Address of principal executive offices) (Zip Code)

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

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

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

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

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

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

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

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

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

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

As of May 22, 2023, there were 16,121,000 shares of the registrant's common stock, par value of $0.001 per share outstanding.

RED ROBIN GOURMET BURGERS, INC.

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PART I — FINANCIAL INFORMATION

ITEM 1. Financial Statements (unaudited)

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(in thousands, except for per share amounts)	April 16, 2023	December 25, 2022
Assets:		
Current assets:		
Cash and cash equivalents	$ 49,024	$ 48,826
Accounts receivable, net	12,520	21,427
Inventories	25,380	26,447
Income tax receivable	473	562
Prepaid expenses and other current assets	13,337	12,938
Restricted cash	9,422	9,380
Total current assets	110,156	119,580
Property and equipment, net	307,954	318,517
Operating lease assets, net	355,917	361,432
Intangible assets, net	17,082	17,727
Other assets, net	12,785	14,889
Total assets	$ 803,894	$ 832,145
Liabilities and stockholders' equity:		
Current liabilities:		
Accounts payable	$ 32,290	$ 39,336
Accrued payroll and payroll-related liabilities	37,975	33,666
Unearned revenue	30,444	43,358
Current portion of operating lease obligations	48,121	47,394
Current portion of long-term debt	2,875	3,375
Accrued liabilities and other	48,537	49,498
Total current liabilities	200,242	216,627
Long-term debt	203,188	203,155
Long-term portion of operating lease obligations	383,621	393,157
Other non-current liabilities	12,157	13,831
Total liabilities	799,208	826,770
Commitments and contingencies (see Note 8. Commitments and Contingencies)		
Stockholders' equity:		
Common stock; $0.001 par value: 45,000 shares authorized; 20,449 shares issued; 16,063 and 15,934 shares outstanding as of April 16, 2023 and December 25, 2022	20	20
Preferred stock, $0.001 par value: 3,000 shares authorized; no shares issued and outstanding as of April 16, 2023 and December 25, 2022	—	—
Treasury stock 4,386 and 4,515 shares, at cost, as of April 16, 2023 and December 25, 2022	(177,480)	(182,810)
Paid-in capital	235,876	238,803
Accumulated other comprehensive loss, net of tax	(26)	(34)
Retained deficit	(53,704)	(50,604)
Total stockholders' equity	4,686	5,375
Total liabilities and stockholders' equity	$ 803,894	$ 832,145

See Notes to Condensed Consolidated Financial Statements

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(Unaudited)

	Sixteen Weeks Ended	
(in thousands, except for per share amounts)	April 16, 2023	April 17, 2022
Revenues:		
Restaurant revenue	$ 406,893	$ 380,612
Franchise and other revenues	11,075	14,938
Total revenues	417,968	395,550
Costs and expenses:		
Restaurant operating costs (excluding depreciation and amortization shown separately below):		
Cost of sales	99,670	90,941
Labor	145,421	138,108
Other operating	72,050	67,864
Occupancy	29,801	30,599
Depreciation and amortization	21,825	23,919
Selling, general, and administrative expenses	34,523	34,380
Pre-opening costs	582	62
Other charges (gains), net	9,759	5,307
Total costs and expenses	413,631	391,180
Income from operations	4,337	4,370
Other expense:		
Interest expense, net and other	7,417	7,413
Loss before income taxes	(3,080)	(3,043)
Income tax provision (benefit)	20	62
Net loss	$ (3,100)	$ (3,105)
Loss per share:		
Basic	$ (0.19)	$ (0.20)
Diluted	$ (0.19)	$ (0.20)
Weighted average shares outstanding:		
Basic	15,996	15,748
Diluted	15,996	15,748
Other comprehensive income (loss):		
Foreign currency translation adjustment	$ 8	$ 11
Other comprehensive income (loss), net of tax	8	11
Total comprehensive loss	$ (3,092)	$ (3,094)

See Notes to Condensed Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

(in thousands)	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Paid-in Capital	Accumulated Other Comprehensive Income/(Loss), net of tax	Retained Earnings	Total
Balance, December 26, 2021	20,449	$ 20	4,727	$ (192,803)	$ 242,560	$ 1	$ 27,196	$ 76,974
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(64)	2,781	(2,846)	—	—	(65)
Non-cash stock compensation	—	—	—	—	3,042	—	—	3,042
Net loss	—	—	—	—	—	—	(3,105)	(3,105)
Other comprehensive income (loss), net of tax	—	—	—	—	—	11	—	11
Balance, April 17, 2022	20,449	$ 20	4,663	$ (190,022)	$ 242,756	$ 12	$ 24,091	$ 76,857

(in thousands)	Common Stock Shares	Common Stock Amount	Treasury Stock Shares	Treasury Stock Amount	Paid-in Capital	Accumulated Other Comprehensive Income/(Loss), net of tax	Retained Earnings (Deficit)	Total
Balance, December 25, 2022	20,449	$ 20	4,515	$ (182,810)	$ 238,803	$ (34)	$ (50,604)	$ 5,375
Exercise of options, issuance of restricted stock, shares exchanged for exercise and tax, and stock issued through employee stock purchase plan	—	—	(129)	5,330	(5,106)	—	—	224
Non-cash stock compensation	—	—	—	—	2,179	—	—	2,179
Net loss	—	—	—	—	—	—	(3,100)	(3,100)
Other comprehensive income (loss), net of tax	—	—	—	—	—	8	—	8
Balance, April 16, 2023	20,449	$ 20	4,386	$ (177,480)	$ 235,876	$ (26)	$ (53,704)	$ 4,686

See Notes to Condensed Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Sixteen Weeks Ended	
(in thousands)	April 16, 2023	April 17, 2022
Cash flows from operating activities:		
Net loss	$ (3,100)	$ (3,105)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	21,825	23,919
Gift card breakage	(4,965)	(7,819)
Asset impairment	694	2,122
Non-cash other charges, net	770	(191)
Stock-based compensation expense	2,172	3,042
Other, net	606	2,266
Changes in operating assets and liabilities:		
Accounts receivable	8,907	8,852
Income tax receivable	89	2,581
Inventories	1,068	(162)
Prepaid expenses and other current assets	(399)	1,883
Operating lease assets, net of liabilities	(3,654)	(4,623)
Trade accounts payable and accrued liabilities	1,086	3,288
Unearned revenue	(7,949)	(8,408)
Other operating assets and liabilities, net	192	(10,349)
Net cash provided by operating activities	17,342	13,296
Cash flows from investing activities:		
Purchases of property, equipment, and intangible assets	(16,084)	(9,716)
Proceeds from sales of property and equipment and other investing activities	—	168
Net cash used in investing activities	(16,084)	(9,548)
Cash flows from financing activities:		
Borrowings of long-term debt	—	282,151
Payments of long-term debt and finance leases	(1,241)	(261,800)
Debt issuance costs	—	(4,869)
Proceeds from other financing activities, net	224	(65)
Net cash provided by (used in) financing activities	(1,017)	15,417
Effect of exchange rate changes on cash	(1)	8
Net change in cash and cash equivalents, and restricted cash	240	19,173
Cash and cash equivalents, beginning of period	58,206	22,750
Cash and cash equivalents, and restricted cash, end of period	$ 58,446	$ 41,923
Supplemental disclosure of cash flow information		
Income tax paid (refund received), net	$ 88	$ (2,519)
Interest paid, net of amounts capitalized	$ 5,475	$ 3,374
Right of use assets obtained in exchange for operating lease obligations	$ 7,465	$ 3,382
Right of use assets obtained in exchange for finance lease obligations	$ —	$ 746

See Notes to Condensed Consolidated Financial Statements.

RED ROBIN GOURMET BURGERS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation and Recent Accounting Pronouncements

Red Robin Gourmet Burgers, Inc., a Delaware corporation, together with its subsidiaries ("Red Robin" or the "Company"), primarily operates, franchises, and develops full-service restaurants in North America. As of April 16, 2023, the Company owned and operated 415 restaurants located in 38 states. The Company also had 96 franchised full-service restaurants in 16 states and one Canadian province. The Company operates its business as one operating and one reportable segment.

Basis of Presentation

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

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

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

Periods	Period End Date	Number of Weeks in Period
Current and Prior Fiscal Quarters:		
First Quarter 2023	April 16, 2023	16
First Quarter 2022	April 17, 2022	16
Current and Prior Fiscal Years:		
Fiscal Year 2023	December 31, 2023	53
Fiscal Year 2022	December 25, 2022	52
Upcoming fiscal year:		
Fiscal Year 2024	December 29, 2024	52

2. Revenue

Disaggregation of revenue

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

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Restaurant revenue	$ 406,893	$ 380,612
Franchise revenue	5,283	6,280
Gift card breakage	4,965	7,819
Other revenue	827	839
Total revenues	$ 417,968	$ 395,550

Contract Liabilities

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

	April 16, 2023	December 25, 2022
Unearned gift card revenue	$ 19,088	$ 32,251
Deferred loyalty revenue	$ 11,356	$ 11,107

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

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Gift card revenue	$ 14,574	$ 16,859

3. Leases

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

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Operating lease cost	$ 20,895	$ 21,689
Finance lease cost:		
Amortization of right of use assets	327	342
Interest on lease liabilities	173	145
Total finance lease cost	500	487
Variable lease cost	5,792	6,325
Total	$ 27,187	$ 28,501

4. Loss Per Share

Basic loss per share amounts are calculated by dividing net loss by the weighted-average number of shares of common stock outstanding during the period. Diluted loss per share amounts are calculated based upon the weighted-average number of shares of common stock and potentially dilutive shares of common stock outstanding during the period. Potentially dilutive shares are excluded from the computation in periods in which they have an anti-dilutive effect. Diluted loss per share reflects the potential dilution that could occur if holders of options exercised their options into common stock. As the Company was in a net loss position for both the sixteen weeks ended April 16, 2023 and April 17, 2022, all potentially dilutive common shares are considered anti-dilutive.

