Risk Factors Comparison 2024-04-01 to 2023-04-18 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

Risks Related to a Health Emergency ~~COVID- 19 disrupted the economy and future~~ **Future** health emergencies may adversely impact our business. The **recent** ~~COVID- 19~~ pandemic and government responses significantly impacted the economy. Although our business did not experience significant ~~negative~~ **adverse** effects from the initial spread of COVID, its variants or another virus could negatively affect our business ~~in the future~~ . Possible outcomes include declines in customer traffic at our restaurants, our inability to **staff our restaurants** fully ~~staff our restaurants~~ and, in more severe cases, may cause a temporary closure, our inability to obtain supplies, and increased commodity costs, possibly for prolonged periods of time. ~~While most~~ **Most** of our restaurants ~~have~~ remained operational **during** ~~, some locations were temporarily closed. More recently, we have had to modify some store hours in response to recent labor availability issues. We expect to continue to experience isolated labor shortages and supply chain issues due to disruptions to~~ the ~~economy~~ **height of the COVID- 19 epidemic** . The extent to which health emergencies may impact our business, markets, supply chain, customers and ~~the~~ workforce will depend on future developments, which are highly uncertain and cannot be predicted, including new information ~~which~~ **that** may emerge concerning the severity of a health emergency and the actions to contain it or to otherwise limit its impact, a rapidly spreading virus could contribute to the perceived health risk and may affect our business. If any or all of the foregoing events were to occur, our business, liquidity, financial condition **,** and results of operations could be materially adversely impacted. Risks Related to ~~our~~ **Our** Growth Strategy ~~Finding a suitable acquisition target may be challenging. Our growth plans include continuing to acquire restaurants and developing new brands. Although we believe that acquisition opportunities will be available, competition for acquisition candidates will likely exist and intensify, and fewer opportunities may be available to us at increased prices. There can be no assurance that we can identify, acquire, manage, or successfully integrate the restaurants we acquire without substantial costs, delays, or operational or financial problems.~~ Acquiring or opening new restaurants is subject to risks and challenges. We will face challenges as we acquire or open new restaurants; many of these challenges pose risks that are ~~potentially~~ beyond our control, including, but not limited to, our ability to acquire locations at a favorable cost, the expense and other factors involved in remodeling or updating locations, hiring managerial personnel and our lack of familiarity with local regulations. Any one of these challenges, as well as others we may ~~not~~ have **yet to** ~~identified~~ **identify** , could result in significant unanticipated costs being incurred by us. If we **cannot** ~~are unable to~~ open new restaurants, or if restaurant openings are significantly delayed or costlier **than we anticipate** , our revenue growth and earnings could be adversely impacted, and our business negatively affected. As discussed throughout this Annual Report, difficulties of integration include coordinating and consolidating geographically separated systems and facilities, integrating the management and personnel of the acquired brands, maintaining employee morale and retaining key employees, implementing our management information systems and financial accounting and reporting systems, establishing and maintaining effective internal control over financial reporting, and implementing operational procedures and disciplines to control costs and increase profitability. In addition, we must have the liquidity to **nurture our acquisitions** financially ~~nurture our~~ **. Given the numerous factors involved, we may not be able to identify and secure attractive restaurant** acquisitions ~~after~~ **successfully, and following an acquisition, we may not be able to successfully operate** the ~~consummation~~ **acquired business, which could have a material adverse effect on our business, financial condition, and results** of ~~transactions~~ **operations** . ~~7If~~ **If** we acquire additional restaurant businesses, the integration and operation of acquisitions may place significant demands on our management, ~~which could~~ adversely ~~affect~~ **affecting** our ability to manage our existing restaurants. In addition, we may be required to obtain additional financing to fund future acquisitions, and there can be no assurance that we can ~~obtain~~ **acquire** additional financing on acceptable terms or at all ~~. Our expansion into new markets will subject us to risks. We are now operating restaurants in markets where we have no operating experience. New markets we enter may have competitive conditions, consumer tastes and discretionary spending patterns that are difficult to anticipate. We may need to invest more than we originally planned in advertising and promotional activity in new markets. In addition, we may find it more difficult to hire, motivate and keep qualified employees. As a result, these new restaurants may be less successful than projected. Our inability to fully implement or failure to successfully execute our plans could have a material adverse effect on our business, financial condition and results of operations. Our business could suffer if we fail to effectively acquire new or existing restaurants. As we grow our business, one of our biggest challenges is identifying and securing suitable acquisition opportunities. Competition for acquisition opportunities such as those we seek is intense. Competitors may have significantly greater financial resources than we do, allowing them to bid more aggressively for those opportunities. These include other restaurant businesses seeking to grow through acquisitions and venture capital firms and leveraged buyout firms that specialize in restaurant industry transactions. We cannot be assured that new opportunities will be available in desirable areas or on terms that are acceptable to us in order to grow our business. If we are unable to acquire new restaurants, or if the acquisitions are significantly delayed, our revenue growth and earnings could be adversely impacted~~ . There are numerous factors involved in identifying, evaluating, and securing restaurant acquisition, including: · evaluating traffic patterns and infrastructure that will drive ~~high levels of~~ customer traffic and sales; · competition in new markets, including competition for restaurant sites; · obtaining licenses or permits for development projects on a timely basis; · the proximity of potential restaurant sites to existing restaurants; · anticipated infrastructure development near the potential restaurant site ~~;~~ and · availability of acceptable acquisition or lease terms and arrangements. ~~Given the numerous factors involved, we may not be able to successfully identify and secure attractive restaurant acquisitions and following an acquisition we may not be able to successfully operate the acquired business, which could have a material adverse effect on our business, financial condition and~~

