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 June 25, 2022

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

For the transition period from _____ to _____

Commission File No. 001-37425

WINGSTOP INC.
(Exact name of registrant as specified in its charter)

Delaware	**47-3494862**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
15505 Wright Brothers Drive	
Addison, Texas	**75001**
(Address of principal executive offices)	(Zip Code)

(972) 686-6500
(Registrant’s telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	WING	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, 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

On July 27, 2022 there were 29,914,368 shares of common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(amounts in thousands, except share and par value amounts)

	June 25, 2022 (Unaudited)	December 25, 2021
Assets		
Current assets		
Cash and cash equivalents	$ 165,824	$ 48,583
Restricted cash	17,112	3,448
Accounts receivable, net	7,234	6,993
Prepaid expenses and other current assets	5,628	4,928
Advertising fund assets, restricted	13,681	6,197
Total current assets	209,479	70,149
Property and equipment, net	60,854	54,503
Goodwill	56,877	56,877
Trademarks	32,700	32,700
Customer relationships, net	9,660	10,302
Other non-current assets	25,791	24,672
Total assets	**$ 395,361**	**$ 249,203**
Liabilities and stockholders' deficit		
Current liabilities		
Accounts payable	$ 3,121	$ 5,414
Other current liabilities	29,188	28,070
Current portion of debt	6,675	—
Advertising fund liabilities	13,681	6,197
Total current liabilities	52,665	39,681
Long-term debt, net	709,546	469,394
Deferred revenues, net of current	27,056	28,024
Deferred income tax liabilities, net	5,898	7,432
Other non-current liabilities	15,666	14,197
Total liabilities	810,831	558,728
Commitments and contingencies (see Note 7)		
Stockholders' deficit		
Common stock, $0.01 par value; 100,000,000 shares authorized; 29,914,368 and 29,837,454 shares issued and outstanding as of June 25, 2022 and December 25, 2021, respectively	299	299
Additional paid-in-capital	646	463
Retained deficit	(415,822)	(310,031)
Accumulated other comprehensive loss	(593)	(256)
Total stockholders' deficit	(415,470)	(309,525)
Total liabilities and stockholders' deficit	**$ 395,361**	**$ 249,203**

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
(amounts in thousands, except per share data)
(Unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Revenue:				
Royalty revenue, franchise fees and other	$ 36,044	$ 33,135	$ 71,114	$ 64,741
Advertising fees	28,987	22,577	51,526	44,097
Company-owned restaurant sales	18,746	18,288	37,342	35,852
Total revenue	83,777	74,000	159,982	144,690
Costs and expenses:				
Cost of sales [1]	14,899	14,207	30,573	27,486
Advertising expenses	29,685	23,301	52,852	45,328
Selling, general and administrative	13,949	16,066	32,035	29,852
Depreciation and amortization	2,547	1,523	4,774	3,318
Loss on disposal of assets	323	—	767	—
Total costs and expenses	61,403	55,097	121,001	105,984
Operating income	22,374	18,903	38,981	38,706
Interest expense, net	5,986	3,724	10,178	7,506
Loss on debt extinguishment	—	—	814	—
Other expense	26	—	91	—
Income before income tax expense	16,362	15,179	27,898	31,200
Income tax expense	3,055	3,867	5,915	6,728
Net income	$ 13,307	$ 11,312	$ 21,983	$ 24,472
Earnings per share				
Basic	$ 0.45	$ 0.38	$ 0.74	$ 0.82
Diluted	$ 0.44	$ 0.38	$ 0.73	$ 0.82
Weighted average shares outstanding				
Basic	29,882	29,739	29,866	29,722
Diluted	29,914	29,873	29,944	29,859
Dividends per share	$ 0.17	$ 0.14	$ 4.34	$ 0.28
Other comprehensive income (loss)				
Currency translation adjustment	$ (271)	$ (109)	$ (337)	$ (109)
Other comprehensive income (loss)	(271)	(109)	(337)	(109)
Comprehensive income	$ 13,036	$ 11,203	$ 21,646	$ 24,363

[1] Cost of sales includes all operating expenses of company-owned restaurants, including advertising expenses, and excludes depreciation and amortization, which are presented separately.

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Deficit
For the Twenty-Six Weeks Ended June 26, 2021
(amounts in thousands, except share data)
(Unaudited)

	Common Stock						
	Shares	Amount	Additional Paid-In Capital	Retained Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Deficit
Balance at December 26, 2020	29,687,123	$ 297	$ 421	$ (342,028)	$ —	$ (341,310)
Net income	—	—	—	13,160	—	13,160
Shares issued under stock plans	60,958	1	155	—	—	156
Tax payments for restricted stock upon vesting	(11,243)	—	—	(1,862)	—	(1,862)
Stock-based compensation expense, net of forfeitures	—	—	2,316	—	—	2,316
Dividends declared on common stock and equivalents	—	—	(2,866)	(1,322)	—	(4,188)
Balance at March 27, 2021	29,736,838	298	26	(332,052)	—	(331,728)
Net income	—	—	—	11,312	—	11,312
Shares issued under stock plans	6,613	—	—	—	—	—
Tax payments for restricted stock upon vesting	(76)	—	—	(11)	—	(11)
Stock-based compensation expense, net of forfeitures	—	—	2,456	—	—	2,456
Dividends declared on common stock and equivalents	—	—	(1,888)	(2,275)	—	(4,163)
Currency translation adjustment	—	—	—	—	(109)	(109)
Balance at June 26, 2021	29,743,375	$ 298	$ 594	$ (323,026)	$ (109)	$ (322,243)

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Deficit
For the Twenty-Six Weeks Ended June 25, 2022
(amounts in thousands, except share data)
(Unaudited)

	Common Stock										
	Shares		Amount		Additional Paid-In Capital		Retained Deficit		Accumulated Other Comprehensive Loss		Total Stockholders' Deficit
Balance at December 25, 2021	29,837,454	$	299	$	463	$	(310,031)	$	(256)	$	(309,525)
Net income	—		—		—		8,676		—		8,676
Shares issued under stock plans	41,289		—		125		—		—		125
Tax payments for restricted stock upon vesting	(1,923)		—		—		(298)		—		(298)
Stock-based compensation expense, net of forfeitures	—		—		2,191		—		—		2,191
Dividends declared on common stock and equivalents	—		—		(2,370)		(122,960)		—		(125,330)
Currency translation adjustment	—		—		—		—		(66)		(66)
Balance at March 26, 2022	29,876,820		299		409		(424,613)		(322)		(424,227)
Net income	—		—		—		13,307		—		13,307
Shares issued under stock plans	37,594		—		1,838		—		—		1,838
Tax payments for restricted stock upon vesting	(46)		—		—		(4)		—		(4)
Stock-based compensation expense, net of forfeitures	—		—		(1,601)		—		—		(1,601)
Dividends declared on common stock and equivalents	—		—		—		(4,512)		—		(4,512)
Currency translation adjustment	—		—		—		—		(271)		(271)
Balance at June 25, 2022	29,914,368	$	299	$	646	$	(415,822)	$	(593)	$	(415,470)

See accompanying notes to consolidated financial statements.

WINGSTOP INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(amounts in thousands)
(Unaudited)

	Twenty-Six Weeks Ended	
	June 25, 2022	June 26, 2021
Operating activities		
Net income	$ 21,983	$ 24,472
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	4,774	3,318
Deferred income taxes	(1,534)	936
Stock-based compensation expense	590	4,772
Loss on disposal of assets	767	—
Amortization of debt issuance costs	879	711
Loss on debt extinguishment	814	—
Changes in operating assets and liabilities:		
Accounts receivable	(241)	(925)
Prepaid expenses and other assets	(1,173)	(2,217)
Advertising fund assets and liabilities, net	5,814	4,897
Accounts payable and other current liabilities	(2,216)	(5,231)
Deferred revenue	(844)	1,315
Other non-current liabilities	(149)	(436)
Cash provided by operating activities	29,464	31,612
Investing activities		
Purchases of property and equipment	(12,695)	(8,258)
Proceeds from sales of assets	3,637	—
Payments for investments	—	(4,163)
Cash used in investing activities	(9,058)	(12,421)
Financing activities		
Proceeds from exercise of stock options	1,963	156
Borrowings of long-term debt	250,000	—
Repayments of long-term debt	—	(1,200)
Payment of deferred financing costs and other debt-related costs	(5,442)	—
Tax payments for restricted stock upon vesting	(302)	(1,873)
Dividends paid	(129,906)	(8,889)
Cash provided by (used in) financing activities	116,313	(11,806)
Net increase in cash, cash equivalents, and restricted cash	136,719	7,385
Cash, cash equivalents, and restricted cash at beginning of period	54,906	59,270
Cash, cash equivalents, and restricted cash at end of period	$ 191,625	$ 66,655
Supplemental information:		
Accrued capital expenditures	$ 6,831	$ 6,325

See accompanying notes to consolidated financial statements.