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

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Basic weighted average shares outstanding	15,996	15,748
Dilutive effect of stock options and awards	—	—
Diluted weighted average shares outstanding	15,996	15,748
Awards excluded due to anti-dilutive effect on diluted loss per share	1,368	885

5. Other Charges (Gains), net

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

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Litigation contingencies	$ 4,300	$ 1,720
Severance and executive transition	1,891	—
Restaurant closure costs, net	1,750	949
Other	1,062	—
Asset impairment	694	2,122
Closed corporate office costs, net of sublease income	62	—
Other financing costs	—	309
COVID-19 related charges	—	207
Other charges (gains), net	$ 9,759	$ 5,307

Litigation contingencies during the sixteen weeks ended April 16, 2023 and April 17, 2022 represent reserves for various in progress legal matters.

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

The Company expects to incur a total of approximately $5.0 million in termination benefits, of which it has incurred a cumulative total of $4.4 million through April 16, 2023. Approximately $1.5 million in one-time termination benefits was incurred and recorded in Other charges in the Consolidated Statements of Operations and Comprehensive Loss during the sixteen weeks ended April 16, 2023. A reconciliation of our termination benefits liability, which is included in Accrued liabilities and other current liabilities in our Condensed Consolidated Balance Sheets is as follows:

	Termination Benefits
Balance as of December 25, 2022	$ 2,505
Charges	1,476
Cash Payments	(2,788)
Balance as of April 16, 2023	$ 1,193

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

Other includes non-cash charges primarily related to terminated capital projects, disposals, and lease terminations.

The Company recognized non-cash impairment charges related to subleasing additional space at the Company's closed corporate office during the sixteen weeks ended April 16, 2023. The Company recognized non-cash impairment charges related to restaurant assets at three Company-owned restaurants for the sixteen weeks ended April 17, 2022.

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

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

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

6. Borrowings

Borrowings as of April 16, 2023 and December 25, 2022 are summarized below (in thousands):

	April 16, 2023	Variable Interest Rate	December 25, 2022	Variable Interest Rate
Revolving line of credit	$ 15,000	11.37 %	$ 15,000	10.44 %
Term loan	198,000	12.12 %	199,000	9.81 %
Notes payable	875		875	
Total borrowings	213,875		214,875	
Less: unamortized debt issuance costs and discounts[1]	7,812		8,345	
Less: current portion of long-term debt	2,875		3,375	
Long-term debt	$ 203,188		$ 203,155	
Revolving line of credit unamortized deferred financing charges[1]:	$ 915		$ 988	

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

Credit Agreement

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

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

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

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

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

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

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, which were filed as exhibits to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 10, 2022.

During the first quarter of 2022, the Company expensed approximately $1.7 million of deferred financing charges related to the extinguishment of the Prior Credit Agreement on March 4, 2022. These charges were recorded to interest expense, net and other on the Condensed Consolidated Statements of Operations and Comprehensive Loss for the sixteen weeks ended April 17, 2022. In association with the execution of the new Credit Agreement, the Company recognized $ 4.8 million of deferred financing charges, and $6.1 million of original issuance discount.

7. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

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

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

The following tables present the Company's assets measured at fair value on a recurring basis included in Other assets, net on the accompanying Condensed Consolidated Balance Sheets as of April 16, 2023 and December 25, 2022 (in thousands):

	April 16, 2023	Level 1	Level 2	Level 3
Assets:				
Investments in rabbi trust	$ 3,165	$ 3,165	$ —	$ —
Total assets measured at fair value	$ 3,165	$ 3,165	$ —	$ —

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

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

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

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

We impaired long-lived assets with a carrying value (including right of use lease assets) of $1.0 million, recognizing an impairment expense of $0.7 million during the sixteen weeks ended April 16, 2023, related to the net book value of these long-lived restaurant assets. We determined the fair value of these long-lived assets to be $ 0.3 million in the sixteen weeks ended April 16, 2023. The impairment was recorded as a result of quantitative impairment analyses.

Disclosures of Fair Value of Other Assets and Liabilities

The Company's liability under its credit facility is carried at historical cost in the accompanying Condensed Consolidated Balance Sheets. As of April 16, 2023, the fair value of the credit facility was approximately $214.4 million and the principal amount carrying value was $213.0 million. The credit facility term loan is reported net of $7.8 million in unamortized discount and debt issuance costs in the Condensed Consolidated Balance Sheet as of April 16, 2023. The carrying value of the credit facility was $214.0 million and the fair value of the credit facility was $205.1 million as of December 25, 2022. The interest rate on the credit facility represents a level 2 fair value input.

8. Commitments and Contingencies

Because litigation is inherently unpredictable, assessing contingencies related to litigation is a complex process involving highly subjective judgment about potential outcomes of future events. When evaluating litigation contingencies, we may be unable to provide a meaningful estimate due to a number of factors, including the procedural status of the matter in question, the availability of appellate remedies, insurance coverage related to the claim or claims in question, the presence of complex or novel legal theories, and the ongoing discovery and development of information important to the matter. In addition, damage amounts claimed in litigation against us may be unsupported, exaggerated, or unrelated to possible outcomes, and as such are not meaningful indicators of our potential liability or financial exposure. Accordingly, we review the adequacy of accruals and disclosures each quarter in consultation with legal counsel, and we assess the probability and range of possible losses associated with contingencies for potential accrual in the condensed consolidated financial statements. However, the ultimate resolution of litigated claims may differ from our current estimates.

In the normal course of business, there are various claims in process, matters in litigation, and other contingencies, certain of which are covered by insurance policies. While it is not possible to predict the outcome of these suits, legal proceedings, and claims with certainty, management is of the opinion that adequate provision for potential losses associated with these matters has been made in the financial statements and that the ultimate resolution of any one of these matters will not have a material adverse effect on our financial position and results of operations. A 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 April 16, 2023, we had a balance of $8.9 million for loss contingencies included within Accrued liabilities and other on our Condensed Consolidated Balance Sheet. In the normal course of business, there are various claims in process, matters in litigation, administrative proceedings, and other contingencies. These include employment related claims and class action lawsuits, claims from Guests or Team Members alleging illness, injury, food quality, health, or operational concerns, and lease and other commercial disputes. We increased our estimate of loss contingency liabilities by approximately $4.3 million in the first quarter of 2023 related to changes during the first quarter in the status of ongoing litigation matters. We ultimately may be subject to greater or less than the accrued amount for this and other matters.

As of April 16, 2023, we had non-cancellable purchase commitments to certain vendors who provide food and beverages and other supplies to our restaurants, for an aggregate of $133.2 million. We expect to fulfill our commitments under these agreements in the normal course of business, and as such, no liability has been recorded.

9. Subsequent Events

On April 17, 2023 and subsequent to first quarter 2023, the Company acquired five Red Robin restaurants in the northeastern United States from a long-term franchisee who retired for approximately $3.3 million plus standard closing adjustments. The Company expects the transaction to result in a business combination; however, determination of the purchase price allocation is not considered practical as of the filing date of the first quarter 2023 Form 10-Q.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations provides a narrative of our financial performance and condition that should be read in conjunction with the accompanying Condensed Consolidated Financial Statements. All comparisons under this heading between 2023 and 2022 refer to the sixteen weeks ended April 16, 2023 and April 17, 2022, 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 full-service restaurants with 511 locations in North America. As of April 16, 2023, the Company owned 415 restaurants located in 38 states. The Company also had 96 franchised full-service restaurants in 16 states and one Canadian province. The Company operates its business as one operating and one reportable segment.

Financial and Operational Highlights

Total revenues are $418.0 million, an increase of $22.4 million compared to 2022.

- Comparable restaurant revenue[(1)] increased 8.6%.
- Ninth consecutive quarter of positive comparable restaurant revenue[(1)] growth.
- Comparable restaurant traffic increased 0.6%.
- Comparable restaurant revenue[(1)] and comparable restaurant traffic both exceeded the industry averages as measured by the Black Box Casual Dining index.
- Comparable restaurant dine-in sales increased 16.4%.
- Comparable restaurant sales for the first thirteen weeks of the quarter increased 10.0%[(3)].

Net loss of $3.1 million was unchanged compared to 2022.

- GAAP loss per diluted share was $0.19 compared to GAAP loss per diluted share of $0.20 in 2022.
- Adjusted income per diluted share[(2)] was $0.25 compared to adjusted loss per diluted share of $0.12 in 2022.

Income from operations was $4.3 million, or 1.0% of total revenues, compared to $4.4 million, or 1.1% of total revenues, in 2022.

Restaurant Level Operating Profit Margin[(2)] (a non-GAAP metric) was 14.7% versus 14.0% in 2022.

Adjusted EBITDA[(2)] (a non-GAAP metric) was $36.1 million, an $8.1 million increase compared to 2022.

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

(2) See below for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to Net loss; Restaurant Level Operating Profit Margin, a non-GAAP measure, to Income from operations as a percentage of total revenues; and Adjusted income per diluted share, a non-GAAP measure, to Net loss and loss per diluted share.

(3) Comparable restaurant sales for the first thirteen weeks of fiscal 2023 are calculated based on the Company's point-of-sale sales data, which does not include adjustments for loyalty breakage.