~~results of operations. Acquisition~~ **10Acquisition** of existing restaurants is ~~subject to risks~~ **risky** ~~that~~ **and** could negatively impact our ~~operations and~~ financial ~~condition~~ **results** . We expect to continue expanding our business **by acquiring** ~~through the acquisition of~~ existing restaurant businesses. Any such business may be in geographic regions in which we have not operated and may offer food concepts significantly different from our existing business. Our strategy to pursue expansion through the acquisition of existing restaurant businesses is subject to risks and uncertainties, including all the risks of our current operations as outlined in this Annual Report and other factors, including: · the investigation of the business of the target business and the negotiation, drafting and execution of relevant agreements, disclosure documents and other instruments will require substantial management time and attention and substantial costs, and if we decide not to or cannot complete a specific acquisition, the costs incurred likely would not be recoverable; · a target business may be a privately held company with very information available; · the business that we acquire may be financially unstable; · we may not be able to retain the management or other key personnel of the business that we acquire; · our corporate culture could differ from the corporate culture of the business that we acquire, making the integration of the acquired target business difficult; · our ability to assess the management of a target business may be limited; · we may experience impairment of acquired tangible and intangible assets and goodwill; ~~·~~ the target business may have unknown liabilities; · we may incur debt to complete an acquisition, and debt could have a variety of ~~negative~~ **adverse** effects, including: oforeclosure on our assets if our operating revenues are insufficient to repay our debt obligations; oimmediate payment of all principal and accrued interest if the debt security is payable on demand; osuch debt may include covenants that prohibit us from paying dividends on our common stock; ousing a substantial portion of our cash flow to pay principal and interest on our debt, reducing funds available for dividends on our common stock, our ability to pay expenses, make capital expenditures and acquisitions, and fund other general corporate purposes; olimitations on our flexibility in planning for changes in our business and ~~in~~ the industry; oincreased vulnerability to adverse changes in general economic and competitive conditions and adverse changes in government regulation; osuch debt may include covenants that limit our ability to borrow additional amounts: oother disadvantages compared to competitors with lower leverage. ~~8These~~ - **These** factors, among the many other risks and uncertainties ~~that~~ typically ~~are~~ associated with acquisitions of existing businesses, could negatively impact our Company, which would have a material adverse effect on our business, financial condition **,** and results of operations. Acquisitions may have unanticipated consequences that could harm our business and our financial condition. Any acquisition that we pursue, whether completed or not, involves risks, including: · material adverse effects on our operating results, particularly in the fiscal quarters immediately following the acquisition **,** as the acquired restaurants are integrated into our operations ~~; · problems retaining key personnel~~ ; · potential impairment of tangible and intangible assets and goodwill acquired in the acquisition; · potential unknown liabilities; · difficulties of integration and failure to realize anticipated synergies; and · disruption of our ongoing business, including the diversion of management' s attention. Future acquisitions may be through a cash purchase transaction, the issuance of our equity securities **,** or a combination of both **,** which could result in potentially dilutive issuances of our equity securities **. Alternatively** , ~~or~~ we may incur debt and assume contingent liabilities **,** which could harm our business and financial condition. Failure to manage new restaurants properly could negatively impact our operations and deplete our capital resources. Though we expect to retain key personnel of any existing restaurant group to assist with managing the restaurants, we may not be able to retain such personnel for any meaningful period. Moreover, even if we retain management from the acquired business, our executive officers may not manage the new restaurants profitably for numerous reasons, including our inability to predict the consumer preferences and trends that drive the success of these types of restaurants. Any failure to effectively manage the restaurants comprising an acquired restaurant group could, among other negative effects, adversely impact our operations and deplete our capital resources, affecting our financial condition and the market price for our common stock. ~~Our~~ **11Our** growth strategy requires substantial additional capital to execute **,** which may not be available. Our growth depends principally on acquiring new restaurants and operating those restaurants on a profitable basis. The cost of acquiring a business will be based on **several** ~~a number of~~ factors, including the number of restaurants comprising the group and their profitability **, and we may not have the resources to fund desirable acquisitions** . If we require additional capital to continue our growth plans, we may seek to raise capital **through** ~~by way of~~ equity or debt financing. If we raise additional funds through issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences **,** and privileges superior to those of holders of our common stock. Any **future** debt financing secured by us ~~in the future~~ could involve restrictive covenants relating to our capital- raising activities and other financial and operational matters, **making** ~~which might make~~ it more difficult for us to obtain additional capital and pursue business opportunities, including making further attractive acquisitions or opening new restaurants. Moreover, if we issue debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets. In addition, we might not be able to obtain additional financing on terms favorable to us, if at all. If we **cannot** ~~are unable to~~ obtain adequate financing on satisfactory terms **,** our ability to support our business growth and ~~to~~ respond to business challenges could be significantly limited. ~~9Rising~~ - **Rising** interest rates could negatively impact our performance and acquisition plans. Rising interest rates could significantly increase our borrowing costs or make it difficult or impossible for us to obtain financing in the future. An increased cost of borrowing would make it more expensive for us to borrow funds to acquire new businesses **and** ~~, which may~~ negatively impact our ~~performance~~ **results of operations** . If we cannot obtain financing in the future, our growth could be affected ~~, negatively impacting our operating results~~ . Our growth strategy may divert management' s attention from operating our existing restaurants. As we execute our growth strategy, management will be focused on the numerous complex and time- consuming activities required to acquire or open new restaurants ~~,~~ and to integrate and operate an existing restaurant group. These activities may divert management' s attention from our existing restaurants, and our existing restaurants may suffer. **The** ~~If the~~ time management ~~allocates~~ **allocated** to implementing our growth strategies **may** ~~interferes~~ - **interfere** with its ability to manage our existing restaurants ~~and~~ **, which could negatively impact** our revenues ~~decline~~ at existing restaurants ~~,~~ **and harm** our business, financial condition **,** and results of operations ~~will be adversely affected~~