(1) Basis of Presentation and Update to Significant Accounting Policies

Nature of operations. Wingstop Inc., together with its consolidated subsidiaries (collectively, "Wingstop" or the "Company"), is in the business of franchising and operating Wingstop restaurants. As of June 25, 2022, the Company had a total of 1,858 restaurants in its system. The Company's restaurant base is approximately 98% franchised, with 1,819 franchised locations (including 219 international locations) and 39 company-owned restaurants as of June 25, 2022.

Basis of presentation. The accompanying unaudited consolidated financial statements have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial information. Consequently, financial information and disclosures normally included in financial statements prepared annually in accordance with accounting principles generally accepted in the United States ("GAAP") have been condensed or omitted. Balance sheet amounts are as of June 25, 2022 and December 25, 2021, and operating results are for the thirteen and twenty-six weeks ended June 25, 2022 and June 26, 2021.

In the Company's opinion, all necessary adjustments have been made for the fair presentation of the results of the interim periods presented. The results of operations for such interim periods are not necessarily indicative of the results to be expected for the full year. The accompanying interim unaudited consolidated financial statements should be read in conjunction with the audited financial statements and the related notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 25, 2021.

Fiscal year. The Company uses a 52- or 53-week fiscal year that ends on the last Saturday of the calendar year. Fiscal years 2022 and 2021 have 53- and 52-weeks, respectively.

Cash, Cash Equivalents, and Restricted Cash. Cash, cash equivalents, and restricted cash within the Consolidated Balance Sheets and the Consolidated Statements of Cash Flows as of June 25, 2022 and December 25, 2021 were as follows (in thousands):

	June 25, 2022	December 25, 2021
Cash and cash equivalents	$ 165,824	$ 48,583
Restricted cash	17,112	3,448
Restricted cash, included in Advertising fund assets, restricted	8,689	2,875
Total cash, cash equivalents, and restricted cash	$ 191,625	$ 54,906

Recently issued accounting pronouncements. We reviewed all recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact on our consolidated financial statements.

(2) Earnings per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of shares of common stock outstanding for the reporting period. Diluted earnings per share reflects the potential dilution that could occur if securities convertible into, or other contracts to issue, common stock were exercised or converted into common stock. For the calculation of diluted earnings per share, the basic weighted average number of shares is increased by the dilutive effect of the exercise and vesting of stock options and restricted stock units, respectively, as determined using the treasury stock method.

Basic weighted average shares outstanding is reconciled to diluted weighted average shares outstanding as follows (in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Basic weighted average shares outstanding	29,882	29,739	29,866	29,722
Dilutive shares	32	134	78	137
Diluted weighted average shares outstanding	29,914	29,873	29,944	29,859

For the thirteen weeks ended June 25, 2022 and June 26, 2021, equity awards representing approximately 77,000 and 8,000 shares, respectively, were excluded from the dilutive earnings per share calculation because the effect would have been anti-dilutive.

For the twenty-six weeks ended June 25, 2022 and June 26, 2021, equity awards representing approximately 38,000 and 7,000 shares, respectively, were excluded from the dilutive earnings per share calculation because the effect would have been anti-dilutive.

(3) Dividends

In each of the first two quarters of 2022, the Company's Board of Directors declared a quarterly dividend of $0.17 per share of common stock, which, in the aggregate, totaled $10.2 million, or $0.34 per share of common stock, and which was paid during the twenty-six weeks ended June 25, 2022.

Subsequent to the second quarter, on July 27, 2022, the Company's Board of Directors declared a quarterly dividend of $0.19 per share of common stock for stockholders of record as of August 12, 2022. The regular quarterly dividend is to be paid on September 2, 2022, totaling approximately $5.7 million.

Separate from the Company's regular dividend program, on March 9, 2022, the Company's Board of Directors declared a special dividend of $4.00 per share of common stock, resulting in a total dividend of approximately $119.5 million. This dividend was paid on April 7, 2022 to stockholders of record as of March 24, 2022.

(4) Fair Value Measurements

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. Assets and liabilities are classified using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 — Unadjusted quoted prices for identical instruments traded in active markets.

Level 2 — Observable market-based inputs or unobservable inputs corroborated by market data.

Level 3 — Unobservable inputs reflecting management's estimates and assumptions.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable approximate fair value due to their short-term nature. Fair value of debt and the investment in bonds held by the Company's United Kingdom master franchisee, Lemon Pepper Holdings Ltd. ("LPH"), are determined on a non-recurring basis, which results are summarized as follows (in thousands):

		June 25, 2022		December 25, 2021	
	Fair Value Hierarchy	**Carrying Value**	**Fair Value**	**Carrying Value**	**Fair Value**
Securitized Financing Facility:					
2020-1 Class A-2 Senior Secured Notes [1]	Level 2	$ 477,600	$ 415,192	$ 477,600	$ 480,676
2022-1 Class A-2 Senior Secured Notes [1]	Level 2	$ 250,000	$ 218,125	$ —	$ —
Investment in bonds of LPH [2]	Level 2	$ 3,723	$ 3,723	$ 4,151	$ 4,151

[1] The fair value of the 2020-1 and 2022-1 Class A-2 Senior Secured Notes was estimated using available market information.

[2] The fair value approximates discounted cash flows using current market rates for debt investments with similar maturities and credit risk.

The Company also measures certain non-financial assets (primarily long-lived assets, intangible assets, and goodwill) at fair value on a non-recurring basis in connection with its periodic evaluations of such assets for potential impairment.

(5) Income Taxes

Income tax expense and the effective tax rate were $3.1 million and 18.7%, respectively, for the thirteen weeks ended June 25, 2022, and $3.9 million and 25.5%, respectively, for the thirteen weeks ended June 26, 2021. Income tax expense and the effective tax rate were $5.9 million and 21.2%, respectively, for the twenty-six weeks ended June 25, 2022, and $6.7 million and 21.6%, respectively, for the twenty-six weeks ended June 26, 2021. The major components of the year-over-year decrease in effective tax rates were the impact of stock awards forfeited during the twenty-six weeks ended June 25, 2022, partially offset by the impact of excess tax benefits associated with stock options exercised in the prior year comparable period.

(6) Debt Obligations

Long-term debt consisted of the following components (in thousands):

	June 25, 2022	December 25, 2021
2020-1 Class A-2 Senior Secured Notes	$ 477,600	$ 477,600
2022-1 Class A-2 Senior Secured Notes	250,000	—
Debt issuance costs, net of amortization	(11,379)	(8,206)
Total debt	716,221	469,394
Less: current portion of debt	(6,675)	—
Long-term debt, net	$ 709,546	$ 469,394

On March 9, 2022, the Company completed a securitized financing transaction, in which Wingstop Funding LLC, a limited purpose, bankruptcy-remote, indirect wholly owned subsidiary of the Company (the "Issuer"), issued $250 million of its Series 2022-1 3.734% Fixed Rate Senior Secured Notes, Class A-2 (the "2022 Class A-2 Notes"). The Issuer also entered into a revolving financing facility of Series 2022-1 Variable Funding Senior Notes, Class A-1 (the "2022 Variable Funding Notes," and together with the 2022 Class A-2 Notes, the "2022 Notes"), which permits borrowings of up to a maximum principal amount of $200 million, subject to certain borrowing conditions, a portion of which may be used to issue letters of credit. The proceeds from the securitized financing transaction were used to pay related transaction fees and expenses, strengthen the Company's liquidity position and for general corporate purposes, which included a return of capital to the Company's stockholders.