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

	(millions)
Restaurant Revenue for the sixteen weeks ended April 17, 2022	$ 380.6
Increase/(decrease) in comparable restaurant revenue[(1)]	32.0
Increase/(decrease) in non-comparable restaurant revenue	(5.7)
Total increase/(decrease)	26.3
Restaurant Revenue for the sixteen weeks ended April 16, 2023	$ 406.9

Restaurant revenues, operating costs, and restaurant level operating profit for the period are detailed in the table below:

	Sixteen Weeks Ended		
	April 16, 2023	April 17, 2022	Increase/(Decrease)
Restaurant revenue (millions)	$ 406.9	$ 380.6	6.9 %
Restaurant operating costs:			
Cost of sales	99.7	90.9	9.6 %
Labor	145.4	138.1	5.3 %
Other operating	72.1	67.9	6.2 %
Occupancy	29.8	30.6	(2.6) %
Total Restaurant Operating Costs	$ 346.9	$ 327.5	18.5 %
Restaurant Level Operating Profit(1)	$ 60.0	$ 53.1	12.9 %

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

	Sixteen Weeks Ended		
	April 16, 2023	April 17, 2022	Increase/(Decrease)
Restaurant revenue (millions)	$ 406.9	$ 380.6	6.9 %
Restaurant operating costs:	(Percentage of Restaurant Revenue)		(Basis Points)
Cost of sales	24.5 %	23.9 %	60
Labor	35.7	36.3	(60)
Other operating	17.7	17.8	(10)
Occupancy	7.3	8.0	(70)
Total Restaurant Operating Costs	85.2 %	86.0 %	(80)
Restaurant Level Operating Profit(1)	14.7 %	14.0 %	70

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

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

The following table summarizes Net loss, loss per diluted share (GAAP measures), and adjusted loss per diluted share (a non-GAAP measure) for the sixteen weeks ended April 16, 2023 and April 17, 2022:

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Net loss as reported	$ (3,100)	$ (3,105)
Loss per share - diluted:		
Net loss as reported	$ (0.19)	$ (0.20)
Litigation contingencies	0.26	0.11
Severance and executive transition	0.12	—
Restaurant closure costs, net	0.11	0.06
Other [(1)]	0.06	—
Asset impairment	0.04	0.13
Other financing costs[(2)]	—	0.02
COVID-19 related charges	—	0.01
Change in estimate, gift card breakage[(3)]	—	(0.33)
Write-off of unamortized debt issuance costs[(4)]	—	0.11
Income tax expense	(0.16)	(0.03)
Adjusted income (loss) per share - diluted	$ 0.25	$ (0.12)
Weighted average shares outstanding:		
Basic	15,996	15,748
Diluted[(5)]	16,360	15,748

(1) Other includes non-cash charges primarily related to terminated capital projects, disposals, and lease terminations.

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

(3) During the sixteen weeks ended April 17, 2022, the Company re-evaluated the estimated redemption pattern related to gift cards. The impact comprises $5.9 million included in Franchise royalties, fees, and other revenue partially offset by $0.6 million in gift card commission costs included in Selling on the Condensed Consolidated Statements of Operations.

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

(5) For the sixteen weeks ended April 16, 2023, the impact of dilutive shares is included in the calculations as the adjustments for the quarter resulted in adjusted net income. For diluted shares reported on the Condensed Consolidated Statement of Operations, the impact of dilutive shares is excluded due to the reported net loss for the quarter.

We believe the non-GAAP measure of adjusted loss per 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 change in estimate, gift card breakage, asset impairment, litigation contingencies, the write-off of unamortized debt issuance costs, restaurant closure costs, other financing costs, COVID-19 related charges, severance and executive transition costs, and related income tax effects and other. We have revised our definition of adjusted loss per diluted share to exclude severance and executive transition and other. We did not revise the prior year’s adjusted loss per diluted share because there were no other charges similar in nature to these costs. Other companies may define adjusted net loss per diluted share differently, and as a result our measure of adjusted loss per diluted share may not be directly comparable to those of other companies. Adjusted loss per diluted 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.

The following table summarizes Net loss (a GAAP measure), and EBITDA and Adjusted EBITDA (non-GAAP measures) for the sixteen weeks ended April 16, 2023 and April 17, 2022:

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Net loss as reported	$ (3,100)	$ (3,105)
Interest expense, net	7,576	7,088
Income tax provision (benefit)	20	62
Depreciation and amortization	21,825	23,919
EBITDA	26,321	27,964
Change in accounting estimate, gift card breakage	—	(5,246)
Other charges, net:		
Litigation contingencies	4,300	1,720
Severance and executive transition	1,891	—
Restaurant closure costs, net	1,750	949
Other	1,062	—
Asset impairment	694	2,122
Closed corporate office costs, net of sublease income	62	—
Other financing costs	—	309
COVID-19 related charges	—	207
Adjusted EBITDA	$ 36,080	$ 28,025

We believe the non-GAAP measures of EBITDA and adjusted EBITDA give the reader additional insight into the ongoing operational results of the Company, and it is intended to supplement the presentation of the Company's financial results in accordance with GAAP. We define EBITDA as net loss before interest expense, income taxes, and depreciation and amortization. Adjusted EBITDA further excludes the effects of change in estimate - gift card breakage, asset impairment, litigation contingencies, restaurant closure costs, net, other financing costs, COVID-19 related charges, severance and executive transition costs, and closed corporate office, net of sublease income, and other. We have revised our definition of adjusted EBITDA to exclude other, severance and executive transition costs, and closed corporate office, net of sublease income. We did not revise prior years' adjusted EBITDA because there were no other charges similar in nature to these costs. Other companies may define EBITDA and adjusted EBITDA differently, and as a result our measure of EBITDA and adjusted EBITDA may not be directly comparable to those of other companies. EBITDA and adjusted EBITDA should be considered in addition to, and not as a substitute for, net loss as reported in accordance with U.S. GAAP as a measure of performance.

The following table summarizes Income from Operations (a GAAP measure), and Restaurant Level Operating Profit (a non-GAAP measure) for the sixteen weeks ended April 16, 2023 and April 17, 2022:

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Income from operations	$ 4,337	$ 4,370
Less:		
Franchise royalties, fees and other revenue	11,075	14,938
Add:		
Other charges, net	9,759	5,307
Pre-opening costs	582	62
Selling	7,725	9,942
General and administrative expenses	26,799	24,438
Depreciation and amortization	21,825	23,919
Restaurant-level operating profit	$ 59,951	$ 53,100
Income from operations as a percentage of total revenues	1.0%	1.1%
Restaurant-level operating profit margin (as a percentage of restaurant revenue)	14.7%	14.0%

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

Restaurant Data

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

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Company-owned:		
Beginning of period	414	430
Opened during the period	1	—
Closed during the period	—	(4)
End of period	415	426
Franchised:		
Beginning of period	97	101
Closed during the period	(1)	—
End of period	96	101
Total number of restaurants	511	527

The following table presents total Company-owned and franchised restaurants by state or province as of April 16, 2023:

	Company-Owned Restaurants	Franchised Restaurants
State:		
Arkansas	2	1
Alaska		3
Alabama	4	
Arizona	18	1
California	57	
Colorado	22	
Connecticut		3
Delaware		5
Florida	18	
Georgia	6	
Iowa	5	
Idaho	8	
Illinois	20	
Indiana	11	
Kansas		5
Kentucky	4	
Louisiana	1	
Massachusetts	3	2
Maryland	12	
Maine	2	
Michigan		19
Minnesota	4	
Missouri	8	3
Montana		1
North Carolina	17	
Nebraska	4	
New Hampshire	3	
New Jersey	11	1
New Mexico	3	
Nevada	6	
New York	14	
Ohio	17	2
Oklahoma	5	
Oregon	15	5
Pennsylvania	11	20
Rhode Island	1	
South Carolina	4	
South Dakota	1	
Tennessee	9	
Texas	20	9
Utah	1	5
Virginia	20	
Washington	37	
Wisconsin	11	
Province:		
British Columbia		11
Total	415	96

Results of Operations

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

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

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Revenues:		
Restaurant revenue	97.4 %	96.2 %
Franchise and other revenues	2.6	3.8
Total revenues	100.0	100.0
Costs and expenses:		
Restaurant operating costs (excluding depreciation and amortization shown separately below):		
Cost of sales	24.5	23.9
Labor	35.7	36.3
Other operating	17.7	17.8
Occupancy	7.3	8.0
Total restaurant operating costs	85.2	86.0
Depreciation and amortization	5.2	6.0
Selling, general, and administrative expenses	8.3	8.7
Pre-opening costs	0.1	—
Other charges (gains), net	2.3	1.3
Income from operations	1.0	1.1
Interest expense, net and other	1.8	1.9
Loss before income taxes	(0.7)	(0.8)
Income tax provision (benefit)	—	—
Net loss	(0.7) %	(0.8) %

Revenues

	Sixteen Weeks Ended		
(Revenues in thousands)	April 16, 2023	April 17, 2022	Percent Change
Restaurant revenue	$ 406,893	$ 380,612	6.9 %
Franchise and other revenues	11,075	14,938	(25.9)%
Total revenues	$ 417,968	$ 395,550	5.7 %
Average weekly net sales volumes in Company-owned restaurants	$ 61,372	$ 55,743	10.1 %
Total operating weeks	6,630	6,828	(2.9)%

Restaurant revenue for the sixteen weeks ended April 16, 2023, which comprises primarily food and beverage sales, increased $26.3 million, or 6.9%, as compared to the first quarter of 2022. Restaurant revenue increased primarily due to an 8.6% increase in Comparable Restaurant Revenue. This increase outweighed the impact of reduced revenue from non-comparable restaurants primarily due to the net impact of restaurant closures and openings.

The comparable restaurant revenue increase was driven by an 8.0% increase in average Guest check, and a 0.6% increase in Guest count. The increase in average Guest check resulted from a 7.2% increase in menu prices and 0.8% from menu mix. The increase in menu mix was primarily driven by consumer preference to return to dine-in visits that result in a greater check average. Dine-in sales comprised 74.3% of total food and beverage sales during the first quarter of 2023, as compared to 69.5% in the same period in 2022.

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 have operated five full quarters as of the end of the period presented. Fluctuations in average weekly net sales volumes for Company-owned restaurants reflect the effect of comparable restaurant revenue changes as well as the performance of reopened and new restaurants during the period.

Franchise and other revenue decreased $3.9 million, or 25.9%, for the sixteen weeks ended April 16, 2023 compared to the sixteen weeks ended April 17, 2022. Franchise revenue declined primarily due to a reduction in the percentage of sales each franchisee is required to contribute to support Selling activities. This reduction results from an increased focus on local restaurant marketing and reduced national and/or mass media channels pursuant to our North Star strategy. The percentage of sales each franchisee is required to contribute could change in the future, as we expect to align contributions with spending levels, subject to compliance with the respective franchise agreement. Franchise restaurants reported an increase of 7.8% comparable restaurant revenue for the sixteen weeks ended April 16, 2023 compared to the same period in 2022. This increase was partially offset by the closure of five franchised locations from April 17, 2022 to April 16, 2023.

Other revenue declined primarily due to a change in accounting estimate in the first quarter of 2022, that resulted in $5.9 million of additional gift card breakage.

Cost of Sales

	Sixteen Weeks Ended		
(In thousands, except percentages)	April 16, 2023	April 17, 2022	Percent Change
Cost of sales	$ 99,670	$ 90,941	9.6 %
As a percent of restaurant revenue	24.5 %	23.9 %	0.6 %

Cost of sales, which comprises food and beverage costs, is variable and generally fluctuates with sales volume. Cost of sales as a percentage of restaurant revenue increased 60 basis points for the sixteen weeks ended April 16, 2023 as compared to the same period in 2022. The increase was primarily driven by commodity inflation, partially offset by menu pricing.