. We may enter into additional long- term **,** non- cancelable leases. In connection with **the** restaurants ~~that~~ we acquired over the last **two** ~~year~~ **years** , we have entered into long- term **,** non- cancelable leases for the space in which such restaurants operate. Further, future acquisitions may be subject to long- term **,** non- cancelable leases. Under non- cancelable leases, we may be required to pay all or a portion of the real estate taxes, insurance, common area maintenance charges and other operating costs associated with the property. In addition, ~~some~~ non- cancelable leases may provide for contingent rental payments based on sales thresholds. If acquired restaurants are subject to long- term non- cancelable leases or we enter into such leases when we acquire a restaurant and such restaurants are not profitable, and we decide to close one or more of them, we may nonetheless be committed to perform our obligations under the applicable leases including, among other things, paying the base rent and other expenses that we agreed to pay for the balance of the lease term. In addition, as leases for our restaurants expire, we may need to negotiate renewals **,** which could cause us to pay increased occupancy costs or ~~to~~ close restaurants in desirable locations. These payments and costs, as well as the failure to negotiate new leases for restaurants, could have a material adverse effect on our business, financial condition **,** and results of operations. Difficulties managing our growth could adversely affect ~~our results of~~ operations. If we experience rapid and substantial growth, it will strain our administrative infrastructure and our managerial and financial resources. To manage the significant growth of our operations, we will be required to: · ~~improve existing, and~~ implement new, operational, financial and management controls, reporting systems and procedures; · install enhanced management information systems; and · hire, train, motivate, manage **,** and retain our employees. We may not be able to install adequate management information and control systems ~~in an efficient~~ **efficiently** and timely **. Our** ~~manner, and our~~ current or planned personnel, systems, procedures **,** and controls may ~~not~~ **need to** be ~~adequate~~ **revised** to support our future operations. Our business could be seriously harmed if we cannot manage growth effectively. ~~Our inability to sufficiently raise menu prices could result in a decline in profitability. We increase menu price increases to help offset costs, including the increased cost for commodities, minimum wages, employee benefits, insurance arrangements, construction, utilities and other key operating costs resulting from general inflation in the economy. If our selection and amount of menu price increases are not accepted by consumers and reduce guest traffic, or are insufficient to counter increased costs, our financial results could be negatively affected. 10Risks~~ **12Risks** Related to the Nature of Our Business and Operating in the Restaurant Industry Our inability to compete effectively may affect sales and restaurant- level profit margins, adversely affecting our ~~business~~ **results of operations** . The restaurant industry is intensely competitive, with many well- established companies competing directly and indirectly with us. We compete ~~in the restaurant industry~~ with national, regional, locally owned, quick- service, casual, and full- service restaurants. Many of our competitors have significantly greater financial, marketing, personnel **,** and other resources than we do. Many of our competitors are well- established in markets where we have existing restaurants or may acquire new ones. In addition, many of our competitors have greater name recognition nationally. Failure to successfully compete with the restaurants in our markets **could result in declining** ~~will place downward pressure on our~~ customer traffic and may prevent us from increasing or sustaining our revenues and profitability. **Success in the restaurant industry is based on various factors, including changes in** ~~Consumer~~ **consumer** tastes, nutritional and dietary trends, **consumer spending,** traffic patterns **,** and the type, number **,** and location of competing restaurants often affect the restaurant. Our competitors may react more efficiently and effectively to those conditions. Further, we face growing competition from the supermarket industry, with improvements in meal preparation and delivery alternatives. Additionally, there is increased competition from limited- service and fast- casual restaurants that are aggressively pursuing delivery and " to- go " programs. Meal kit delivery companies and other eat- at- home options also compete with traditional restaurants. In addition, our competitors in the past have offered and promoted price discounts on specific menu offerings, and they may continue to do so in the future. If we cannot continue to compete effectively, our traffic, sales and restaurant- level profit margins could decline, and our business, financial condition and results of operations would be adversely affected. Our **inability to raise menu prices could result in a decline in profitability. We seek to increase menu prices to help offset costs, including the increased cost for commodities, minimum wages, employee benefits, insurance arrangements, construction, utilities, and other essential operating costs resulting from general inflation. If consumers do not accept our selection and amount of menu price increases and reduce guest traffic or are insufficient to counter increased costs, our financial results could be negatively affected. Our** Dairy Queen franchise business must comply with the Dairy Queen franchise agreement. We own a Dairy Queen (" DQ ") franchise in Ham Lake, Minnesota. We are contractually bound to abide by the franchise agreement with DQ, including certain financial obligations, monthly royalty payments, and marketing fees comprising a significant percentage of our DQ gross sales. Failure to abide by the terms of the franchise agreement or take actions prohibited by the franchise ~~agreements~~ - **agreement** could result in **the franchisor** ~~termination~~ - **terminating** ~~of~~ the franchise agreement ~~by the franchisor~~ . If this franchise were terminated, our operating results ~~would~~ **could** be adversely affected. Public attitudes regarding diet and health could result in new regulations influencing consumers. Changes in attitudes regarding diet and health or new information regarding the adverse health effects of consuming certain foods could result in changes in government regulation and shifts in consumer eating habits that may impact our business, financial condition **,** or results of operations. These changes have resulted in and may continue to result in, laws and regulations requiring us to disclose the nutritional content of our food offerings. We may ~~not~~ be ~~able~~ **unable** to effectively respond to changes in consumer health perceptions ~~or~~ **,** successfully implement the nutrient content disclosure requirements **,** and adapt our menu offerings to ~~trends in~~ eating habits. The imposition of menu labeling laws and an inability to keep up with consumer eating habits could materially ~~adversely~~ affect our business, financial condition ~~or~~ **,** results