In addition to the 2022 Notes, the Company's outstanding debt consists of its existing Series 2020-1 2.84% Fixed Rate Senior Secured Notes, Class A-2 (the "2020 Notes"). The Company's existing revolving financing facility of Series 2020-1 Class A-1 Notes ("the 2020 Variable Funding Notes") was terminated in connection with the transaction. As of December 25, 2021, $3.5 million of letters of credit were outstanding against the 2020 Variable Funding Notes, which related primarily to required interest reserves, and there were no amounts drawn down on the letters of credit as of December 25, 2021. No borrowings were outstanding under the 2022 Variable Funding Notes as of June 25, 2022.

The 2022 Notes were issued in a securitization transaction, which is guaranteed by certain limited-purpose, bankruptcy-remote, wholly owned indirect subsidiaries of the Company and secured by a security interest in substantially all of their assets, including certain domestic and foreign revenue-generating assets, consisting principally of franchise-related agreements, intellectual property, and vendor rebate contracts.

The 2022 Notes were issued pursuant to a base indenture and related supplemental indentures (collectively, the "Indenture"). Interest and principal payments on the 2022 Class A-2 Notes are payable on a quarterly basis. The requirement to make such quarterly principal payments on the 2022 Class A-2 Notes is subject to certain financial conditions set forth in the Indenture. The legal final maturity date of the 2022 Notes is in March of 2052, but, unless earlier prepaid to the extent permitted under the Indenture, the anticipated repayment date of the 2022 Class A-2 Notes is March 2029. If the Issuer has not repaid or refinanced the 2022 Class A-2 Notes prior to the anticipated repayment date, additional interest will accrue on the Notes.

The 2022 Variable Funding Notes accrue interest at a variable rate based on (i) the prime rate, (ii) the overnight federal funds rates, (iii) the secured overnight financing rate, or (iv) with respect to advances made by conduit investors, the weighted average cost of, or related to, the issuance of commercial paper allocated to fund or maintain such advances, in each case plus any applicable margin, as more fully set forth in the 2022 Variable Funding Note Purchase Agreement, dated March 9, 2022, and the indenture supplement. Commitment fees and other usage fees apply to the 2022 Variable Funding Notes facility depending on the type of borrowing requested. There is a 60-basis points draw fee on borrowings requested pursuant to the terms of the 2022 Variable Fund Notes. Additionally, during a commitment availability period, there is a 30-basis point commitment fee on the committed portion of the 2022 Variable Funding Notes. There were no amounts drawn down on the letters of credit as of June 25, 2022.

The 2022 Notes are subject to a series of covenants and restrictions customary for transactions of this type, including (i) that the Issuer maintains specified reserve accounts to be used to make required payments in respect of the 2022 Notes, (ii) provisions relating to optional and mandatory prepayments and the related payment of specified amounts, including specified make-whole payments in the case of the 2022 Class A-2 Notes under certain circumstances, (iii) certain indemnification payments in the event, among other things, that the assets pledged as collateral for the 2022 Notes are in stated ways defective or ineffective, and (iv) covenants relating to recordkeeping, access to information, and similar matters. The 2022 Class A-2 Notes are also subject to customary rapid amortization events provided for in the indenture, including events tied to failure to maintain stated debt service coverage ratios, the sum of global gross sales for specified restaurants being below certain levels on certain measurement dates, certain change of control and manager termination events, an event of default, and the failure to repay or refinance the 2022 Class A-2 Notes on the applicable scheduled maturity date. The 2022 Notes are also subject to certain customary events of default, including events relating to non-payment of required interest, principal or other amounts due on or with respect to the 2022 Notes, failure to comply with covenants within certain time frames, certain bankruptcy events, breaches of specified representations and warranties, failure of security interests to be effective, and certain judgments. As of June 25, 2022, the Company was in compliance with all financial covenants.

During the first quarter of 2022, as a result of the termination of the 2020 Variable Funding Notes, the Company recorded a loss on debt extinguishment of $0.8 million related to the write-off of previously capitalized financing costs. Total debt issuance costs incurred and capitalized in connection with the issuance of the 2022 Notes were $5.5 million.

As of December 25, 2021, the Company's leverage ratio was less than 5.0x, and accordingly, per the terms of the applicable debt agreements, the Company elected to suspend principal payments and classified the balance of the 2020 Notes as long-term debt. Subsequent to the closing of the 2022 Notes, the Company had a leverage ratio of greater than 5.0x and, accordingly, the Company will resume making scheduled amortization payments on the notes in the third quarter of 2022. The 2020 Class A-2 Notes and the 2022 Class A-2 Notes are generally subject to 1% annual amortization.

(7) Commitments and Contingencies

The Company is subject to legal proceedings, claims, and liabilities, such as employment-related claims and premises-liability cases, which arise in the ordinary course of business and are generally covered by insurance. In the opinion of management, the amount of ultimate liability with respect to such actions is not likely to have a material adverse impact on the Company's financial position, results of operations, or cash flows.

(8) Stock-Based Compensation

During the twenty-six weeks ended June 25, 2022, the Company granted stock options to purchase 37,787 shares of common stock and 56,493 restricted stock units ("RSUs") to certain employees. The stock options vest in equal annual amounts over a three-year period subsequent to the grant date, and have a maximum contractual term of ten years. The stock options were granted with a weighted-average exercise price of $144.94 per share and had a weighted-average grant-date fair value of $49.10 per share. The RSUs granted to certain employees generally vest in equal annual amounts over a three-year period, subsequent to the grant date and had a weighted-average grant-date fair value of $111.56 per unit.

In addition, the Company granted 42,556 performance stock units ("PSUs") to certain employees during the twenty-six weeks ended June 25, 2022. The PSUs cliff-vest at the end of a three year service period or vest in equal annual amounts over a three year period. Vested amounts may range from 0% to a maximum of 500% of targeted amounts depending on the achievement of performance measures at the end of each vesting period. Such performance measures are based on the Company meeting certain return on incremental investment targets or unit development targets for the vesting period. The PSUs had a weighted-average grant-date fair value of $126.78 per unit. Total compensation cost for the PSUs is determined based on the most likely outcome of the performance condition and the number of awards expected to vest based on the outcome.

Total compensation expense related to all share-based awards, net of forfeitures recognized, was $0.6 million and $4.8 million for the twenty-six weeks ended June 25, 2022 and June 26, 2021, respectively, and was included in Selling, general and administrative ("SG&A") expense in the Consolidated Statements of Comprehensive Income. The Company recognized forfeitures of $4.2 million during the thirteen and twenty-six weeks ended June 25, 2022.

(9) Revenue from Contracts with Customers

The following table represents a disaggregation of revenue from contracts with customers for the thirteen and twenty-six weeks ended June 25, 2022 and June 26, 2021 (in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Royalty revenue	$ 33,037	$ 30,414	$ 65,241	$ 59,223
Advertising fees	28,987	22,577	51,526	44,097
Franchise fees	1,004	864	1,963	2,060

Franchise fee, development fee, and international territory fee payments received by the Company are recorded as deferred revenue on the Consolidated Balance Sheets, which represents a contract liability. Deferred revenue is reduced as fees are recognized in revenue over the term of the franchise license for the respective restaurant. As the term of the franchise license is typically ten years, substantially all of the franchise fee revenue recognized in the thirteen and twenty-six weeks ended June 25, 2022 was included in the deferred revenue balance as of December 25, 2021. Approximately $8.7 million and $10.4 million of deferred revenue as of June 25, 2022 and December 25, 2021, respectively, relates to restaurants that have not yet opened, so the fees are not yet being amortized. The weighted average remaining amortization period for deferred franchise and renewal fees related to open restaurants is 7.0 years. The Company did not have any material contract assets as of June 25, 2022.

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

The following discussion and analysis of the financial condition and results of operations of Wingstop Inc. (collectively with its direct and indirect subsidiaries on a consolidated basis, "Wingstop," the "Company," "we," "our," or "us") should be read in conjunction with the accompanying unaudited consolidated financial statements and related notes in Part I, Item 1 of this Quarterly Report on Form 10-Q (this "Quarterly Report") and with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the fiscal year ended December 25, 2021 (our "Annual Report"). The statements in this discussion regarding industry outlook, our expectations regarding our future performance, liquidity and capital resources, and other non-historical statements are forward-looking statements. These forward-looking statements are subject to risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Special Note Regarding Forward-Looking Statements," below and "Risk Factors" beginning on page 11 of our Annual Report. Our actual results may differ materially from those contained in or implied by any forward-looking statements.

