

## **Red Robin Gourmet Burgers, Inc. Reports Results for the Fiscal First Quarter Ended April 17, 2022**

*The Company Reaffirms Full Year 2022 Adjusted EBITDA Guidance*

May 26, 2022 04:05 PM Eastern Daylight Time

GREENWOOD VILLAGE, Colo.--(BUSINESS WIRE)--Red Robin Gourmet Burgers, Inc. (NASDAQ: RRGB) ("Red Robin" or the "Company"), a full-service restaurant chain serving an innovative selection of high-quality gourmet burgers in a family-friendly atmosphere, today reported financial results for the fiscal first quarter ended April 17, 2022.

**Results for the first quarter, as compared to the prior year as applicable, included the following:**

- Restaurant revenue of \$380.6 million increased 19.4% compared to 2021;
  - Eighth consecutive quarter of sustained off-premises sales dollars of more than double pre-pandemic levels;
- Comparable restaurant revenue increased 19.7% compared to 2021;
  - Approximately 200 restaurants were serving Donatos® pizza prior to 2022, with comparable restaurant revenue growth of Donatos® locations outperforming non-Donatos® locations by more than 5% compared to 2019;
- Net loss of \$3.1 million improved \$5.6 million compared to 2021;
- Restaurant level operating profit margin decreased by 170 basis points driven primarily by commodity and labor cost inflation, partially offset by sales leverage;
- Adjusted EBITDA<sup>(1)</sup> (a non-GAAP metric) of \$28.0 million improved \$0.6 million compared to 2021;
- Launched a new redrobin.com website in March offering an improved online ordering experience that we expect will drive increased frequency of guest visits and higher order conversion; and,
- Completed a new \$225 million, five-year credit agreement that provides us with long-term flexibility to strategically invest in our business and create value for our shareholders.

## First Quarter 2022 Financial Summary Compared to 2021

The following table presents financial highlights for the fiscal first quarter of 2022, compared to results from the same period in 2021:

	Sixteen Weeks Ended	
	April 17, 2022	April 18, 2021
Total revenues (millions) <sup>(3)</sup>	\$ 395.6	\$ 326.3
Restaurant revenues (millions)	380.6	318.7
Net loss (millions)	(3.1)	(8.7)
Restaurant Level Operating Profit (millions) <sup>(2)</sup>	\$ 53.1	\$ 50.0
Restaurant Level Operating Profit Margin <sup>(2)</sup>	14.0%	15.7%
Adjusted EBITDA (millions) <sup>(1)</sup>	\$ 28.0	\$ 27.4
Loss per diluted share (\$ per share)	\$ (0.20)	\$ (0.56)
Adjusted loss per diluted share (\$ per share) <sup>(2)</sup>	\$ (0.12)	\$ (0.30)

(1) See schedule III for a reconciliation of Adjusted EBITDA, a non-GAAP measure, to Net loss.

(2) See schedule I for a reconciliation of Adjusted loss per diluted share, a non-GAAP measure, to Loss per diluted share, and schedule II for a reconciliation of Restaurant level operating profit and Restaurant level operating profit margin, non-GAAP measures, to Loss from operations.

(3) Includes \$5.9 million due to change in estimate, gift card breakage revenue, which relates to the Company's re-evaluation of its estimated redemption pattern.

### First Quarter 2022 Operating Results

Comparable restaurant revenue<sup>(4)</sup> increased 19.7% in the first quarter of 2022 compared to the same period a year ago, driven by a 12.8% increase in average Guest check and a 6.9% increase in Guest count. The increase in average Guest check resulted from a 6.0% increase in menu mix including incremental sales related to checks that include Donatos® pizza, a 5.4% increase in pricing, and a 1.4% decrease in discounts. The increase in menu mix was primarily driven by our limited time menu offerings and higher dine-in sales volumes.

The decrease in Net loss compared to 2021 was primarily due to a \$61.9 million increase in restaurant revenue, partially offset by higher commodity and labor inflation, staffing costs, and marketing expenses. The increase in Adjusted EBITDA<sup>(2)</sup> was due to the aforementioned factors less the impact of Interest expense, Income tax benefits, Depreciation and amortization, and Other charges.

Paul J. B. Murphy III, Red Robin's President and Chief Executive Officer, said, "We are continuing to drive meaningful financial growth through our long-term, strategic investments. We have now added Donatos® pizza to almost half our Company restaurants, and in the first quarter we generated total pizza sales of more than \$7 million and checks with pizza were higher on average by more than \$10. Our integrated and seamless digital ecosystem, which includes a newly designed website and the recent

launch of our first app, will drive trial and frequency as we increase marketing to a broader audience during the second quarter and beyond. Lastly, we are also communicating more effectively with our growing Red Robin Royalty® members, now totaling 10.6 million, through a new loyalty platform that is yielding all time high guest engagement by enhancing our capabilities to personalize offers and deliver compelling campaigns."

Murphy concluded, "While we are keeping a keen eye on industry challenges and the macroeconomic environment, we are pleased with the current trajectory of our business. Our innovative limited time product promotions are driving higher guest traffic and incremental check margin, while our off-premises sales dollars have remained consistent. Operationally, we are focused on optimizing staffing while delivering a consistently great guest experience, creating incremental sales opportunities as we move forward."

### **Outlook for 2022 and Guidance Policy**

The Company provides guidance of select information related to the Company's financial and operating performance, and such measures may differ from year to year.