Labor

	Sixteen Weeks Ended		
(In thousands, except percentages)	April 16, 2023	April 17, 2022	Percent Change
Labor	$ 145,421	$ 138,108	5.3 %
As a percent of restaurant revenue	35.7 %	36.3 %	(0.6)%

Labor costs include restaurant-level hourly wages and management salaries as well as related taxes and benefits. For the sixteen weeks ended April 16, 2023, labor as a percentage of restaurant revenue decreased 60 basis points compared to the same period in 2022. The decrease was primarily driven by sales leverage, lower group insurance and workers' compensation costs, partially offset by higher incentive compensation, payroll taxes, and training. Throughout the quarter, we made investments in management and hourly labor to support an enhanced Guest experience.

Other Operating

(In thousands, except percentages)	Sixteen Weeks Ended April 16, 2023	April 17, 2022	Percent Change
Other operating	$ 72,050	$ 67,864	6.2 %
As a percent of restaurant revenue	17.7 %	17.8 %	(0.1)%

Other operating costs include costs such as equipment repairs and maintenance costs, restaurant supplies, utilities, restaurant technology, and other miscellaneous costs. For the sixteen weeks ended April 16, 2023, other operating costs as a percentage of restaurant revenue decreased 10 basis points as compared to the same period in 2022. The decrease was primarily driven by lower contract janitorial costs and reduced third party commissions expenses associated with lower off premise mix partially offset by higher repairs and maintenance costs and credit card discounts.

Occupancy

(In thousands, except percentages)	Sixteen Weeks Ended April 16, 2023	April 17, 2022	Percent Change
Occupancy	$ 29,801	$ 30,599	(2.6)%
As a percent of restaurant revenue	7.3 %	8.0 %	(0.7)%

Occupancy costs include fixed rents, property taxes, common area maintenance charges, general liability insurance, contingent rents, and other property costs. For the sixteen weeks ended April 16, 2023, occupancy costs as a percentage of restaurant revenue decreased 70 basis points compared to the same period in 2022 primarily driven by sales leverage.

Our fixed rents for the sixteen weeks ended April 16, 2023 and April 17, 2022 were $20.7 million and $21.3 million, a decrease of $0.5 million, due to net Company-owned restaurant closures.

Depreciation and Amortization

(In thousands, except percentages)	Sixteen Weeks Ended April 16, 2023	April 17, 2022	Percent Change
Depreciation and amortization	$ 21,825	$ 23,919	(8.8)%
As a percent of total revenues	5.2 %	6.0 %	(0.8)%

Depreciation and amortization include depreciation on capital expenditures for restaurants and corporate assets as well as amortization of reacquired franchise rights, leasehold interests, and certain liquor licenses. For the sixteen weeks ended April 16, 2023, depreciation and amortization expense as a percentage of revenue decreased 80 basis points compared to the same period in 2022 primarily due to net Company-owned restaurant closures, impaired assets, and sales leverage.

Selling, General, and Administrative

(In thousands, except percentages)	Sixteen Weeks Ended April 16, 2023	April 17, 2022	Percent Change
Selling, general, and administrative	$ 34,523	$ 34,380	0.4 %
As a percent of total revenues	8.3 %	8.7 %	(0.4)%

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

General, and administrative costs in the sixteen weeks ended April 16, 2023 increased $2.4 million, or 9.7%, as compared to the same period in 2022. The increase was primarily driven by increased incentive compensation due to performance, lower capitalized costs due to fewer capital projects, higher travel expenses, increased legal costs, and deferred compensation plan asset market activity, partially offset by a decrease in wages and stock compensation due to the reduction in force and executive transition.

Selling costs in the sixteen weeks ended April 16, 2023 decreased $2.2 million, or 22.3%, as compared to the same period in 2022. The decrease was primarily driven by lower print agency spend, Donatos® marketing costs, and franchise advertising obligations.

Pre-opening Costs

(In thousands, except percentages)	Sixteen Weeks Ended April 16, 2023	April 17, 2022	Percent Change
Pre-opening costs	$ 582	$ 62	838.7 %
As a percent of total revenues	0.1 %	— %	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 restaurants where Donatos® has been introduced, the number of restaurant openings, the size of the restaurants being opened, and the location of the restaurants. Pre-opening costs for any given quarter 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 the sixteen weeks ended April 16, 2023 related to one new restaurant opening in Glendale, AZ and the rollout of 25 Donatos® locations. As of April 16, 2023, we completed the rollout of Donatos® at 272 company owned restaurants.

Interest Expense, Net and Other

Interest expense, net and other was $7.4 million for the sixteen weeks ended April 16, 2023 and April 17, 2022. Interest expense for the sixteen weeks ended April 16, 2023 and April 17, 2022 was $7.8 million and $7.1 million, respectively. The $0.7 million increase was primarily due to higher interest rates, partially offset by the write off of approximately $1.7 million of deferred financing charges related to the Company's prior credit facility upon the execution of the Credit Agreement on March 4, 2022. Our weighted average interest rate for the sixteen weeks ended April 16, 2023 and April 17, 2022 was 11.6% and 8.2%, respectively.

Interest income and other increased by $0.7 million to income of $0.4 million for the sixteen weeks ended April 16, 2023 from expense of $0.3 million in the sixteen weeks ended April 17, 2022 due to interest income on bank account balances and investment gains related to a deferred compensation plan for which assets are held in a rabbi trust in the sixteen weeks ended April 16, 2023 compared to investment losses related to the deferred compensation plan in the sixteen weeks ended April 17, 2022.

Income Tax Provision

The effective tax rate for the sixteen weeks ended April 16, 2023 was a 0.6% expense, compared to a 2.0% expense for the sixteen weeks ended April 17, 2022. The effective tax rate for both periods includes changes in the valuation allowance as a result of originating temporary differences during the year and varies from statutory rates primarily as a result of the valuation allowance as discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2022.

Liquidity and Capital Resources

Cash and cash equivalents, and restricted cash increased $0.2 million to $58.4 million as of April 16, 2023, from $58.2 million at the beginning of the fiscal year. The Company is using available cash flow from operations to maintain existing restaurants and infrastructure, and execute on its long-term strategic initiatives. As of April 16, 2023, the Company had approximately $59.0 million in liquidity, including cash and cash equivalents and available borrowing capacity under our Credit Facility.

Cash Flows

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

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Net cash provided by operating activities	$ 17,342	$ 13,296
Net cash used in investing activities	(16,084)	(9,548)
Net cash provided by (used in) financing activities	(1,017)	15,417
Effect of exchange rate changes on cash	(1)	8
Net change in cash and cash equivalents, and restricted cash	$ 240	$ 19,173

Operating Cash Flows

Net cash flows provided by operating activities increased $4.0 million to $17.3 million for the sixteen weeks ended April 16, 2023. The increase in net cash provided by operating activities is primarily attributable to the increase in restaurant level profitability and changes in working capital, partially offset by higher non-restaurant costs and decreased cash from earnings after non-cash items, as presented in the Condensed Consolidated Statements of Cash Flows.

Investing Cash Flows

Net cash flows used in investing activities increased $6.5 million to $16.1 million for the sixteen weeks ended April 16, 2023, as compared to $9.5 million for the same period in 2022. The increase is primarily due to a faster pace of Donatos® installations and increased investment in restaurant improvements.

The following table lists the components of our capital expenditures, net of currency translation, for the sixteen weeks ended April 16, 2023 and April 17, 2022 (in thousands):

	Sixteen Weeks Ended	
	April 16, 2023	April 17, 2022
Restaurant improvement capital and other	$ 7,433	$ 4,856
Donatos® expansion	5,878	1,176
Technology, infrastructure, and other	1,731	3,116
New restaurants and restaurant refreshes	1,042	568
Total capital expenditures	$ 16,084	$ 9,716

Financing Cash Flows

Net cash flows used in financing activities were $1.0 million for the sixteen weeks ended April 16, 2023, as compared to net cash flows provided by financing activities of $15.4 million in the same period in 2022.

In 2022, financing activities were a source of cash, due to net draws made on long-term debt as a result of the Company's refinancing of debt on March 4, 2022. In 2023, the use of cash results primarily from standard principal payments due under the terms of the Company's Credit Agreement.

Credit Facility

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

As of April 16, 2023, the Company had outstanding borrowings under the Credit Facility of $205.2 million net of $7.8 million of unamortized deferred financing charges and discounts, of which $2.9 million was classified as current. As of April 16, 2023, the Company had $10.0 million of available borrowing capacity under its Credit Facility.

As of April 16, 2023, the Company had $9.0 million of letters of credit issued against cash collateral, compared to $9.1 million as of the prior comparable period. The Company's cash collateral is recorded in Restricted cash on our Condensed Consolidated Balance Sheets as of the quarter ended April 16, 2023.

Covenants

We are subject to a number of customary covenants under our Credit Facility, including limitations on additional borrowings, acquisitions, stock repurchases, sales of assets, and dividend payments, as well as a Total Net Leverage ratio covenant. As of April 16, 2023, we were in compliance with all debt covenants.

Debt Outstanding

Total debt outstanding decreased $1.0 million to $213.9 million at April 16, 2023, from $214.9 million at December 25, 2022, primarily driven by payments of long-term debt during the sixteen weeks ended April 16, 2023.

Working Capital

We typically maintain current liabilities in excess of our current assets which results in a working capital deficit. We are able to operate with a working capital deficit because restaurant sales are primarily conducted on a cash or credit card basis. Rapid turnover of inventory results in limited investment in inventories, and cash from sales is usually received before related payables for food, supplies, and payroll become due. In addition, receipts from the sale of gift cards are received well in advance of related redemptions. Rather than maintain higher cash balances that would result from this pattern of operating cash flows, we typically utilize operating cash flows in excess of those required for currently maturing liabilities to pay for capital expenditures, debt repayment, or to repurchase stock as allowed. 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.