We operate on a 52- or 53-week fiscal year ending on the last Saturday of each calendar year. Our fiscal quarters are comprised of 13 weeks, with the exception of the fourth quarter of a 53-week year, which contains 14 weeks. Fiscal year 2022 contains 53 weeks, while fiscal year 2021 contains 52 weeks.

Overview

Wingstop is the largest fast casual chicken wings-focused restaurant chain in the world, with over 1,850 locations worldwide. We are dedicated to serving the world flavor through an unparalleled guest experience and offering of classic wings, boneless wings and tenders, always cooked to order and hand-sauced-and-tossed in 11 bold, distinctive flavors.

The Company is primarily a franchisor, with approximately 98% of Wingstop's restaurants currently owned and operated by independent franchisees. We believe our asset-light, highly-franchised business model generates strong operating margins and requires low capital expenditures, creating stockholder value through strong and consistent free cash flow and capital-efficient growth.

Although our business has been challenged by COVID-19-related and other inflationary pressures, we were well positioned for the shift in consumer behavior, which allowed us to achieve domestic same store sales growth of 30.7% in the three-year period ended June 25, 2022. While we have experienced higher product costs in certain categories, these have been mitigated by recent deflation in bone-in chicken costs. Uncertainties related to COVID-19 and inflation, including fluctuations in costs, wage increases and inflationary pressures on the consumer, make it difficult to predict what impact, if any, these items will have on our business in the future.

Key Performance Indicators

Key measures that we use in evaluating our restaurants and assessing our business include the following:

Number of restaurants. Management reviews the number of new restaurants, the number of closed restaurants, and the number of acquisitions and divestitures of restaurants to assess net new restaurant growth.

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 25, 2022	**June 26, 2021**	**June 25, 2022**	**June 26, 2021**
Domestic Franchised Activity:				
Beginning of period	1,551	1,371	1,498	1,
Openings	49	44	105	
Closures	—	—	(3)	
Restaurants end of period	1,600	1,415	1,600	1,
Domestic Company-Owned Activity:				
Beginning of period	37	33	36	
Openings	2	1	3	
Closures	—	—	—	
Restaurants end of period	39	34	39	
Total Domestic Restaurants	**1,639**	**1,449**	**1,639**	**1,4**
International Franchised Activity:				
Beginning of period	203	175	197	
Openings	16	4	23	
Closures	—	(4)	(1)	
Restaurants end of period	219	175	219	
Total System-wide Restaurants	**1,858**	**1,624**	**1,858**	**1,**

System-wide sales. System-wide sales represents net sales for all of our company-owned and franchised restaurants. This measure allows management to better assess changes in our royalty revenue, our overall store performance, the health of our brand, and the strength of our market position relative to competitors. Our system-wide sales growth is driven by new restaurant openings as well as increases in same store sales.

Domestic average unit volume ("AUV"). Domestic AUV consists of the average annual sales of all restaurants that have been open for a trailing 52-week period or longer. This measure is calculated by dividing sales during the applicable period for all restaurants being measured by the number of restaurants being measured. Domestic AUV includes revenue from both company-owned and franchised restaurants. Domestic AUV allows management to assess our company-owned and franchised restaurant economics. Our domestic AUV growth is primarily driven by increases in same store sales and is also influenced by opening new restaurants.

Domestic same store sales. Domestic same store sales reflects the change in year-over-year sales for the same store base. We define the same store base to include those restaurants open for at least 52 full weeks. This measure highlights the performance of existing restaurants, while excluding the impact of new restaurant openings and closures. We review same store sales for domestic company-owned restaurants as well as system-wide domestic restaurants. Domestic same store sales growth is driven by increases in transactions and average transaction size. Transaction size increases are driven by price increases or favorable mix shift from either an increase in items purchased or shifts into higher priced items.

EBITDA and Adjusted EBITDA. We define EBITDA as net income before interest expense, net, income tax expense (benefit), and depreciation and amortization. We define Adjusted EBITDA as net income before interest expense, net, income tax expense (benefit), and depreciation and amortization, with further adjustments for losses on debt extinguishment and refinancing transactions, transaction costs, costs and fees associated with investments in our strategic initiatives, gains and losses on the disposal of assets, and stock-based compensation expense. Adjusted EBITDA may not be comparable to other similarly titled captions of other companies due to differences in methods of calculation. For a reconciliation of net income to EBITDA and Adjusted EBITDA and for further discussion of EBITDA and Adjusted EBITDA as non-GAAP measures and how we utilize them, see footnote 2 below.

Adjusted Net Income and Adjusted Earnings Per Diluted Share. We define Adjusted net income as net income adjusted for losses on debt extinguishment and refinancing transactions, transaction costs, costs and fees associated with investments in our strategic initiatives, gains and losses on the disposal of assets, and related tax adjustments. We define Adjusted earnings per diluted share as Adjusted net income divided by weighted average diluted share count. For a reconciliation of net income to Adjusted net income and for further discussion of Adjusted net income and Adjusted earnings per diluted share as non-GAAP measures and how we utilize them, see footnote 3 below.

The following table sets forth our key performance indicators for the thirteen and twenty-six weeks ended June 25, 2022 and June 26, 2021 (in thousands, except unit data):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 25, 2022	**June 26, 2021**	**June 25, 2022**	**June 26, 2021**
Number of system-wide restaurants open at end of period	1,858	1,624	1,858	1,624
System-wide sales [1]	$ 633,620	$ 589,665	$ 1,263,649	$ 1,148,534
Domestic restaurant AUV	$ 1,581	$ 1,556	$ 1,581	$ 1,556
Domestic same store sales growth	(3.3) %	2.1 %	(1.1) %	10.4
Company-owned domestic same store sales growth	(4.9) %	(3.1) %	(1.5) %	4.3
Total revenue	$ 83,777	$ 74,000	$ 159,982	$ 144,690
Net income	$ 13,307	$ 11,312	$ 21,983	$ 24,472
Adjusted EBITDA [2]	$ 23,667	$ 22,882	$ 45,756	$ 46,796
Adjusted net income [3]	$ 13,590	$ 11,312	$ 23,743	$ 24,472

(1) The percentage of system-wide sales attributable to company-owned restaurants was 3.0% and 2.8% for the thirteen weeks ended June 25, 2022 and June 26, 2021, respectively, and was 3.0% and 2.9% for the twenty-six weeks ended June 25, 2022 and June 26, 2021, respectively. The remainder was generated by franchised restaurants, as reported by our franchisees.

(2) EBITDA and Adjusted EBITDA are supplemental measures of our performance that are not required by, or presented in accordance with, GAAP. EBITDA and Adjusted EBITDA should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flow from operating activities as a measure of our liquidity.

We caution investors that amounts presented in accordance with our definitions of EBITDA and Adjusted EBITDA may not be comparable to similar measures disclosed by our competitors, because not all companies and analysts calculate EBITDA and Adjusted EBITDA in the same manner. We present EBITDA and Adjusted EBITDA because we consider them to be important supplemental measures of our performance and believe they are frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. Management believes that investors' understanding of our performance is enhanced by including these non-GAAP financial measures as a reasonable basis for comparing our ongoing results of operations. Many investors are interested in understanding the performance of our business by comparing our results from ongoing operations on a period-over-period basis and would ordinarily add back non-cash expenses such as depreciation and amortization, as well as items that are not part of normal day-to-day operations of our business.

Management uses EBITDA and Adjusted EBITDA:

- as a measurement of operating performance because they assist us in comparing the operating performance of our restaurants on a consistent basis, as they remove the impact of items not directly resulting from our core operations;
- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- to evaluate the performance and effectiveness of our operational strategies;
- to evaluate our capacity to fund capital expenditures and expand our business; and

- to calculate incentive compensation payments for our employees, including assessing performance under our annual incentive compensation plan and determining the vesting of performance-based equity awards.