of operations, **and** ~~as well as our~~ position within the restaurant industry ~~in general~~ . ~~Negative~~ **Unfavorable** publicity could reduce sales at our restaurants. We may face negative publicity, including comments on social media, relating to aspects of our business, including, among others, food quality, public health concerns, restaurant facilities, customer complaints or litigation alleging illness or injury, health inspection scores, the integrity of our suppliers' food processing and other policies, practices and procedures, employee relationships or other matters at one or more of our restaurants. Negative publicity generated against our restaurants may adversely affect us, regardless of whether the allegations are valid or ~~whether~~ **if** we are held ~~to be~~ responsible. In addition, the negative impact of adverse publicity relating to one restaurant may extend beyond the restaurant involved to affect our other restaurants. A similar risk exists concerning food service businesses **that are** unrelated to us if customers mistakenly associate such ~~unrelated~~ businesses with our operations. Employee claims against us based on, among other things, wage and hour violations, discrimination, harassment, or wrongful termination may also create not only legal and financial liability but negative publicity that could adversely affect us and divert our financial and management resources that would otherwise be exerted in favor of our operations. These risks are amplified because of the prevalence of social media. Adverse social media comments and negative publicity could materially adversely affect our business, financial condition, results of operations and cash flows. ~~Food~~ **13Food** safety concerns could **harm** ~~have an adverse effect on~~ our business by reducing demand and increasing costs. The occurrence or reports of food- borne illnesses and food safety issues have occurred in the food industry in the past and could occur in the future. Any report or publicity linking us to food- borne illness or other food safety issues, including food tampering or contamination, could adversely affect our brand, reputation, revenues, and profits. In addition, ~~instances of~~ food- borne illness, food tampering **,** or food contamination ~~occurring~~ at **our competitors'** restaurants ~~of our competitors~~ could result in negative publicity about the food service industry ~~generally~~ and adversely impact our sales. Furthermore, our reliance on external food suppliers and distributors increases the risk that **factors outside our control could cause** food- borne illness incidents ~~could be caused by factors outside our control~~ and that multiple locations would be affected rather than a single restaurant. We cannot ~~assure~~ **ensure** that all food items are properly maintained during transport throughout the supply chain and that our employees will identify all products that may be spoiled or contaminated ~~and should not be used in our restaurants~~. ~~If our customers become ill from food~~ **Food** - borne illnesses ~~, we~~ could **result in** ~~temporarily~~ -- **temporary** ~~close some restaurants~~ - **restaurant closings** . Furthermore, any instances of food contamination, whether or not at our restaurants, could subject our suppliers or us to a food advisory, recall or withdrawal under the Food Safety Modernization Act. ~~11Risks~~ -- **Risks** Related to **Inflation,** Labor and Supply Chain Increased commodity, energy and other costs could decrease our restaurant- level profit margins. Our profitability depends in part on our ability to anticipate and react to changes in the price and availability of food commodities, including, among other things, beef, poultry, grains, dairy and produce. Prices may be affected due to market changes, increased competition, public health issues, ~~the general risk of~~ inflation, shortages **,** or interruptions in supply due to weather, disease or other conditions beyond our control, or other reasons. Other events could increase commodity prices or cause shortages that could affect the cost and quality of the items we buy or require us to raise prices or limit our menu options. These events **and** ~~, combined with~~ other ~~more~~ general economic and demographic conditions ~~,~~ could impact our pricing and negatively affect our sales and restaurant- level profit margins. We do not enter into forward pricing arrangements with our suppliers, making us more susceptible to changes in commodity prices. Our profitability is also adversely affected by increases in the price of utilities, such as natural gas, whether due to inflation, shortages ~~or~~ **,** interruptions in supply, or otherwise. Our profitability is also affected by ~~the costs of~~ insurance, labor, marketing, taxes **,** and real estate **costs** , ~~all of~~ which could increase due to inflation, changes in laws, competition **,** or other events beyond our control. Our ability to respond **and react to such increases and other more general economic and demographic conditions will depend on various factors, including the responses of our competitors and customers. Competition and other factors may constrain our ability to respond to increasing costs** by raising menu prices ~~depends on our ability to anticipate and react to such increases and other more general economic and demographic conditions, as well as the responses of our competitors and customers~~. All these things may be difficult to predict and beyond our control. In this manner, increased costs could adversely affect our performance. Shortages or interruptions in the supply or delivery of fresh food products could adversely affect our operating results. We ~~are dependent~~ --- **depend** on frequent deliveries of fresh food products that meet our specifications. Shortages or interruptions in the supply of fresh food products caused by problems in production or distribution, inclement weather, unanticipated demand, or other conditions could adversely affect the availability, quality **,** and cost of ingredients, adversely affecting our operating results. We rely on certain ~~vendors,~~ suppliers and distributors for all our supplies. ~~We~~ **In fiscal 2023, we** ~~purchase~~ **purchased** ~~substantial~~ **approximately 60 % of our** food, paper, packaging and related supplies from Sysco Corporation, the nation' s largest distributor of food products. In **addition** ~~fiscal 2022~~ , **we** ~~approximately 60 % of our cost of goods sold, food and paper, for all locations was purchases~~ - **purchase** ~~were~~ **our beverages, other than coffee, tea, or milk,** from ~~Sysco. In addition,~~ **PepsiCo and its affiliated bottlers** for Burger Time ~~, we purchase our beverages, other than coffee, tea or milk, from affiliates of PepsiCo~~. These entities **are** also ~~are~~ responsible for delivering these products to us. Our reliance on these vendors exclusively to provide us with our entire inventory at reasonable prices presents certain risks. We do not control the businesses of our vendors, and our efforts to specify and monitor the standards under which they perform may not be successful. If our current vendors are unable to support our expansion into new markets, or if we are unable to find vendors to meet our supply specifications or service needs as we expand, we could likewise encounter supply shortages and incur higher costs to secure adequate supplies, which would have a material adverse effect on our business, financial condition **,** and results of operations. We rely on the services of our Chief Executive