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 was effective as of August 9, 2018, and 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 April 16, 2023, 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 April 16, 2023, 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. The Company reserves the right to re-instate this program at any time. The new Credit Agreement limits our ability to repurchase shares to certain conditions set forth by the lenders in the new Credit Facility.

Seasonality

Our business is subject to seasonal fluctuations. Historically, sales in most of our restaurants were greater during the summer months and winter holiday season and lesser during the fall season. As a result, our quarterly operating results may fluctuate significantly. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter.

Contractual Obligations

There were no other material changes outside the ordinary course of business to our contractual obligations since the filing of the 2022 Form 10-K for the fiscal year ended December 25, 2022. Our current purchase obligations for system-wide fixed price commitments for food, beverage, equipment, and restaurant supply items are $137.6 million as of April 16, 2023 of which $27.9 million are due in 2023.

Critical Accounting Policies and Estimates

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

Recently Issued and Recently Adopted Accounting Standards

None noted.

Forward-Looking Statements

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

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

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

- our ability to implement, and the effectiveness of, the Company's strategic initiatives, including our North Star plan, labor models, service and operational improvement initiatives;
- general economic conditions, including changes in consumer disposable income, weather conditions, and related events in regions where our restaurants are operated;
- menu changes, including the anticipated sales growth, costs, and timing of restaurant improvements including the Donatos® expansion;
- the implementation of and realization of benefits from our restaurant management transition program;
- changes in consumer spending trends and habits;
- changes in the cost and availability of key food products, distribution, labor, and energy;
- the adequacy of cash flows and the cost and availability of capital or Credit Facility borrowings and our potential sale-leaseback transactions;
- expectations relating to our recently announced acquisition of certain restaurants from a franchisee;
- the impact of, and changes in, federal, state, or local laws and regulations affecting the operation of our restaurants, including minimum wages, consumer health and safety, health insurance coverage, nutritional disclosures, and employment eligibility-related documentation requirements;
- changes in interest rates and commodity prices, and our ability to mitigate the impacts of such changes;
- risks associated with our stock repurchase program;
- 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; and
- the other Risk Factors identified in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the fiscal year ended December 25, 2022.

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

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

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

We continue to monitor our interest rate risk on an ongoing basis and may use interest rate swaps or similar instruments in the future to manage our exposure to interest rate changes related to our borrowings as the Company deems appropriate. As of April 16, 2023, we had $213.0 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 $2.1 million on an annualized basis.

The Company's restaurant menus are highly dependent upon a few select commodities, including ground beef, poultry, and potatoes. We may or may not have the ability to increase menu prices, or vary menu items, in response to commodity price increases. A 1.0% increase in food and beverage costs would negatively impact cost of sales by approximately $3.2 million on an annualized basis.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

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

PART II — OTHER INFORMATION

ITEM 1. Legal Proceedings

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

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

ITEM 1A. Risk Factors

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

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

During the sixteen weeks ended April 16, 2023, the Company did not have any sales of securities in transactions that were not registered under the Securities Act of 1933, as amended, that have not been reported in a Current Report on Form 8-K, nor were any share repurchases made by the Company.

ITEM 6. Exhibits

Exhibit Number	Description
(3.1)	Restated Certificate of Incorporation of Red Robin Gourmet Burgers, Inc., dated as of May 28, 2015. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on May 29, 2015.
(3.2)	Fifth Amended and Restated Bylaws dated March 20, 2023. Incorporated by reference to Exhibit 3.1 to our Current Report on Form 8-K filed on March 24, 2023.
(3.3)	Fifth Amended and Restated Bylaws dated March 20, 2023, marked to show amendments effective as of March 20, 2023. Incorporated by reference to Exhibit 3.2 to our Current Report on Form 8-K filed on March 24, 2023.
(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)	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	Employment Agreement by and between Red Robin Gourmet Burgers, Inc. and Kevin Mayer, dated April20, 2023.
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer
101	The following financial information from the Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc. for the quarter ended April 16, 2023 formatted in XBRL (extensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at April 16, 2023 and December 25, 2022; (ii) Condensed Consolidated Statements of Operations and Comprehensive Loss for the sixteen weeks ended April 16, 2023 and April 17, 2022; (iii) Condensed Consolidated Statements of Stockholders' Equity at April 16, 2023 and April 17, 2022; (iv) Condensed Consolidated Statements of Cash Flows for the sixteen weeks ended April 16, 2023 and April 17, 2022; and (v) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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

SIGNATURE

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

RED ROBIN GOURMET BURGERS, INC.
(Registrant)

May 24, 2023	By:	/s/ Todd Wilson
(Date)		Todd Wilson *(Chief Financial Officer)*

RED ROBIN GOURMET BURGERS, INC.

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made as of this ____ date of April 2023 by and between RED ROBIN GOURMET BURGERS, INC., a Delaware corporation (the "Company"), and KEVIN MAYER ("Executive").

RECITAL

WHEREAS, the parties desire to enter into this Agreement setting forth the terms and conditions for the employment relationship between Executive and the Company.

NOW, THEREFORE, in consideration of the promises and mutual covenants and agreements herein contained and intending to be legally bound hereby, the Company and Executive hereby agree as follows:

AGREEMENT

1. Employment Period. (a) The Company, through its wholly-owned subsidiary, Red Robin International, Inc., a Nevada corporation ("RRI"), hereby employs Executive, and Executive hereby accepts such employment, upon the terms and conditions hereinafter set forth. The term of Executive's employment hereunder shall commence on May 1, 2023 (the "Effective Date"), and shall continue until otherwise terminated as provided herein (such term being referred to herein as the 'Employment Period").

(a) Executive and the Company acknowledge that, except as may otherwise be provided by this Agreement or under any other written agreement between Executive and the Company, the employment of Executive by the Company and RRI is "at will" and Executive's employment may be terminated by either Executive or the Company at any time for any reason, or no reason, as long as consistent with applicable law. RRI shall be the "employer" for tax, legal reporting, payroll processing and similar purposes.

2. Position and Duties.

(a) During the Employment Period, Executive shall be employed as and hold the title of Chief Marketing Officer of the Company, with such duties, authorities and responsibilities that are customary for public company chief marketing officer positions. Executive shall report to the Company's Chief Executive Officer and shall interface with the Company's Board of Directors and the committees of the Board of Directors and their respective chairpersons from time to time (collectively, the "Board"). In addition, the Chief Executive Officer may assign Executive such duties and responsibilities that are not substantially inconsistent with his position as the Chief Marketing Officer of the Company. Executive agrees to serve without additional compensation, if elected or appointed thereto, as a director or officer of any of the Company's subsidiaries.

(b) During the Employment Period, Executive shall devote substantially all of his skill, knowledge, and working time to the business and affairs of the Company and its subsidiaries; provided that in no event shall this sentence prohibit Executive from performing personal and charitable activities and any other activities approved in advance by the Board, so long as such activities do not materially interfere with Executive's duties for the Company or otherwise violate the terms and conditions of this Agreement or the Company's policies in effect from time to time. Executive shall perform his services at the Company's headquarters, presently located in Englewood, Colorado, subject to reasonably required travel in connection with the performance of his services hereunder or as reasonably requested by the Board. Executive shall use his best efforts to carry out his responsibilities under this Agreement faithfully and efficiently.

3. Compensation.

(a) Base Salary. During the Employment Period, Executive shall receive from the Company an annual base salary ("Annual Base Salary") at the rate of $425,000, with such salary to be adjusted at such times, if any, and in such amounts as recommended by the Chief Executive Officer and approved by the Compensation Committee of the Board (the "Compensation Committee"). Executive's Annual Base Salary shall be subject to annual review by the Chief Executive Officer and the Compensation Committee during the Employment Period. The Annual Base Salary shall be paid in accordance with the Company's and RRI's normal payroll policy.

(b) Sign-On Bonus. The Company agrees to pay Executive a one-time cash sign-on bonus of $100,000 (the "Sign-On Bonus"), subject to all required taxes and withholdings, to be paid on the first payroll period following the Effective Date. If Executive's employment with the Company is terminated as a result of Executive's resignation without Good Reason less than twelve (12) full months after the Effective Date, Executive agrees to repay the Company the full Sign-On Bonus. Executive further agrees that Executive will repay such amount by no later than thirty (30) days following the effective date of the employment termination, and that any outstanding balance on such repayment obligation is delinquent and immediately collectable the day following the effective date of termination.

(c) Annual Incentive Compensation. In addition to the Annual Base Salary, beginning in fiscal year 2023, Executive is eligible to receive an annual cash bonus each fiscal year during the Employment Period as determined in accordance with the Company's annual incentive plan as in effect from time to time and as approved by the Compensation Committee (the "Annual Bonus"). For fiscal year 2023, Executive's target Annual Bonus (the "Target Bonus") shall be sixty percent (60%) of Executive's Annual Base Salary, prorated on the basis of the number of days on which Executive is employed by the Company during fiscal year 2023. Such Target Bonus will be subject to adjustment by the Compensation Committee in fiscal year 2024 and later. The actual amount of any Annual Bonus shall depend on the level of achievement of the applicable performance criteria established with respect to the Annual Bonus by the Board and the Compensation Committee in their sole discretion. The Annual Bonus for each fiscal year shall be payable in accordance with the then-current annual incentive plan, but in no event later than March 15 of the following fiscal year.

(d) Long-Term Incentive Awards.

(i) Sign-On Equity Award. On the seventh day following the Effective Date (or, if not a trading day, on the first trading day immediately thereafter), Executive will receive a grant (the "Sign-On Equity Award") of time-vested restricted stock units ('RSUs") having a target value of $100,000. The number of granted RSUs shall be determined by dividing $100,000 by the average closing price of one share of common stock of the Company over the thirty (30)-calendar day period prior to, and including, the date of the grant. The Sign-On Equity Award shall be granted under and subject to all the terms and conditions of the Company's 2017 Performance Incentive Plan. The RSUs will vest ratably over the first three anniversaries of the grant date, subject to continued employment through all such vesting dates.