By providing these non-GAAP financial measures, together with a reconciliation to the most comparable GAAP measure, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. In addition, the instruments governing our indebtedness use EBITDA (with additional adjustments) to measure our compliance with covenants, such as our fixed charge coverage, lease adjusted leverage, and debt incurrence. EBITDA and Adjusted EBITDA have limitations as analytical tools and should not be considered in isolation, or as an alternative to, or a substitute for net income or other financial statement data presented in our consolidated financial statements as indicators of financial performance. Some of the limitations are:

- such measures do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- such measures do not reflect changes in, or cash requirements for, our working capital needs;
- such measures do not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;
- such measures do not reflect our tax expense or the cash requirements to pay our taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future and such measures do not reflect any cash requirements for such replacements; and
- other companies in our industry may calculate such measures differently than we do, limiting their usefulness as comparative measures.

Due to these limitations, EBITDA and Adjusted EBITDA should not be considered as measures of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using these non-GAAP measures only supplementally. As noted in the table below, Adjusted EBITDA includes adjustments for losses on debt extinguishment and refinancing transactions, transaction costs, costs and fees associated with investments in our strategic initiatives, gains and losses on the disposal of assets, and stock-based compensation expense. It is reasonable to expect that these items will occur in future periods. However, we believe these adjustments are appropriate because the amounts recognized can vary significantly from period to period, do not directly relate to the ongoing operations of our restaurants, and complicate comparisons of our internal operating results and operating results of other restaurant companies over time. Each of the normal recurring adjustments and other adjustments described in this paragraph and in the reconciliation table below help management measure our core operating performance over time by removing items that are not related to day-to-day operations.

The following table reconciles net income to EBITDA and Adjusted EBITDA for the thirteen and twenty-six weeks ended June 25, 2022 and June 26, 2021 (in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Net income	$ 13,307	$ 11,312	$ 21,983	$ 24,472
Interest expense, net	5,986	3,724	10,178	7,506
Income tax expense (benefit)	3,055	3,867	5,915	6,728
Depreciation and amortization	2,547	1,523	4,774	3,318
EBITDA	$ 24,895	$ 20,426	$ 42,850	$ 42,024
Additional adjustments:				
Loss on debt extinguishment and financing transaction costs [a]	—	—	1,124	—
Loss on disposal of assets [b]	323	—	767	—
Consulting fees [c]	50	—	425	—
Stock-based compensation expense [d]	(1,601)	2,456	590	4,772
Adjusted EBITDA	$ 23,667	$ 22,882	$ 45,756	$ 46,796

[(a)] Represents costs and expenses related to our 2022 securitized financing facility and payment of a special dividend, as well as the extinguishment of our 2020 variable funding note facility; all transaction costs are included in Loss on debt extinguishment during the twenty-six weeks ended June 25, 2022, with the exception of $310,000 that is included in Selling, general and administrative on the Consolidated Statements of Comprehensive Income.

[(b)] Represents a loss resulting from the sale of assets to a franchisee pursuant to a multi-unit development agreement executed in the prior fiscal year. This loss is included in Loss on disposal of assets in the Consolidated Statements of Comprehensive Income.

[(c)] Represents costs and expenses related to a consulting project to support the Company's strategic initiatives, which are included in Selling, general and administrative on the Consolidated Statements of Comprehensive Income.

[(d)] Includes non-cash, stock-based compensation, net of forfeitures.

(3) Adjusted net income and adjusted earnings per diluted share are supplemental measures of operating performance that do not represent and should not be considered alternatives to net income and earnings per share, as determined by GAAP. These measures have not been prepared in accordance with Article 11 of Regulation S-X promulgated under the Securities Act. Management believes adjusted net income and adjusted earnings per diluted share supplement GAAP measures and enable management to more effectively evaluate the Company's performance period-over-period and relative to competitors.

The following table reconciles net income to Adjusted net income and calculates adjusted earnings per diluted share for the thirteen and twenty-six weeks ended June 25, 2022 and June 26, 2021 (in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	June 25, 2022	June 26, 2021	June 25, 2022	June 26, 2021
Numerator:				
Net income	$ 13,307	$ 11,312	$ 21,983	$ 24,472
Adjustments:				
Loss on debt extinguishment and financing transactions [(a)]	—	—	1,124	—
Loss on disposal of assets [(b)]	323	—	767	—
Consulting fees [(c)]	50	—	425	—
Tax effect of adjustments [(d)]	(90)	—	(556)	—
Adjusted net income	$ 13,590	$ 11,312	$ 23,743	$ 24,472
Denominator:				
Weighted-average shares outstanding - diluted	29,914	29,873	29,944	29,859
Adjusted earnings per diluted share	$ 0.45	$ 0.38	$ 0.79	$ 0.82

[(a)] Represents costs and expenses related to our 2022 securitized financing facility and payment of a special dividend, as well as the extinguishment of our 2020 variable funding note facility; all transaction costs are included in Loss on debt extinguishment during the twenty-six weeks ended June 25, 2022, with the exception of $310,000 that is included in Selling, general and administrative on the Consolidated Statements of Comprehensive Income.

[(b)] Represents a loss resulting from the sale of assets to a franchisee pursuant to a multi-unit development agreement executed in the prior fiscal year. This loss is included in Loss on disposal of assets in the Consolidated Statements of Comprehensive Income.

[(c)] Represents costs and expenses related to a consulting project to support the Company's strategic initiatives, which are included in Selling, general and administrative on the Consolidated Statements of Comprehensive Income.

[(d)] Represents the tax effect of the aforementioned adjustments to reflect corporate income taxes at an assumed effective tax rate of 24% for the thirteen and twenty-six weeks ended June 25, 2022 and June 26, 2021, which includes provisions for U.S. federal income taxes, and assumes the respective statutory rates for applicable state and local jurisdictions.

Results of Operations

Thirteen Weeks Ended June 25, 2022 compared to Thirteen Weeks Ended June 26, 2021

The following table sets forth our results of operations for the thirteen weeks ended June 25, 2022 and June 26, 2021 (dollars in thousands):

	Thirteen Weeks Ended		Increase / (Decrease)	
	June 25, 2022	June 26, 2021	$	%
Revenue:				
Royalty revenue, franchise fees and other	$ 36,044	$ 33,135	$ 2,909	8.8 %
Advertising fees	28,987	22,577	6,410	28.4 %
Company-owned restaurant sales	18,746	18,288	458	2.5 %
Total revenue	83,777	74,000	9,777	13.2 %
Costs and expenses:				
Cost of sales [(1)]	14,899	14,207	692	4.9 %
Advertising expenses	29,685	23,301	6,384	27.4 %
Selling, general and administrative	13,949	16,066	(2,117)	(13.2)%
Depreciation and amortization	2,547	1,523	1,024	67.2 %
Loss on disposal of assets	323	—	323	100.0 %
Total costs and expenses	61,403	55,097	6,306	11.4 %
Operating income	22,374	18,903	3,471	18.4 %
Interest expense, net	5,986	3,724	2,262	60.7 %
Other expense	26	—	26	100.0 %
Income before income tax expense	16,362	15,179	1,183	7.8 %
Income tax expense	3,055	3,867	(812)	(21.0)%
Net income	$ 13,307	$ 11,312	$ 1,995	17.6 %

[(1)] Cost of sales includes all operating expenses of company-owned restaurants, including advertising expenses, and excludes depreciation and amortization, which are presented separately.

Total revenue. During the thirteen weeks ended June 25, 2022, total revenue was $83.8 million, an increase of $9.8 million, or 13.2%, compared to $74.0 million in the comparable period in 2021. Royalty revenue, franchise fees and other increased $2.9 million primarily due to 229 net franchise restaurant openings since June 26, 2021, partially offset by a decline in domestic same store sales of 3.3%. Advertising fees increased $6.4 million due to an increase in the national advertising fund contribution rate to 5% from 4% effective the first day of the fiscal second quarter 2022, as well as the 7.5% increase in system-wide sales in the thirteen weeks ended June 25, 2022 compared to the thirteen weeks ended June 26, 2021. Company-owned restaurant sales increased $0.5 million due to an increase of $1.2 million related to the addition of six net new company-owned restaurants compared to the prior year comparable period, partially offset by a 4.9% decline in company-owned same store sales, which was driven by a decline in transactions.