The Company reiterated the following guidance for full year 2022:

- Mid-to-high single digit restaurant labor cost inflation;
- Selling, general and administrative costs between \$145 and \$155 million;
- Adjusted EBITDA<sup>(1)</sup> between \$80 and \$90 million; and,
- Capital expenditures of \$40 to \$50 million, as we continue to progress our strategic initiatives and focus on operational execution as we emerge from the pandemic, including continued investment in maintaining our restaurants and systems, modest new restaurant growth, Donatos® expansion to approximately 50 restaurants, improvements to our operational technology solutions, and off-premises execution enhancements.

We continue to expect pricing in the mid-single digits during 2022, along with other operating initiatives underway, to mitigate cost inflation. We also continue to expect margin pressures to persist during 2022 and improve through the year with increased staffing and dine-in sales, and to achieve a 2019 restaurant-level operating profit margin in 2023.

Due to the impact of geopolitical events and their impacts on the macroeconomic environment during 2022, the Company is updating its commodity cost inflation guidance for full year 2022 to low double digit inflation, up from our previous guidance of mid-to-high single digits.

- (1) *Please refer to the Reconciliation of Net Loss to EBITDA and Adjusted EBITDA included on Schedule III of this release. The Company has not provided a reconciliation of its Adjusted EBITDA outlook to the most comparable GAAP measure of Net loss. Providing Net loss guidance is potentially misleading and not practical given the difficulty of projecting event-driven transactional and other non-core operating items that are included in Net loss, including asset impairments and income tax valuation adjustments. The reconciliations of Adjusted EBITDA to Net loss for the historical periods presented below are indicative of the reconciliations that will be prepared upon completion of the periods covered by the non-GAAP guidance.*

### **Investor Conference Call and Webcast**

Red Robin will host an investor conference call to discuss its first quarter 2022 results today at 5:00 p.m. ET. The conference call can be accessed live over the phone by dialing (201)-689-8560. A replay will be available from approximately two hours after the end of the call and can be accessed by dialing (412)-317-6671; the conference ID is 13728550. The replay will be available through Thursday, June 2, 2022.

The call will be webcast live from the Company's website at [ir.redrobin.com/news-events/ir-calendar](http://ir.redrobin.com/news-events/ir-calendar), and later archived.

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

Red Robin Gourmet Burgers, Inc. ([www.redrobin.com](http://www.redrobin.com)), is a casual dining restaurant chain founded in 1969 that operates through its wholly-owned subsidiary, Red Robin International, Inc., and under the trade name, Red Robin Gourmet Burgers and Brews. We believe nothing brings people together like burgers and fun around our table, and no one makes moments of connection over craveable food more memorable than Red Robin. We serve a variety of burgers and mainstream favorites to Guests of all ages in a casual, playful atmosphere. In addition to our many burger offerings, Red Robin serves a wide array of salads, appetizers, entrees, desserts, signature beverages and Donatos® pizza at select locations. It's now easy to enjoy Red Robin anywhere with online ordering available for to-go, delivery and catering, or you can download our new app for easy customization, access to the Red Robin Royalty® dashboard and more. There are more than 520 Red Robin restaurants across the United States and Canada, including those operating under franchise agreements. Red Robin... YUMMM®!

### **Forward-Looking Statements**

Forward-looking statements in this press release regarding the Company's future performance; anticipated uses of capital and planned investments in growth platforms; continued Guest demand for dine-in and off-premise offerings; the impact of industry labor and supply chain challenges and inflationary pressures; statements under the heading "Outlook for 2022 and Guidance Policy," including with respect to commodity and labor cost inflation; selling, general and administrative costs; adjusted EBITDA; capital expenditures including investment in our restaurants and systems, new restaurant growth, continued Donatos® expansion; pricing expectations for 2022; and our ability to mitigate cost inflation; and all other statements that are not historical facts are made under the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are based on assumptions believed by the Company to be reasonable and speak only as of the date on which such statements are made. Without limiting the generality of the foregoing, words such as "expect," "believe," "anticipate," "intend," "plan," "project," "could," "should," "will," "outlook" or "estimate," or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. Except as required by law, the Company undertakes no obligation to update such statements to reflect events or

circumstances arising after such date and cautions investors not to place undue reliance on any such forward-looking statements. Forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those described in the statements based on a number of factors, including but not limited to the following: the impact of COVID-19 and new variants on our results of operations, staffing levels, supply chain, and liquidity; the effectiveness of the Company's strategic initiatives, including alternative labor and service models, and operational improvement initiatives and our ability to execute on such strategic initiatives; our ability to recruit, staff, train, and retain our workforce; the effectiveness and timing of the Company's marketing strategies and promotions; menu changes and pricing strategy; the anticipated sales growth, costs, and timing of the Donatos® expansion; the implementation, rollout, and timing of new technology solutions, including off-premises enhancements; our ability to achieve revenue and cost savings from off-premises sales and other initiatives; competition in the casual dining market and discounting by competitors; changes in consumer spending trends and habits; changes in the availability and cost of food products, labor, and energy; general economic and operating conditions, including changes in consumer disposable income, weather conditions, and other events affecting the regions where our restaurants are operated; the adequacy of cash flows and the cost and availability of capital or credit facility borrowings; changes in federal, state, or local laws and regulations affecting the operation of our restaurants, including minimum wage and tip credit regulations, consumer and occupational health and safety regulations, health insurance coverage and other benefits, nutritional disclosures, and employment eligibility-related documentation requirements; 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 other risk factors described from time to time in the Company's Form 10-K, Form 10-Q, and Form 8-K reports (including all amendments to those reports) filed with the U.S. Securities and Exchange Commission.