(ii) Generally. Executive shall have the opportunity to participate in the Company's long term incentive plan ("LTIP"). Executive's annual grant under the LTIP shall be subject to such terms as approved by the Board or the Compensation Committee from time to time in accordance with the Company's LTIP, but the LTIP grant for fiscal year 2023 shall have a target value equal to seventy percent (70%) of the Executive's Annual Base Salary, prorated on the basis of the number of days on which Executive is employed by the Company during fiscal year 2023. Executive's target value will be subject to adjustment by the Compensation Committee in fiscal year 2024 and later. Except as expressly provided herein, each such equity award shall be made in accordance with the Company's Equity Granting Policy. As an executive officer of the Company, Executive is subject to the Company's Ownership Guidelines (as defined in Section 12) as in effect from time to time, within the time period specified therein, which currently include a requirement for the Chief Marketing Officer to own shares of common stock of the Company with a value equal to at least 3x Executive's Annual Base Salary.

(e) Other Benefits.

(i) Welfare and Benefit Plans. During the Employment Period: (A) Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs of the Company and RRI to the same extent as other senior executive employees, including, among other things, participation in the Company's Employee Stock Purchase Plan, after one year of continuous employment, and the Non-Qualified Deferred Compensation Plan; and (B) Executive and/or Executive's family, as the case may be, shall be eligible to participate in, and shall receive all benefits under, all welfare benefit plans, practices, policies and programs provided by the Company and RRI (including, to the extent provided, without limitation, medical, prescription, dental, disability, salary continuance, employee life insurance, group life insurance, accidental death and travel accident insurance plans and programs) to the same extent as other senior executive employees.

(ii) Expenses. During the Employment Period, Executive shall be entitled to receive prompt reimbursement for all reasonable travel and other expenses incurred by Executive in carrying out Executive's duties under this Agreement, provided that Executive complies with the policies, practices and procedures of the Company and RRI for submission of expense reports, receipts or similar documentation of the incurrence and purpose of such expenses.

(iii) Paid Time Off. Executive shall be entitled to holidays and paid time off per calendar year in accordance with the Company's holiday and paid time off policies applicable to similarly situated senior executives as in effect from time to time.

(iv) Relocation Benefit. The Company will provide relocation assistance to the Executive (in an amount up to $300,000) for relocation expenses, including an additional payment ("gross-up") in respect of any taxable portion of the Executive's relocation benefit such that the Executive is placed in the same after-tax position in respect of such relocation assistance as if such benefit were not taxable, all in accordance with the Company's relocation policy. If the Executive's employment terminates due to the Executive's resignation, other than for Good Reason, within the first twenty-four (24) months following the Effective Date, the Executive shall be required to reimburse the Company for the full amount of the relocation benefit provided to the Executive.

(f) Reservation of Rights. Except as otherwise specifically agreed as to Executive in a separate agreement between the Company and Executive, the Company reserves the right to modify, suspend or discontinue any and all of the employee benefit plans, practices, policies and programs referenced in subsections 3(e)(i), (ii), (iii) and (iv) above at any time without recourse by Executive so long as such action is taken with respect to similarly situated senior executives generally and does not disproportionately adversely affect Executive.

4. Termination.

(a) Death or Disability. Executive's employment and all associated rights and benefits shall terminate automatically upon Executive's death. If the Company determines in good faith that the Disability of Executive has occurred, it may give to Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the thirtieth (30th) day after receipt of such notice by Executive, provided that, within the thirty days after such receipt, Executive shall not have returned to full-time performance of his duties.

(b) Cause. The Company may terminate Executive's employment at any time for Cause.

(c) By the Company without Cause. The Company may terminate Executive's employment at any time without Cause.

(d) By Executive for Good Reason. Executive may terminate his employment at any time for Good Reason subject to the notice and cure provisions set forth in the definition thereof.

(e) By Executive without Good Reason. Executive may terminate his employment at any time without Good Reason, provided that Executive must provide at least thirty (30) days advance notice to the Company of any such termination.

(f) Obligations of the Company Upon Termination.

(i) Death or Disability. If Executive's employment is terminated by reason of Executive's Death or Disability, this Agreement shall terminate without further obligations to Executive or his legal representatives under this Agreement, other than for (A) payment of the sum of (1) Executive's Annual Base Salary through the date of termination to the extent not theretofore paid and (2) reimbursement for any unreimbursed business expenses incurred through the date of termination which shall be paid in a lump sum in cash within thirty (30) days of the effective date of termination or such earlier date as may be required by law; (B) any payments, benefits or fringe benefits to which Executive shall be entitled under the terms of any applicable compensation arrangement or benefit, equity or fringe benefit plan or program or grant or this Agreement, which shall be paid at such times and in such forms as provided for by such plan, program or grant or such earlier date as may be required by law; (C) any Annual Bonus Earned but unpaid with respect to the fiscal year ending on or preceding the date of termination, which shall be paid in a lump sum in cash when such Annual Bonus payment is regularly paid to similarly situated executives (the payments and benefits described in clauses (A), (B), and (C) shall be hereinafter referred to as the "Accrued Obligations"); and (D) payment of a pro rata share (determined on the basis of the number of days on which Executive was employed by the Company during the fiscal year in which the date of termination occurred) of the Annual Bonus that would otherwise have been Earned based on actual performance and been payable pursuant to Section 3(c) hereof had Executive continued to be employed by the Company for the entirety of the fiscal year in which the date of termination occurred, which shall be paid in a lump sum in cash when such Annual Bonus payment is regularly paid to similarly situated executives.

(ii) Cause or Resignation other than with Good Reason. If Executive's employment is terminated by the Company for Cause or Executive resigns from his position as Chief Marketing Officer of the

Company without Good Reason, this Agreement shall terminate without further obligations to Executive other than payment of the Accrued Obligations as described in Section 4(f) (provided, that if Executive's employment is terminated for Cause, then the amount described in clause (C) of the Accrued Obligations shall not be payable). If it is subsequently determined that the Company did not have Cause for termination hereof or that Executive had Good Reason for termination, then the decision to terminate shall be deemed to have been made under Section 4(c) or (d), as applicable, and the amounts payable under Section 4(f)(iii) shall be the only amounts Executive may receive on account of his termination.

(iii) By the Company without Cause or by Executive for Good Reason. If the Company terminates Executive's employment without Cause or Executive terminates his employment for Good Reason, this Agreement shall terminate without further obligations to Executive other than:

(A) payment of the Accrued Obligations, as described in Section 4(f)(i);

(B) payment of a pro rata share (determined on the basis of the number of days on which Executive was employed by the Company during the fiscal year in which the date of termination occurred) of the Annual Bonus under Section 3(c) for the fiscal year in which the date of termination occurred that has been Earned based on actual performance, which shall be paid in a lump sum in cash when annual incentive plan payments are regularly paid to similarly situated executives;

(C) installment payments in accordance with the Company's regular payroll practices equivalent to one (1) times the Executive's Annual Base Salary as in effect immediately prior to the date of termination, subject to standard withholdings and other authorized deductions; and

(D) upon Executive's timely election of continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), as amended, the Company shall pay to Executive in a lump sum in cash within thirty (30) days after such election an amount equal to the product of (x) the portion of premiums of Executive's group health insurance, including coverage for Executive's eligible dependents, if any, that the Company paid immediately prior to his date of termination and (y) twelve (12);

provided, however, that as a condition precedent to receiving the payments and benefits provided for in this Section 4(f)(iii) (other than payment of the Accrued Obligations), Executive shall first execute and deliver to the Company and RRI a general release agreement that is satisfactory to the Company and RRI (the "Release"), and all rights of Executive thereunder or under applicable law to rescind or revoke the release shall have expired no later than the date specified in such release, which shall either be twenty-eight (28) days or fifty-two (52) days, dependent upon the circumstances, after the date of termination (the "Release Condition"). If Executive fails to satisfy the Release Condition, all payments and benefits set forth in this Section 4(f)(iii) (other than the payment of the Accrued Obligations) shall be forfeited; provided, further, notwithstanding any other provision contained in this Agreement, if Executive receives severance payments and benefits under the Red Robin Gourmet Burgers, Inc. Executive Change in Control Severance Plan (as such plan may be modified, amended and/or restated from time to time) (the "Executive CIC Severance Plan"), Executive shall have no right to receive the payments and benefits under this Section 4(f)(iii). For purposes of the Executive CIC Severance Plan, insofar as it is applicable to Executive: (x) the Release Agreement (as defined in the Executive CIC Severance Plan) shall be replaced with (and all references therein shall be deemed to refer to) the Release (as defined in this Agreement); and (y) the definitions of Cause and Good Reason (each as defined in the Executive CIC Severance Plan) shall be replaced with the definition of Cause and Good Reason (each as defined in this Agreement).

(iv) Exclusive Remedy. Executive agrees that the payments contemplated by this Section 4(f) shall constitute the exclusive and sole remedy for any termination of his employment, and Executive covenants not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment; provided, however, that nothing contained in this Section 4(f) shall prevent Executive from otherwise challenging in a subsequent arbitration proceeding a determination by the Company that it was entitled to terminate Executive's employment hereunder for Cause.

(v) Termination of Payments. Anything in this Agreement to the contrary notwithstanding, the Company may terminate all payments and benefits owing to Executive pursuant to this Section 4(f) upon the Company's discovery of any breach or threatened breach by Executive of his obligations under the general release or Sections 5, 6, 7 and 8 of this Agreement after written notice to Executive, and, if curable, providing the Executive with thirty (30) days to cure. No payments shall be terminated during this cure period (if applicable).

(vi) Resignation as Officer or Director Upon Termination. Upon termination of Executive's employment with the Company for any reason whatsoever, Executive shall thereupon be deemed to have immediately resigned from any positions with the Company and all of its subsidiaries and affiliates, whether as an officer, director, employee, fiduciary or otherwise. In such event, Executive shall, at the request of the Company, execute any documents reasonably required to evidence such resignations.

(g) Survival of Certain Obligations Following Termination. Notwithstanding any other provision contained in this Agreement, the provisions in Sections 5 through 11 and 14 through 22 of this Agreement shall survive any termination of Executive's employment hereunder (but shall be subject to Executive's right to receive the payments and benefits provided under this Section 4).