Officer and Chief Operating Officer to operate our business. We rely on Gary Copperud, our Chief Executive Officer, and Kenneth Brimmer, our Chief Operating Officer, to make all key decisions relating to our operations and finances. The unexpected loss of ~~the~~ **Messrs. Copperud or Brimmer' s** services ~~of Messrs. Copperud or Brimmer~~ would ~~have a material adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our business and plans for future growth. Further, neither of these individuals devotes full- time efforts to the Company, as further described under the heading " Management. " ~~The~~ **14The** inability to attract, train and retain personnel could adversely impact our business and financial results. Our success depends on our ability to attract, motivate, and retain qualified managers and the services of skilled personnel. Qualified individuals may be in short supply in some communities. Competition for qualified staff and improvement in regional or national economic conditions could increase the difficulty of attracting and retaining ~~qualified~~ **skilled** individuals, resulting in higher costs. ~~The~~ Our inability to attract and retain staff could adversely affect our business, including restaurant operating hours. We believe managers are the ~~key~~ **critical** component of our business. We devote resources to recruiting and training our restaurant managers and staff. We attempt to reduce employee turnover in our restaurants. Employee turnover may hurt our operating results by increasing training costs and making it more difficult to deliver outstanding customer service, ~~which could have a material adverse~~ **adversely affecting** ~~effect on~~ our financial results. Challenges in retaining or recruiting qualified employees **and** ~~increase~~ **increased** costs ~~and~~ **associated with those activities** could adversely affect our business and ~~our~~ **the** results of operations. ~~12Unionization~~ -- **Unionization** activities or labor disputes could disrupt our operations and affect our profitability. Although none of our employees are currently covered under collective bargaining agreements, our employees may elect to be represented by labor unions in the future. If a ~~significant~~ **substantial** number of our employees were to become unionized and collective bargaining agreement terms were significantly different from our current compensation arrangements, it could adversely affect our business, financial condition **,** or results of operations. In addition, a labor dispute involving some or all of our employees may harm our reputation, disrupt our operations **,** and reduce our revenues **. The** ~~, and the~~ resolution of disputes may increase our costs. Also, as an employer, we may be subject to employment- related claims, such as individual or class actions or government enforcement actions relating to alleged employment discrimination, employee classification and related withholding, wage- hour, labor standards or healthcare and benefits issues. Such actions, if brought against us and successful in whole or in part, may affect our ability to compete or could adversely affect our business, financial condition **,** or results of operations. Risks Related to Information Technology Systems, Cybersecurity and Data Privacy System failures or ~~breaches of our~~ network security **breaches** could interrupt our operations and adversely affect our business. We rely on our computer systems and network infrastructure across our operations, including point- of- sale processing at our restaurants. Our operations **are supported** ~~depend upon our~~ and ~~our~~ **administered by** third- party vendors' ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure, or other catastrophic events, as well as from internal and external security breaches, viruses **,** and other disruptive problems. ~~Any damage~~ **Damage** or failure of ~~our~~ **third- party provider** computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and subject us to litigation or actions by regulatory authorities. In addition, an increasing number of transactions are processed through our mobile application. Disruptions, failures, or other performance issues with technology systems could impair the benefits such systems provide to our business and negatively impact our relationship with our customers. Security breaches of customer information **due to cyber- attacks** may adversely affect our business. Any intentional **cyber-** attack or unintentional event that results in unauthorized access to systems to disrupt operations, corrupt data or steal or expose confidential information or intellectual property that compromises the information of our customers or employees could result in ~~widespread~~ negative publicity, damage to our reputation, a loss of customers, disruption of our business and legal liabilities. As our reliance on technology has grown, the scope and severity of risks posed to our systems from cyber threats have increased. The techniques and sophistication used to conduct cyber- attacks and breaches of information technology systems, as well as the sources and targets of these attacks, change frequently and are only recognized once attacks are launched or have been in place for some time. We continuously monitor ~~and develop~~ our information technology networks and infrastructure to prevent, detect, address **,** and mitigate the risk of unauthorized access, misuse, malware **,** and other events that could have a security impact; however, there can be no assurance that these or any measures will be effective. Additionally, the majority of our sales are by credit or debit cards **, which are processed by third- party organizations completely independent of us. In terms of credit and debit card processing, we do not retain any customer information** . Other restaurants and retailers have experienced security breaches in which their customers' credit and debit card information has been compromised. In the event of a data breach, we may become subject to lawsuits or other proceedings for purportedly fraudulent transactions arising from the actual or alleged theft of confidential or personal information and credit or debit card information. **Any security breach or other material interruption in the information technology systems we rely on, particularly those required for point- of- sale payment processing in our stores, such as cybersecurity attacks, may adversely affect our business, operating results and financial condition.** ~~Failure~~ **15Failure** to effectively manage social media could adversely impact our business. In recent years, there has been a marked increase in the use of social media platforms, including blogs, chat platforms, social media websites, and other forms of Internet- based communications, which allow individuals access to a broad audience of consumers and other interested persons. The rising popularity of social media and other consumer- oriented technologies has increased the speed and accessibility of information dissemination. Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on **the** accuracy of the content posted. Information posted on such platforms at any time may be adverse to our interests or ~~may be~~ inaccurate. The dissemination of information via social media could harm our business, reputation, financial condition, and results of operations, regardless of the information' s accuracy. The damage may be immediate without ~~affording~~ us **having** an opportunity for redress or correction. In addition, we may use social media to communicate with our customers and the **general** public ~~in general~~ . Failure by us to use social media effectively or appropriately, particularly as compared to our brands' respective competitors, could lead to a decline in brand value, customer visits and revenue. Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our brands, exposure of personally identifiable information, fraud, hoaxes **,** or malicious dissemination of false information. The inappropriate use of social media by our customers or employees could increase our costs, lead to litigation **,** or result in negative publicity that could damage our reputation and adversely affect our **business** ~~results of operations~~ . ~~13Legal~~ -- **Legal** and Regulatory Risks ~~Displaying~~ **The display of** nutritional information could affect consumer preferences and negatively impact ~~our~~ **the** results of **our** operations. Government regulation and changes in consumer eating habits resulting from shifting attitudes regarding diet and health or the latest information regarding changes in the health effects of consuming our menu offerings may impact our business. ~~These changes~~ **In general, because of our size, we** have **been exempted from regulations** ~~resulted~~ -- **related** ~~in, and may continue~~ to ~~result in,~~ the ~~enactment~~ **disclosure** of **nutritional information. However, as we grow our business, it is highly likely that parts of our business will be required to comply**

with state and local regulations relating to the disclosure of ingredients and nutritional information. We expect the trend toward enacting laws and regulations ~~that affect~~ **affecting** ~~the~~ **disclosure of our menu offerings'** ingredients and nutritional content **will continue** ~~of our menu offerings or laws and regulations requiring us to disclose the nutritional content of our food offerings~~ . We cannot **guarantee** ~~make any assurances regarding~~ our ability to effectively respond to changes in consumer health perceptions **,** ~~or our ability to~~ successfully implement the nutrient content disclosure requirements ~~and~~ **, or** adapt our menu offerings. The imposition of menu- labeling laws could ~~have an adverse~~ **adversely** ~~effect~~ **affect** ~~on~~ our results of operations and financial position **and** ~~, as well as~~ the restaurant industry in general **. New information or attitudes regarding diet and health could result in changes in regulations and consumer eating habits that could adversely affect our revenues. Regulations and consumer eating habits may change because of new information or attitudes regarding diet and health. These changes may include regulations that impact our restaurant menu items' ingredients and nutritional content. For example, many states, counties, and cities are enacting menu- labeling laws requiring multi- unit restaurant operators to make certain nutritional information available to guests or restrict the sale of certain ingredients in restaurants. The success of our restaurant operations is dependent, in part, upon our ability to respond effectively to changes in consumer health and disclosure regulations and to adapt our menu offerings to trends in eating habits. If consumer health regulations or consumer eating habits change significantly, we may be required to modify or delete certain menu items. To the extent we cannot respond with appropriate changes to our menu offerings, it could materially affect customer demand and adversely impact our revenues** . We are subject to many federal, state, and local laws **;** ~~with which~~ compliance is ~~both~~ costly and complex. The restaurant industry is subject to extensive federal, state **,** and local laws and regulations, including those relating to the preparation and sale of food, licensing and regulation by state and local authorities relating to health, sanitation, safety **,** and fire standards. Our relationships with employees (including the Fair Labor Standards Act of 1938, the Immigration Reform and Control Act of 1986, and applicable requirements concerning the minimum wage, overtime, family leave, working conditions, safety standards, immigration status, unemployment tax rates, workers' compensation rates and state and local payroll taxes) and federal and state laws which prohibit discrimination. Our ability to respond to labor cost increases by raising menu prices will depend on the responses of our competitors and customers. ~~Our distributors and suppliers could also be affected by higher~~ **Higher** wage costs, benefit standards, and compliance costs **could also affect our distributors and suppliers** , resulting in higher costs ~~for us~~ . We are subject to the ADA, which, among other things, requires our restaurants to meet federally mandated requirements for ~~the~~ disabled **people** . The ADA prohibits discrimination in employment and public accommodations based on disability. Under the ADA, we could be required to expend funds to modify our restaurants to provide service to or make reasonable accommodations for the employment of disabled persons. In addition, our employment practices are subject to the requirements of the Immigration and Naturalization Service relating to citizenship and residency. Government regulations could also affect and change the items we procure for resale. ~~The~~ **16The** impact of current laws and regulations, the effect of future changes in laws or regulations that impose additional requirements and the consequences of litigation relating to current or future laws and regulations, or our inability to respond effectively to significant regulatory or public policy issues, could increase our compliance and other costs of doing business and, therefore, hurt our results of operations. Failure to comply with the laws and regulatory requirements of federal, state, and local authorities could result in, among other things, revocation of required licenses, administrative enforcement actions, fines **,** and civil and criminal liability. In addition, certain laws, including the ADA, could require us to expend significant funds. Failure to comply with food control regulations could **result in losing** ~~lead to the loss of~~ our food service licenses **,** harming our business. ~~Restaurants are required under~~ **Under** various federal, state, and local government regulations **, restaurants are required** to obtain and maintain licenses, permits and approvals to operate their businesses. Such regulations are subject to change from time to time. We must keep these licenses, permits **,** and approvals ~~to~~ **for our** ~~operate~~ **operation** . Typically, licenses must be renewed annually and may be revoked, suspended, or denied renewal for cause at any time if governmental authorities determine that our conduct violates applicable regulations. Difficulties or failure to maintain or obtain the required licenses and approvals could adversely affect our existing restaurants and delay or result in our decision to cancel the opening of new restaurants, adversely affecting our business. Restaurant companies have been the target of lawsuits and other proceedings alleging violations of employment laws. Our business is subject to the risk of litigation by employees, consumers, suppliers, stockholders or others through private actions, class actions, administrative proceedings, regulatory actions **,** or other litigation. The outcome of litigation, particularly class action and regulatory actions, is difficult to assess or quantify. In recent years, restaurant companies have been subject to lawsuits, including class