Cost of sales. During the thirteen weeks ended June 25, 2022, cost of sales was $14.9 million, an increase of $0.7 million, or 4.9%, compared to $14.2 million in the comparable period in 2021. Cost of sales as a percentage of company-owned restaurant sales was 79.5% in the thirteen weeks ended June 25, 2022, compared to 77.7% in the comparable period in 2021.

The table below presents the major components of cost of sales (dollars in thousands):

	Thirteen Weeks Ended			
	June 25, 2022		June 26, 2021	
	In dollars	As a % of company-owned restaurant sales	In dollars	As a % of company-owned restaurant sales
Cost of sales:				
Food, beverage and packaging costs	7,376	39.3 %	8,023	43.9 %
Labor costs	4,328	23.1 %	3,774	20.6 %
Other restaurant operating expenses	3,419	18.2 %	2,809	15.4 %
Vendor rebates	(412)	(2.2) %	(410)	(2.2) %
Cost of sales (excluding pre-opening expenses)	14,711	78.5 %	14,196	77.6 %
Pre-opening expenses	188	1.0 %	11	0.1 %
Total cost of sales	14,899	79.5 %	14,207	77.7 %

Food, beverage and packaging costs as a percentage of company-owned restaurant sales were 39.3% in the thirteen weeks ended June 25, 2022, compared to 43.9% in the comparable period in 2021. The decrease was primarily due to an 18.8% decrease in the cost of bone-in chicken wings as compared to the prior year period. This decrease was partially offset by inflation in other food costs during the thirteen weeks ended June 25, 2022.

Labor costs as a percentage of company-owned restaurant sales were 23.1% for the thirteen weeks ended June 25, 2022, compared to 20.6% in the comparable period in 2021. The increase as a percentage of company-owned restaurant sales was primarily due to higher wage rates in the company-owned restaurants recently opened in New York City, as well as increases in company-owned restaurant wages, hiring and training costs as a result of the ongoing competitive labor market during the thirteen weeks ended June 25, 2022.

Other restaurant operating expenses as a percentage of company-owned restaurant sales were 18.2% for the thirteen weeks ended June 25, 2022, compared to 15.4% in the comparable period in 2021. The increase as a percentage of company-owned restaurant sales was primarily a result of higher rent and occupancy costs associated with company-owned restaurants recently opened in New York City during the thirteen weeks ended June 25, 2022.

Pre-opening expenses as a percentage of company-owned restaurant sales were 1.0% for the thirteen weeks ended June 25, 2022 due to our development of the New York City market.

Advertising expenses. During the thirteen weeks ended June 25, 2022, advertising expenses were $29.7 million, an increase of $6.4 million compared to $23.3 million in the comparable period in 2021. Advertising expenses are recognized at the same time the related revenue is recognized, which does not necessarily correlate to the actual timing of the related advertising spend.

Selling, general and administrative (SG&A). During the thirteen weeks ended June 25, 2022, SG&A expense was $13.9 million, a decrease of $2.1 million compared to $16.1 million in the comparable period in 2021. The decrease of SG&A expense was primarily due to a decrease of $4.1 million in stock based compensation expense related to stock awards forfeited during the thirteen weeks ended June 25, 2022. This was partially offset by an increase of $0.9 million in professional fees to support the Company's strategic initiatives and an increase of $0.5 million in travel expense as compared to the prior year period.

Depreciation and amortization. During the thirteen weeks ended June 25, 2022, depreciation expense was $2.5 million, an increase of $1.0 million compared to $1.5 million in the comparable period in 2021. The increase in depreciation and amortization was primarily due to capital expenditures related to our corporate headquarters building and investments in technology.

Loss on disposal of assets. During the thirteen weeks ended June 25, 2022, loss on disposal of assets was $0.3 million related to the sale of restaurant assets to a franchisee.

Interest expense, net. During the thirteen weeks ended June 25, 2022, interest expense, net was $6.0 million, an increase of $2.3 million compared to $3.7 million of interest expense, net in the comparable period in 2021. The increase was due to the securitized financing transaction completed on March 9, 2022, which increased our outstanding debt by $250 million.

Income tax expense. During the thirteen weeks ended June 25, 2022, we recognized income tax expense of $3.1 million yielding an effective tax rate of 18.7%, compared to an effective tax rate of 25.5% in the prior year period. The decrease in the effective tax rate was primarily due to the impact of stock awards forfeited during the thirteen weeks ended June 25, 2022.

Twenty-Six Weeks Ended June 25, 2022 compared to Twenty-Six Weeks Ended June 26, 2021

The following table sets forth our results of operations for the twenty-six weeks ended June 25, 2022 and June 26, 2021 (dollars in thousands):

	Twenty-Six Weeks Ended		Increase / (Decrease)	
	June 25, 2022	June 26, 2021	$	%
Revenue:				
Royalty revenue, franchise fees and other	$ 71,114	$ 64,741	$ 6,373	9.8 %
Advertising fees	51,526	44,097	7,429	16.8 %
Company-owned restaurant sales	37,342	35,852	1,490	4.2 %
Total revenue	159,982	144,690	15,292	10.6 %
Costs and expenses:				
Cost of sales [(1)]	30,573	27,486	3,087	11.2 %
Advertising expenses	52,852	45,328	7,524	16.6 %
Selling, general and administrative	32,035	29,852	2,183	7.3 %
Depreciation and amortization	4,774	3,318	1,456	43.9 %
Loss on disposal of assets	767	—	767	100.0 %
Total costs and expenses	121,001	105,984	15,017	14.2 %
Operating income	38,981	38,706	275	0.7 %
Interest expense, net	10,178	7,506	2,672	35.6 %
Loss on debt extinguishment	814	—	814	100.0 %
Other expense	91	—	91	100.0 %
Income before income tax expense	27,898	31,200	(3,302)	(10.6)%
Income tax expense	5,915	6,728	(813)	(12.1)%
Net income	$ 21,983	$ 24,472	$ (2,489)	(10.2)%

[(1)] Cost of sales includes all operating expenses of company-owned restaurants, including advertising expenses, and excludes depreciation and amortization, which are presented separately.

Total revenue. During the twenty-six weeks ended June 25, 2022, total revenue was $160.0 million, an increase of $15.3 million, or 10.6%, compared to $144.7 million in the comparable period in 2021. Royalty revenue, franchise fees and other increased $6.4 million primarily due to 229 net franchise restaurant openings since June 26, 2021, partially offset by a decline in domestic same store sales of 1.1%. Advertising fees increased $7.4 million due to an increase in the national advertising fund contribution rate to 5% from 4% effective the first day of the fiscal second quarter 2022, as well as the 10.0% increase in system-wide sales in the twenty-six weeks ended June 25, 2022 compared to the twenty-six weeks ended June 26, 2021. Company-owned restaurant sales increased $1.5 million primarily due to an increase of $1.9 million related to the addition of six net new company-owned restaurants compared to the prior year comparable period. This increase was partially offset by a decline of 1.5% in company-owned same store sales driven by a decrease in transactions.

Cost of sales. During the twenty-six weeks ended June 25, 2022, cost of sales was $30.6 million, an increase of $3.1 million, or 11.2%, compared to $27.5 million in the comparable period in 2021. Cost of sales as a percentage of company-owned restaurant sales was 81.9% in the twenty-six weeks ended June 25, 2022, compared to 76.7% in the comparable period in 2021.

The table below presents the major components of cost of sales (dollars in thousands):

	Twenty-Six Weeks Ended			
	June 25, 2022		June 26, 2021	
	In dollars	As a % of company-owned restaurant sales	In dollars	As a % of company-owned restaurant sales
Cost of sales:				
Food, beverage and packaging costs	$ 15,343	41.1 %	$ 15,327	42.8 %
Labor costs	9,136	24.5 %	7,502	20.9 %
Other restaurant operating expenses	6,280	16.8 %	5,437	15.2 %
Vendor rebates	(819)	(2.2) %	(791)	(2.2) %
Cost of sales (excluding pre-opening expenses)	29,940	80.2 %	27,475	76.6 %
Pre-opening expenses	633	1.7 %	11	— %
Total cost of sales	$ 30,573	81.9 %	$ 27,486	76.7 %

Food, beverage and packaging costs as a percentage of company-owned restaurant sales were 41.1% in the twenty-six weeks ended June 25, 2022, compared to 42.8% in the comparable period in 2021. The decrease was primarily due to the benefit of menu price increases coupled with a 3.2% decrease in the cost of bone-in chicken wings as compared to the prior year period. These decreases were partially offset by the inflation in other food costs during the twenty-six weeks ended June 25, 2022.