5. Confidential Information. Except in the good-faith performance of his duties hereunder, Executive shall not disclose to any person or entity or use, any information not in the public domain, in any form including especially trade secrets of the Company (as defined under applicable law), acquired by Executive while he was employed or associated with the Company or RRI or, if acquired following the termination of such association, such information which, to Executive's knowledge, has been acquired, directly or indirectly, from any person or entity owing a duty of confidentiality to the Company or RRI, relating to the Company or its business. Executive agrees and acknowledges that all of such information, in any form, and copies and extracts thereof are and shall remain the sole and exclusive property of the Company, and Executive shall on request return to the Company the originals and all copies of any such information provided to or acquired by Executive in connection with his association with the Company or RRI, and shall return to the Company all files, correspondence and/or other communications received, maintained and/or originated by Executive during the course of such association.

6. Covenant Not to Compete. Executive agrees that, during Executive's employment with the Company, Executive shall not directly or indirectly, either for himself or for, with or through any other Person, own, manage, operate, control, be employed by, participate in, loan money to or be connected in any manner with, or permit his name to be used by, either (i) any business that, in the reasonable judgment of the Board, competes with the Company and its subsidiaries in the burger-focused restaurant business in (x) the United States, (y) the Canadian provinces of Alberta and British Columbia, or (z) any other country, province or territory in which the Company conducts business as of the date Executive's employment terminates, or (ii) the following casual dining and brew-centric restaurant concepts (and their successors): Five Guys, Chili's, Applebee's, Ruby Tuesday, TGIFridays, Texas Roadhouse, BJ's, Yardhouse, Millers Ale House and Brickhouse ("Competitive Activity"). In making its judgment as to whether any business is engaged in a Competitive Activity, the Board shall act in good faith, and shall first provide Executive with a reasonable opportunity to present such information as Executive may desire for the Board's consideration. For purposes of this Agreement, the term "participate" includes any direct or indirect interest, whether as an officer, director, employee, partner, sole proprietor, trustee, beneficiary, agent, representative, independent contractor, consultant, advisor, provider of personal services, creditor, owner (other than by ownership of less than five percent (5%) of the stock of a publicly-held corporation whose stock is traded on a national securities exchange).

7. No Interference; Nondisparagement.

(a) During and after the termination of Executive's employment with the Company, Executive shall not, without the prior written approval of the Company, directly or indirectly through any other Person especially through the use of the Company's trade secrets (including employee wages, skill level and training) (i) induce or attempt to induce any employee of the Company or RRI at the level of Assistant Store Manager or higher in restaurant operations or the level of Director or higher at the Company's home office to leave the employ of the Company or RRI, or in any way interfere with the relationship between the Company or RRI and any employee thereof (for the sake of clarity, this clause (i) shall not be violated by virtue of general advertisements or solicitations for positions that are not targeted at employees of the Company or RRI), (ii) hire any Person who was an employee of the Company or RRI at the level of Assistant Store Manager or higher in restaurant operations or the level of Director or higher at the Company's home office within twelve months after such Person's employment with the Company or RRI was terminated for any reason or (iii) induce or attempt to induce any supplier or other business relation of the Company or RRI to cease doing business with the Company or RRI, or in any way interfere with the relationship between any such supplier or business relation and the Company or RRI.

(b) Executive agrees not to disparage the Company, any of its products or practices, or any of its directors, officers, stockholders, or affiliates (each in their capacities as such), either orally or in writing, at any time; provided, however, that Executive may (A) confer in confidence with his legal representatives, (B) make truthful statements as required by law or when requested by a governmental, regulatory or similar body or entity and/or (C) make truthful statements in the course of performing his duties to the Company. The Company shall instruct its current directors, and following the date of termination of Executive's employment, its current executive officers, to not disparage Executive, either orally or in writing, at any time; provided, however, that the Company shall not be required to instruct its directors or executive officers to refrain from (X) conferring in confidence with their respect legal representatives, (Y) making truthful statements as required by law or when requested by a governmental, regulatory, or similar body or entity and/or (Z) making truthful statements in the course of performing duties to the Company.

8. Return of Documents. In the event of the termination of Executive's employment for any reason, Executive shall deliver to the Company all of (a) the property of the Company or any of its subsidiaries, and (b) non-personal documents and data of any nature and in whatever medium of the Company or any of its subsidiaries, in each case within his possession and control, and he shall not take with his any such property, documents or data or any reproduction thereof, or any documents containing or pertaining to any Confidential Information.

9. Reasonableness of Restrictions. Executive agrees that the covenants set forth in Sections 5, 6, 7 and 8 are reasonable with respect to their duration, geographical area, and scope. In the event that any of the provisions of Sections 5, 6, 7 and 8 relating to the geographic or temporal scope of the covenants contained therein or the nature of the business or activities restricted thereby shall be declared by a court of competent jurisdiction to exceed the maximum restrictiveness such court deems enforceable, such provision shall be deemed to be replaced herein by the maximum restriction deemed enforceable by such court.

10. Injunctive Relief. The parties hereto agree that either party hereto would suffer irreparable harm from a breach by the other party of any of the covenants or agreements contained herein, for which there is no adequate remedy at law. Therefore, in the event of the actual or threatened breach by a party of any of the provisions of this Agreement, the other party, and in the case of the Company, its respective successors or assigns, may, in addition and supplementary to other rights and remedies existing in their favor, apply to any court of law or equity of competent jurisdiction for specific performance, injunctive or other relief (without the necessity of posting bond or security) in order to enforce compliance with, or prevent any violation of, the provisions hereof; and that, in the event of such a breach or threat thereof by one party, the other party shall be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction restraining the other party from engaging in activities prohibited hereby or such other relief as may be required to specifically enforce any of the covenants contained herein.

11. Extension of Restricted Periods. In addition to the remedies the Company may seek and obtain pursuant to this Agreement, the restricted periods set forth herein may be extended by any and all periods during which Executive shall be found by a court to have been in violation of the covenants contained herein.

12. Stock Ownership Requirement. While employed by the Company, Executive shall be expected to maintain ownership of common stock or stock equivalents in such amounts and on such terms and conditions as are set forth in the Company's Executive Stock Ownership Guidelines established by the Compensation Committee and in effect from time to time (the "Ownership Guidelines"). Executive is expected to meet the ownership requirements set forth in the Ownership Guidelines within the time period stated in the Ownership Guidelines. In the event Executive is unable to meet his ownership requirements within the defined time period, Executive shall retain all net after-tax profit Shares following option exercise and/or the vesting of restricted stock units and any other awards settled in Shares, until Executive has satisfied the requirements set forth in this Section 12. No additional liability shall apply to Executive if Executive fails to satisfy the stock ownership requirements set forth in this Section 12. For the sake of clarity, failure to satisfy the requirements set forth in this Section 12 (other than any willful breach by Executive of the obligation not to dispose of net after-tax profit Shares as contemplated above) shall not constitute Cause.

13. Definitions. As used herein, unless the context otherwise requires, the following terms have the following respective meanings:

"Cause" means with respect to the termination by the Company of Executive as an employee of the Company:

(i) Executive's continual and deliberate gross neglect in the performance of his material duties;

(ii) Executive's failure to devote substantially all of his working time to the business of the Company and its subsidiaries (other than as expressly permitted in this Agreement or by applicable state or federal law);

(iii) Executive's failure to follow the lawful directives of the Board or the Chief Executive Officer relating to his duties and responsibilities hereunder in any material respect;

(iv) Executive's engaging in misconduct in connection with the performance of any of his duties, including, without limitation, falsifying or attempting to falsify documents, books or records of the Company or its subsidiaries, misappropriating or attempting to misappropriate funds or other property, or securing or attempting to secure any personal profit in connection with any transaction entered into on behalf of the Company or its subsidiaries;

(v) the violation by Executive, in any material respect, of any policy or of any code or standard of behavior or conduct generally applicable to employees of the Company or its subsidiaries;

(vi) Executive's breach of the material provisions of this Agreement or any other non-competition, non-interference, non-disclosure, confidentiality or other similar agreement executed by Executive with the Company or any of its subsidiaries or other act of disloyalty to the Company or any of its subsidiaries (including, without limitation, aiding a competitor or unauthorized disclosure of confidential information); or

(vii) Executive's engaging in conduct that is reasonably likely to result in material injury to the reputation of the Company or any of its subsidiaries, including, without limitation, commission of a felony, fraud, embezzlement, or other crime involving moral turpitude;

provided, that a termination for Cause by the Company of any of the events described in clauses (i), (ii), (iv) and (v) above shall only be effective on ten (10) days advance written notification, providing Executive the opportunity to cure, if reasonably capable of cure within said ten (10) day period; provided, however, that no such notification is required if the Cause event is not reasonably capable of cure or the Board determines that its fiduciary obligation legally requires it to effect a termination of Executive for Cause immediately. Notwithstanding the preceding sentence, the Board may suspend with compensation Executive while it conducts a good faith inquiry of whether grounds for Cause exist.

"Disability" means a physical or mental impairment which substantially limits a major life activity of Executive and which renders Executive unable to perform the essential functions of his position, even with reasonable accommodation which does not impose an undue hardship on the Company. The Company reserves the right, in good faith, to make the determination of disability under this Agreement based upon information supplied by Executive and/or his medical personnel, as well as information from medical personnel (or others) selected by the Company or its insurers. Nothing in this definition is meant to waive Executive's rights under the Health Insurance Portability and Accountability Act of 1996 or the Americans with Disabilities Act, as amended.

"Earned" has the definition of that term as it is used in the Colorado Wage and Hour Act, Colo. Rev. Stat. § 8-4-101, et seq., at the time of the Effective Date.

"Good Reason" shall mean the occurrence, without Executive's express written consent, of: (i) a material reduction in Executive's compensation other than as permitted pursuant to Section 3 hereof; (ii) a relocation of the Company's headquarters to a location more than twenty (20) miles from the location of the Company's headquarters prior to such relocation; (iii) any willful breach by the Company of any material provision of this Agreement; or (iv) a significant reduction in the then-effective responsibilities of the Chief Marketing Officer of the Company; provided that Executive gives written notice to the Company of the existence of such a condition within ninety (90) days of the initial existence of the condition, the Company has at least thirty (30) days from the date when such notice is provided to cure the condition without being required to make payments due to termination by the Company for Good Reason (the "Cure Period"), and Executive actually terminates his employment for Good Reason within thirty (30) days after the expiration of the Cure Period.

"Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended).