Labor costs as a percentage of company-owned restaurant sales were 24.5% for the twenty-six weeks ended June 25, 2022, compared to 20.9% in the comparable period in 2021. The increase as a percentage of company-owned restaurant sales was primarily due to higher wage rates in the restaurants recently opened in New York City, as well as increases in company-owned restaurant wages, hiring and training costs as a result of the ongoing competitive labor market during the twenty-six weeks ended June 25, 2022.

Other restaurant operating expenses as a percentage of company-owned restaurant sales were 16.8% for the twenty-six weeks ended June 25, 2022, compared to 15.2% in the comparable period in 2021. The increase as a percentage of company-owned restaurant sales was primarily a result of higher rent and occupancy costs associated with the opening of company-owned restaurants in New York City for the twenty-six weeks ended June 25, 2022.

Pre-opening expenses as a percentage of company-owned restaurant sales were 1.7% for the twenty-six weeks ended June 25, 2022 due to our development of the New York City market.

Advertising expenses. During the twenty-six weeks ended June 25, 2022, advertising expenses were $52.9 million, an increase of $7.5 million compared to $45.3 million in the comparable period in 2021. Advertising expenses are recognized at the same time the related revenue is recognized, which does not necessarily correlate to the actual timing of the related advertising spend.

Selling, general and administrative (SG&A). During the twenty-six weeks ended June 25, 2022, SG&A expense was $32.0 million, an increase of $2.2 million compared to $29.9 million in the comparable period in 2021. The increase in SG&A expense was primarily due to an increase of $2.5 million in headcount related expenses to support the growth in our business, an increase of $2.2 million in professional fees to support the Company's strategic initiatives, and an increase of $1.1 million in travel expense as compared to the prior year period. These increases were partially offset by a decrease of $4.2 million in stock-based compensation expense related to stock awards forfeited during the twenty-six weeks ended June 25, 2022.

Depreciation and amortization. During the twenty-six weeks ended June 25, 2022, depreciation expense was $4.8 million, an increase of $1.5 million compared to $3.3 million in the comparable period in 2021. The increase in depreciation and amortization was primarily due to capital expenditures related to our corporate headquarters building and investments in technology.

Loss on disposal of assets. During the twenty-six weeks ended June 25, 2022, loss on disposal of assets was $0.8 million related to the sale of restaurant assets to a franchisee.

Interest expense, net. During the twenty-six weeks ended June 25, 2022, interest expense, net was $10.2 million, an increase of $2.7 million compared to $7.5 million of interest expense, net in the comparable period in 2021. The increase was due to the securitized financing transaction completed on March 9, 2022, which increased our outstanding debt by $250 million.

Loss on debt extinguishment. Loss on debt extinguishment was $0.8 million during the twenty-six weeks ended June 25, 2022 due to costs and fees associated with the extinguishment of our 2020 Variable Funding Note facility on March 9, 2022.

Income tax expense. During the twenty-six weeks ended June 25, 2022, we recognized income tax expense of $5.9 million yielding an effective tax rate of 21.2%, compared to an effective tax rate of 21.6% in the prior year period. The decrease in the effective tax rate was primarily due to the impact of stock awards forfeited during the twenty-six weeks ended June 25, 2022, partially offset by the impact of excess tax benefits associated with stock options exercised in the prior year comparable period.

Liquidity and Capital Resources

General. Our primary sources of liquidity and capital resources are cash provided from operating activities, cash and cash equivalents on hand, and borrowings available under our securitized financing facility. Our primary requirements for liquidity and capital are working capital, general corporate needs, capital expenditures, income tax payments, debt service requirements, and dividend payments. Historically, we have operated with minimal positive working capital or with negative working capital. We generally utilize available cash flows from operations to invest in our business, service our debt obligations, and pay dividends.

Our primary sources of short-term and long-term liquidity are expected to be cash flows from operations and available borrowings under our 2022 Variable Funding Notes (as defined below). As of June 25, 2022, the Company had $191.6 million of cash and restricted cash on its balance sheet.

Based upon current levels of operations and anticipated growth, we expect that cash flows from operations, combined with our securitized financing facility including our 2022 Variable Funding Notes, will be sufficient to meet our capital expenditure, working capital and debt service requirements for at least the next twelve months and the foreseeable future.

The following table shows summary cash flows information for the twenty-six weeks ended June 25, 2022 and June 26, 2021 (in thousands):

	Twenty-Six Weeks Ended	
	June 25, 2022	June 26, 2021
Net cash provided by (used in):		
Operating activities	$ 29,464	$ 31,612
Investing activities	(9,058)	(12,421)
Financing activities	116,313	(11,806)
Net change in cash and cash equivalents	$ 136,719	$ 7,385

Operating activities. Our cash flow from operating activities are principally driven by sales at both franchise restaurants and company-owned restaurants, as well as franchise and development fees. We collect franchise royalties from our franchise owners on a weekly basis. Restaurant-level operating costs at our company-owned restaurants, unearned franchise and development fees, and corporate overhead costs also impact our cash flow from operating activities.

Net cash provided by operating activities was $29.5 million in the twenty-six weeks ended June 25, 2022, a decrease of $2.1 million from cash provided by operating activities of $31.6 million in the twenty-six weeks ended June 26, 2021. The decrease is primarily due to the decrease in net income, including non-cash adjustments, totaling $5.9 million, partially offset by the change in timing of working capital.

Investing activities. Our net cash used in investing activities was $9.1 million in the twenty-six weeks ended June 25, 2022, a decrease of $3.4 million from cash used in investing activities of $12.4 million in the twenty-six weeks ended June 26, 2021. The decrease in cash used in investing activities was primarily due to a payment of $4.2 million related to a foreign investment in our United Kingdom franchisee made during the twenty-six weeks ended June 26, 2021, as well as the sale of restaurant assets to a franchisee during the twenty-six weeks ended June 25, 2022. This was partially offset by an increase in capital expenditures related to our investments in technology as compared to the prior year period.

Financing activities. Our net cash provided by financing activities was $116.3 million in the twenty-six weeks ended June 25, 2022, a change of $128.1 million from cash used in financing activities of $11.8 million in the twenty-six weeks ended June 26, 2021. The change was due to additional borrowings under our 2022 Class A-2 Notes (as defined below) of $250 million, partially offset by the payment of a special dividend in connection with the securitized financing transaction totaling $119.5 million, as well as deferred financing and other debt related costs incurred of $5.4 million during the twenty-six weeks ended June 25, 2022

Securitized financing facility. On March 9, 2022, the Company completed a securitized financing transaction, pursuant to which Wingstop Funding LLC (the "Issuer"), a limited purpose, bankruptcy-remote, indirect wholly owned subsidiary of the Company, issued $250 million of its Series 2022-1 3.734% Fixed Rate Senior Secured Notes, Class A-2 (the "2022 Class A-2 Notes"). The Issuer also entered into a revolving financing facility of Series 2022-1 Variable Funding Senior Notes, Class A-1 (the "2022 Variable Funding Notes," and together with the 2022 Class A-2 Notes, the "2022 Notes"), which permits borrowings of up to a maximum principal amount of $200 million, subject to certain borrowing conditions, a portion of which may be used to issue letters of credit. The Company's existing revolving financing facility of Series 2020-1 Class A-1 Notes was terminated in connection with the transaction. The proceeds from the securitized financing transaction were used to pay related transaction fees and expenses, strengthen the Company's liquidity position and for general corporate purposes, which included a return of capital to the Company's stockholders.

In addition to the 2022 Notes, the Company's outstanding debt consists of its existing Series 2020-1 2.84% Fixed Rate Senior Secured Notes, Class A-2 (the "2020 Notes"). No borrowings were outstanding under the 2022 Variable Funding Notes as of June 25, 2022.

Dividends. We paid a quarterly cash dividend of $0.17 per share of common stock in each of the first two quarters of 2022, resulting in aggregate dividend payments of $10.2 million during the twenty-six weeks ended June 25, 2022. On July 27, 2022, the Company's Board of Directors approved a dividend of $0.19 per share, to be paid on September 2, 2022 to stockholders of record as of August 12, 2022, totaling approximately $5.7 million.

We do not currently expect the restrictions in our debt instruments to impact our ability to make regular quarterly dividends pursuant to our quarterly dividend program. However, any future declarations of dividends, as well as the amount and timing of such dividends, are subject to capital availability and the discretion of our Board of Directors, which must evaluate, among other things, whether cash dividends are in the best interest of the Company and our stockholders.

Critical Accounting Policies and Estimates

Our consolidated financial statements and accompanying notes are prepared in accordance with GAAP. Preparing consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses. These estimates and assumptions are affected by the application of our accounting policies. For a description of the Company's critical accounting policies and estimates, refer to "Part II—Item 7—Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report. The Company considers its significant accounting policy over revenue recognition to be particularly important to the portrayal and understanding of our financial position and results of operations. There have been no material changes to the Company's critical accounting policies and estimates since December 25, 2021.

Recent Accounting Pronouncements

The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoption of any such pronouncements may be expected to cause a material impact on its financial condition or the results of its operations.

Special Note Regarding Forward-Looking Statements

This report includes statements of our expectations, intentions, plans and beliefs that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and are intended to come within the safe harbor protection provided by those sections. These statements, which involve risks and uncertainties, relate to the discussion of our business strategies and our expectations concerning future operations, margins, profitability, trends, liquidity and capital resources and to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These forward-looking statements can generally by identified by the use of forward-looking terminology, including the terms "may," "will," "should," "expect," "intend," "plan," "outlook," "anticipate," "believe," "think," "estimate," "seek," "predict," "could," "project," "potential" or, in each case, their negative or other variations or comparable terminology, although not all forward-looking statements are accompanied by such terms. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties, risks, and factors relating to our operations and business environments, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed or implied by these forward-looking statements.

Such risks and other factors include those listed below and elsewhere in this report and our Annual Report, that could cause actual results or outcomes to differ from the results expressed or implied by forward-looking statements:

- our ability to effectively implement our growth strategy;
- risks associated with changes in food and supply costs;
- our relationships with, and the performance of, our franchisees, as well as actions by franchisees that could harm our business;
- our ability to identify, recruit and contract with a sufficient number of qualified franchisees;
- risks associated with food safety, food-borne illness and other health concerns;
- our ability to successfully expand into new markets;
- our ability to effectively compete within our industry;
- risks associated with interruptions in our supply chain, including availability of food products;
- risks associated with the availability and cost of labor;
- risks associated with our future performance and operating results falling below the expectations of securities analysts and investors;
- risks associated with data privacy, cyber security and the use and implementation of information technology;
- risks associated with our increasing dependence on digital commerce platforms and third-party delivery service providers;
- uncertainty in the law with respect to the assignment or allocation of liabilities in the franchise business model;
- risks associated with litigation against us or our franchisees;
- our ability to successfully advertise and market our business;
- risks associated with changes in customer preferences and perceptions;
- risks associated with the geographic concentration of our business;
- our ability to comply with government regulations relating to food products and franchising, including increased costs associated with new or changing regulations;

- our ability to maintain adequate insurance coverage for our business;
- risks associated with damage to our reputation or lack of acceptance of our brand in existing or new markets;
- risks associated with our expansion into international markets and foreign government restrictions on operations;
- our ability to comply with the terms of our securitized debt financing and generate sufficient cash flows to satisfy our significant debt service obligations thereunder;
- our ability to attract and retain our executive officers and other key employees; and
- our ability to protect our intellectual property, including trademarks and trade secrets.

The above list of factors is not exhaustive. Some of these and other factors are discussed in more detail under "Risk Factors" in our Annual Report. When considering forward-looking statements in this report or that we make in other reports or statements, you should keep in mind the cautionary statements in this report and future reports we file with the SEC. New risks and uncertainties arise from time to time, and we cannot predict when they may arise or how they may affect us. Except as required by law, we assume no obligation to update or revise any forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in any forward-looking statements, even if new information becomes available in the future.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Commodity Price Risk. We are exposed to market risks from changes in commodity prices. Many of the food products purchased by us are affected by weather, production, availability and other factors outside our control. Although we attempt to minimize the effect of price volatility by negotiating fixed price contracts for the supply of key ingredients, there are no established fixed price markets for fresh bone-in chicken wings, so we are subject to prevailing market conditions. Bone-in chicken wings accounted for approximately 27.9% and 34.8% of our company-owned restaurant cost of sales during the twenty-six weeks ended June 25, 2022 and June 26, 2021, respectively. A hypothetical 10% increase in the bone-in chicken wing costs would have increased costs of sales by approximately $0.9 million during the twenty-six weeks ended June 25, 2022. We do not engage in speculative financial transactions nor do we hold or issue financial instruments for trading purposes.

Interest Rate Risk. Our long-term debt, including current portion, consisted entirely of the $727.6 million incurred under the 2022 Notes and 2020 Notes as of June 25, 2022 (excluding unamortized debt issuance costs). The Company's predominantly fixed-rate debt structure has reduced its exposure to interest rate increases that could adversely affect its earnings and cash flows, but the Company remains exposed to changes in market interest rates reflected in the fair value of the debt and to the risk that the Company may need to refinance maturing debt with new debt at a higher rate. The Company is exposed to interest rate increases under the 2022 Variable Funding Notes; however, the Company had no outstanding borrowings under its 2022 Variable Funding Notes as of June 25, 2022.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of June 25, 2022, pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that as of June 25, 2022, our disclosure controls and procedures are effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the rules and forms of the SEC, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time we may be involved in claims and legal actions that arise in the ordinary course of business. To our knowledge, there are no material pending legal proceedings to which we are a party or of which any of our property is the subject.

Item 1A. Risk Factors

A description of the risk factors associated with our business is contained in the "Risk Factors" section of our Annual Report.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Index to Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Wingstop Inc., as amended through June 15, 2020, filed as Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 27, 2020 (File No. 001-37425) and incorporated by reference herein.
3.2	Amended and Restated Bylaws of Wingstop Inc., filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K (File No. 001-37425) for the fiscal year ended December 30, 2017 and incorporated herein by reference.
10.1	Offer Letter between Wingstop Inc. and Michael J. Skipworth, dated April 25, 2022, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-37425) on April 29, 2022 and incorporated herein by reference.
10.2	Wingstop Inc. Amended and Restated Executive Severance Plan, effective May 26, 2022, filed as Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-37425) on May 27, 2022 and incorporated herein by reference.
10.3	Form of Wingstop Inc. Executive Severance Plan Participation Agreement, filed as Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-37425) on May 27, 2022 and incorporated herein by reference.
31.1*	Certification of Principal Executive Officer under Section 302 of the Sarbanes–Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer under Section 302 of the Sarbanes–Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
32.2**	Certification of Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes–Oxley Act of 2002.
101 INS*	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101 SCH*	Inline XBRL Taxonomy Extension Schema Document
101 CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101 DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101 LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101 PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File (formatted as Inline XBRL and Contained in Exhibit 101)

* Filed herewith.
** Furnished, not filed.

Signatures

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

	Wingstop Inc. (Registrant)
Date: July 28, 2022	By: /s/ Michael J. Skipworth *President and Chief Executive Officer* (Principal Executive Officer)
Date: July 28, 2022	By: /s/ Alex R. Kaleida *Chief Financial Officer* (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Skipworth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wingstop 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 Rules 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.

Date: July 28, 2022

By: /s/ Michael J. Skipworth
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION PURSUANT TO EXCHANGE ACT RULE 13a-14(a)/15d-14(a) AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Alex R. Kaleida, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Wingstop 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 Rules 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.

Date: July 28, 2022

By: /s/ Alex R. Kaleida
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ended June 25, 2022 of Wingstop Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Skipworth, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 28, 2022

By: /s/ Michael J. Skipworth
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q for the period ended June 25, 2022 of Wingstop Inc. (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alex R. Kaleida, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 28, 2022

By: /s/ Alex R. Kaleida
Chief Financial Officer
(Principal Financial and Accounting Officer)