14. Arbitration. Except as otherwise provided herein, any controversy arising out of or relating to this Agreement, its enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, or any other controversy arising out of Executive's employment, including, but not limited to, any state or federal statutory or common law claims, shall be submitted to arbitration in Denver, Colorado, before a sole arbitrator (the "Arbitrator") selected from Judicial Arbiter Group, Inc., Denver, Colorado, or its successor ("JAG"), or if JAG is no longer able to supply the arbitrator, such arbitrator shall be selected from the Judicial Arbitration and Mediation Services, Inc. ("JAMS"), or other mutually agreed upon arbitration provider, as the exclusive forum for the resolution of such dispute. Provisional injunctive relief may, but need not, be sought by either party to this Agreement in a court of law while arbitration proceedings are pending, and any provisional injunctive relief granted by such court shall remain effective until the matter is finally determined by the Arbitrator. Final resolution of any dispute through arbitration may include any remedy or relief which the Arbitrator deems just and equitable, including any and all remedies provided by applicable state or federal statutes. At the conclusion of

the arbitration, the Arbitrator shall issue a written decision that sets forth the essential findings and conclusions upon which the Arbitrator's award or decision is based. Any award or relief granted by the Arbitrator hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction. The parties acknowledge and agree that they are hereby waiving any rights to trial by jury in any action, proceeding or counterclaim brought by either of the parties against the other in connection with any matter whatsoever arising out of or in any way connected with this Agreement or Executive's employment, and under no circumstances shall class claims be processed or participated in by Executive. The parties agree that Company shall be responsible for payment of the forum costs of any arbitration hereunder, including the Arbitrator's fee. Executive and the Company further agree that in any proceeding to enforce the terms of this Agreement, the prevailing party shall be entitled to its or his reasonable attorneys' fees and costs incurred by it or his in connection with resolution of the dispute in addition to any other relief granted. To the extent this provision conflicts with Executive's standalone arbitration agreement required upon hire, the terms of the standalone arbitration agreement shall control.

15. Governing Law. This Agreement and the legal relations hereby created between the parties hereto shall be governed by and construed under and in accordance with the internal laws of the State of Colorado, without regard to conflicts of laws principles thereof. Executive shall submit to the venue and personal jurisdiction of the Colorado state and federal courts concerning any dispute for which judicial redress is permitted pursuant to this Agreement; however the Company is not limited in seeking relief in those courts.

16. Taxes.

(a) Executive shall be solely liable for Executive's tax consequences of compensation and benefits payable under this Agreement, including any consequences of the application of Section 409A of the Code.

(b) In order to comply with all applicable federal or state income tax laws or regulations, the Company may withhold from any payments made under this Agreement all applicable federal, state, city or other applicable taxes.

17. Section 409A Savings Clause.

(a) It is the intention of the parties that compensation or benefits payable under this Agreement not be subject to the additional tax imposed pursuant to Section 409A of the Code, and this Agreement shall be interpreted accordingly. To the extent such potential payments or benefits could become subject to additional tax under such Section, the parties shall cooperate to amend this Agreement with the goal of giving Executive the economic benefits described herein in a manner that does not result in such tax being imposed. The foregoing notwithstanding, the Company shall in no event whatsoever be liable for any additional tax, interest or penalty incurred by Executive as a result of the failure of any payment or benefit to satisfy the requirements of Section 409A of the Code.

(b) The Executive's right to a series of installment payments under this Agreement shall be treated as a right to a series of separate payments within the meaning of Treas. Reg. §1.409A-2(b)(2)(iii). In addition, payments or benefits pursuant to Section 4(f) shall be exempt from the requirements of Section 409A of the Code to the maximum extent possible as "short-term deferrals" pursuant to Treasury Regulation Section 1.409A-1(b)(4), as involuntary separation pay pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii), and/or under any other exemption that may be applicable, and this Agreement shall be construed accordingly.

(c) Notwithstanding any provision to the contrary in this Agreement, (i) no amount of non-qualified deferred compensation subject to Section 409A of the Code that is payable in connection with the termination of his employment shall be paid to Executive unless the termination of Executive's employment constitutes a "separation from service" within the meaning of Section 1.409A-1(h) of the Department of Treasury Regulations; (ii) if Executive is deemed at the time of his separation from service to be a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code, to the extent that delayed commencement of any portion of the termination benefits to which Executive is entitled under this Agreement (after taking into account all exclusions applicable to such termination benefits under Section 409A) is required in order to avoid a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, such portion of Executive's termination benefits shall not be provided to Executive prior to the earlier of (A) the expiration of the six-month period measured from the date of Executive's "separation from service" with the Company (as such term is defined in the Department of Treasury Regulations issued under Section 409A) and (B) the date of Executive's death; provided, that upon the earlier of such dates, all payments deferred pursuant to the foregoing shall be paid to Executive in a lump sum, and any remaining payments due under this Agreement shall be paid as otherwise provided herein; (iii) the determination of whether Executive is a "specified employee" for purposes of Section 409A(a)(2)(B)(i) of the Code as of the time of his separation from service shall be made by the Company in accordance with the terms of Section 409A of the Code and applicable guidance thereunder (including, without limitation, Section 1.409A-1(i) of the Department of Treasury Regulations and any successor provision thereto).

(d) To the extent that any reimbursement of expenses or in-kind benefits constitutes "deferred compensation" under Section 409A of the Code, such reimbursement or benefit shall be provided no later than December 31 of the year following the year in which the expense was incurred. The amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year. The amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year.

18. Entire Agreement. This Agreement constitutes and contains the entire agreement and final understanding concerning Executive's employment with the Company and the other subject matters addressed herein between the parties. It is intended by the parties as a complete and exclusive statement of the terms of their agreement. It supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, concerning the subject matter hereof. Any representation, promise or agreement not specifically included in this Agreement shall not be binding upon or enforceable against either party. This is a fully integrated agreement.

19. Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Board (or a person expressly authorized thereby) and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

20. Clawback. Executive acknowledges that any incentive compensation contemplated under this Agreement shall be subject to the Company's clawback policies, including, without limitation, any policy adopted to the extent required by applicable law or written Company policy adopted to implement the requirements of such law (including, without limitation, Section 304 of the Sarbanes-Oxley Act and Section 954 of the Dodd Frank Act).

21. Permitted Actions. Nothing in this Agreement shall prohibit Executive from reporting possible violations of federal or state law or regulation to or otherwise cooperating with or providing information requested by any governmental agency or entity, including, but not limited to, the Department of Justice, the Securities and Exchange Commission, the U.S. Equal Employment Opportunity Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal or state law or regulation. Executive does not need the prior authorization of the Company to make any such reports or disclosures and Executive is not required to notify the Company that Executive has made such reports or disclosures. Notwithstanding anything to the contrary contained herein, Executive will not be held criminally or civilly liable under any federal or state trade secret law for any disclosure of Confidential Information that is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. If Executive files a lawsuit for retaliation by the Company for reporting a suspected violation of law, Executive may disclose the Company's Confidential Information to Executive's attorney and use the Confidential Information in the court proceeding if Executive (A) files any document containing the trade secret under seal; and (B) does not disclose the Confidential Information, except pursuant to court order.

22. Miscellaneous.

(a) Binding Effect. This Agreement is intended to bind and inure to the benefit of and be enforceable by Executive, the Company and their respective heirs, successors and assigns, except that Executive may not assign his rights or delegate his obligations hereunder without the prior written consent of the Company.

(b) Notices. All notices required to be given hereunder shall be in writing and shall be deemed to have been given if (i) delivered personally or by documented courier or delivery service, (ii) transmitted by facsimile during normal business hours or (iii) mailed by registered or certified mail (return receipt requested and postage prepaid) to the following listed persons at the addresses and facsimile numbers specified below, or to such other persons, addresses or facsimile numbers as a party entitled to notice shall give, in the manner hereinabove described, to the others entitled to notice:

If to the Company, to:

Red Robin Gourmet Burgers, Inc.
10000 E. Geddes Avenue, Suite 500

Englewood, CO 80112
Attention: Chief People Officer

With a copy, which shall not constitute notice, to:

Red Robin Gourmet Burgers, Inc.
10000 E. Geddes Avenue, Suite 500
Englewood, CO 80112
Attention: Chief Legal Officer

If to Executive, to Executive's last known address as reflected in the Company's records, or to such other address as Executive shall designate by written notice to the Company.

If given personally or by documented courier or delivery service, or transmitted by facsimile, a notice shall be deemed to have been given when it is received. If given by mail, it shall be deemed to have been given on the third business day following the day on which it was posted.

(c) Headings. The section and other headings contained in this Agreement are for the convenience of the parties only and are not intended to be a part hereof or to affect the meaning or interpretation hereof.

(d) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

(e) Construction. Each party has cooperated in the drafting and preparation of this Agreement. Hence, in any construction to be made of this Agreement, the same shall not be construed against any party on the basis that the party was the drafter.

(f) Savings Clause. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable. Subject to the foregoing, upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent reasonably practicable.

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IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date written below.

EXECUTIVE

Date: 4/20/23___________________ /s/ Kevin Mayer_____________________
KEVIN MAYER

COMPANY

RED ROBIN GOURMET BURGERS, INC.

Date: 4/20/23____________________ By: /s/ G.J. Hart_________________________
Name: G.J. Hart
Title: Chief Executive Officer

Exhibit 31.1

CEO CERTIFICATION

I, GJ Hart, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Red Robin Gourmet Burgers, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 24, 2023	/s/ GJ Hart
(Date)	GJ Hart *Chief Executive Officer*

Exhibit 31.2

CFO CERTIFICATION

I, Todd Wilson, certify that:

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

May 24, 2023	/s/ Todd Wilson
(Date)	Todd Wilson *Chief Financial Officer*

Exhibit 32.1

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

In connection with the Quarterly Report of Red Robin Gourmet Burgers, Inc. (the "Company") on Form 10-Q for the period ended April 16, 2023, as filed with the Securities and Exchange Commission on May 24, 2023 (the "Report"), the undersigned, GJ Hart, Chief Executive Officer, and Todd Wilson, Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that;

(a) the Quarterly Report on Form 10-Q for the period ended April 16, 2023 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:	May 24, 2023	/s/ GJ Hart GJ Hart *Chief Executive Officer*
Dated:	May 24, 2023	/s/ Todd Wilson Todd Wilson *Chief Financial Officer*

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

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