action lawsuits, alleging violations of federal and state laws regarding workplace and employment matters, discrimination **,** and similar matters. ~~14A~~ **A** customer may file complaints or lawsuits against us alleging that we are responsible for some illness or injury they suffered at or after a visit to one of our restaurants, including actions seeking damages resulting from food- borne illness or accidents in our restaurants. We are also subject to **various** ~~a variety of~~ other claims from third parties arising in the ordinary course of our business, including contract claims. The restaurant industry has also been subject to a growing number of claims that the menus and actions of restaurant chains have led to the obesity of ~~certain~~ **specific** customers. The Company may also be subject to lawsuits from our employees, the U. S. Equal Employment Opportunity Commission, or others alleging violations of federal and state laws regarding workplace and employment matters, discrimination **,** and similar matters. Regardless of whether any claims against us are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from our operations. In addition, they may generate adverse publicity, which could reduce customer traffic and sales. Although we maintain what we believe to be adequate levels of insurance, insurance may not be available at all or in sufficient amounts to cover any liabilities with respect to these or other matters. A judgment or other liability in excess of our insurance coverage for any claims or any adverse publicity resulting from claims could adversely affect our business. We may not be able to adequately protect our intellectual property, which could harm the value of our brands. Our ability to successfully implement our business plan depends on our ability to build brand recognition using our existing trademarks, service marks **,** and other proprietary intellectual property, ~~and~~ **as well as** intellectual property that we may develop in the future. We have registered or applied to register a number of our trademarks. We cannot assure you that our trademark applications will be approved. Third parties may also oppose our trademark applications ~~,~~ or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our goods and services, which could result in a loss of brand recognition ~~,~~ and could require us to devote resources to advertising and marketing ~~new brands~~ . If our efforts to register, maintain and protect our intellectual property are inadequate, or if any third party misappropriates, dilutes **,** or infringes on our intellectual property, the value of our brands may be harmed, which could have ~~a~~ **an** material adverse effect on our business and might prevent our brands from achieving or maintaining market acceptance. We may also face the risk of claims that we have infringed third parties’ property rights. If third parties claim that we infringe upon their intellectual property rights, our operating profits could be adversely affected. Any claims of intellectual property infringement, even those without merit, could be expensive and time- consuming to defend, require us to rebrand our services, if feasible, divert management’ s attention and resources or require us to enter into royalty or license agreement to obtain the right to use a third party’ s intellectual property. ~~General~~ **17General** Risk Factors Economic conditions in the United States could materially affect our business, financial condition, and results of operations. The restaurant industry depends on consumer discretionary spending. During periods of economic downturn, continuing disruptions in the overall economy, including the impacts of high unemployment and financial market volatility and unpredictability, may cause a related reduction in consumer confidence, which could negatively affect customer traffic and sales throughout our industry. These factors, as well as national, regional and local regulatory and economic conditions, gasoline prices, and disposable consumer income **,** affect discretionary consumer spending. If economic conditions worsen and our customers choose to dine out less frequently or reduce the amount they spend on meals while dining out, customer traffic could be adversely impacted. If adverse economic conditions persist for a period of time or become pervasive, consumer changes to their discretionary spending behavior, including the frequency with which they dine out, could be more permanent. They will likely be affected by many national and international factors beyond our control. If sales decrease, our profitability could decline as we spread fixed costs across a lower level of sales. Prolonged negative trends in restaurant sales could cause us to, among other things, reduce the number and frequency of new restaurant openings, close restaurants ~~or~~ **,** delay remodeling of our existing restaurants **,** or take asset impairment charges. ~~15We~~ **We** are susceptible to regional economic developments ~~, including adverse weather conditions~~ . Our financial performance depends on restaurants in Minnesota, North Dakota, South Dakota, Michigan, and Florida, comprising all but one of our restaurants as of ~~January 1~~ **December 31** , 2023. As a result, adverse economic conditions in any of these areas could have a material adverse effect on our overall results of operations. In addition, given our geographic concentrations, negative publicity regarding any of our restaurants in these areas could adversely affect our business, as could other regional occurrences such as local strikes, terrorist attacks, increases in energy prices, or natural or other disasters. ~~In particular, adverse weather conditions, such as regional winter storms, floods, severe thunderstorms and hurricanes, could negatively impact our results of operations. Temporary or prolonged restaurant closures may occur, and customer traffic may decline due to the actual or perceived effects of future weather- related events.~~ Damage to our reputation could negatively impact our business, financial condition, and the results of operations. We have built our reputation on the high quality of our food, service **,** and staff, and we must protect and grow the value of our brands to continue to succeed. Any incident that erodes consumer affinity for our brands could significantly reduce their value and damage our business. For example, one brand’ s value could suffer, and our business could be adversely affected if customers perceive a reduction in the quality of our food, service or staff, or an adverse change in our culture or ambiance, or otherwise believe we have failed to deliver a consistently positive experience. We may be adversely affected by news reports or other negative publicity (regardless of their accuracy) regarding food quality issues, public health concerns, illness, safety, injury or government or industry findings concerning our restaurants, restaurants operated by other food service providers, or others across the food industry supply chain. The risks associated with such negative publicity may materially harm our ~~results of~~ operations and damage our brand. Our marketing programs may not be successful. We intend to continue to invest in marketing efforts that ~~we believe~~ will attract and retain customers. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues. Additionally, if these initiatives are not successful, we may engage in additional promotional activities to attract and retain customers, including buy- one- get- one offers and other offers for free or discounted food, and any such additional promotional activities could adversely impact our **operations** results ~~of operations~~ . We plan to continue emphasizing mobile and other digital ordering, delivery **,** and pick- up orders. These efforts may fail or may result in unexpected operational challenges that adversely impact our costs. We may also introduce new menu items that may not achieve the expected sales levels. Additionally, some of our competitors have greater financial resources, which enable them to spend significantly more on marketing and advertising than we **can** ~~are able to~~ . Should our competitors increase spending on marketing and advertising, or should our advertising and promotions be less effective than our competitors, there could be a material adverse effect on our results of operations and financial condition. Our business is subject to seasonal fluctuations **due to weather and other factors** . Historically, customer spending patterns for our midwestern restaurants are lowest in the first and fourth quarters of the year due to holidays, consumer habits and adverse weather. Likewise, our restaurants in Florida may experience declines in customer spending during the summer, when Florida has fewer tourists. Our restaurant in Woods Hole, Massachusetts, experiences reduced customer traffic outside the summer months. **Therefore,** ~~The result is that~~ our quarterly **results** will continue to be affected by seasonality. **Because** ~~As a result~~ of these and other factors, our financial results for any quarter may not be indicative of the results that may be achieved for a full fiscal year. If we cannot offset rising labor costs with price increases, our financial performance could be adversely affected. Increases in ~~minimum wages~~ **hourly labor costs** and minimum tip credit wages, extensions of personal and other leave policies, other governmental regulations affecting labor costs and a diminishing pool of potential staff members when the unemployment rate falls and legal immigration is restricted, especially in certain localities, could increase our labor costs and make it more difficult to fully staff our restaurants, any of which could materially adversely affect our financial performance. **The** ~~We believe the~~ federal government may significantly increase the federal minimum wage and tip credit wage (or eliminate the tip credit wage) and require ~~significantly~~ **substantially** more mandated benefits than is currently required under federal law. In addition to increasing the overall wages paid to our minimum wage and tip credit wage earners, these increases could create pressure to increase salaries and other benefits paid to other staff members who, in recognition of their tenure, performance, job responsibilities and other similar considerations, historically received a rate of pay exceeding the applicable minimum wage or minimum tip credit wage. Because we employ a large workforce, any wage increase ~~,~~ or expansion of benefits could significantly impact our labor costs **and negatively affect our operations results** . Our vendors, contractors and business partners are similarly impacted by wage and benefit cost inflation. Many have increased prices for goods and services to offset their increasing labor costs. ~~16Failure~~ **18Failure** of our internal control over financial reporting could adversely affect our business and financial results. Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process ~~to~~ **that** ~~provide~~ **provides** reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with GAAP. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we ~~would~~ **will** prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and **in a** timely **manner** or to detect and prevent fraud. The identification of a material weakness could indicate a lack of controls adequate to generate accurate financial statements that, in turn, could cause a loss of investor confidence and **a** decline in the market price of our common stock. We cannot assure you that we will be able to ~~timely~~ remediate any material weaknesses that may be identified in future periods **in a timely manner** or maintain all of the controls necessary for continued compliance. Likewise, we cannot assure you that we will be able to retain ~~sufficient~~ **sufficiently** skilled finance and accounting personnel, especially in light of the increased demand for such personnel among publicly traded companies. Risks Related to Ownership of Our Common Stock Our business could be negatively affected **by** ~~as a result of~~ the actions of activist stockholders. The Company may be subject to proposals by stockholders urging us to take certain corporate action. If activist stockholder activities ensue, our business could be adversely impacted because: · responding to actions by activist stockholders can be costly and time- consuming: · perceived uncertainties as to our future direction may result in the loss of potential business opportunities ~~,~~ and make it challenging to attract and retain qualified personnel and business partners ~~;~~ and · pursuit of an activist stockholder' s agenda may adversely affect our ability to implement our strategy effectively. Any litigation could result in substantial costs and divert management' s attention and resources **,** potentially harming our business. You may be unable to resell your shares at or above the price you paid. Volatility in the market price of our common stock may prevent you from being able to sell your shares at or above the price you paid for your shares. The stock market **,** in general **,** has been highly volatile, **which** ~~and this~~ may be especially true for our common stock **,** given our growth strategy and stage of development. As a result, the market price of our common stock is likely to be similarly volatile. You may experience a decrease, which could be substantial, in the value of your stock, including decreases unrelated to our operating performance or prospects and could lose part or all of your investment. The price of our common stock could be subject to wide fluctuations in response to **several** ~~a number of~~ factors, including those described elsewhere in this Annual Report and others, such as: · actual or anticipated fluctuations in our quarterly or annual operating results; · publication of research reports by securities analysts about us, our competitors **,** or our industry; · our failure to meet analysts' projections or guidance; · additions and departures of key personnel; · sales, or anticipated sales, our stock or shares held by significant stockholders, directors, or executive officers; · strategic decisions such as acquisitions, divestitures, spin- offs, joint ventures, strategic investments **,** or changes in business strategy; · the passage of legislation or other regulatory developments affecting us or our industry; · speculation, whether or not correct, involving us, our suppliers **,** or our competitors; · changes in accounting principles; · litigation and governmental investigations; · publicity (regardless of their accuracy), including on social media platforms, negatively impacting our reputation; · terrorist acts, acts of war or periods of widespread civil unrest; · a foodborne illness outbreak; · severe weather, natural disasters, and other calamities; and · changes in the general market and economic conditions. ~~17Our~~ **19Our** ~~by-~~ **articles of incorporation,** ~~laws~~ **bylaws** and Wyoming law may discourage a change of control of our company and depress the price of our stock. Our ~~certificate~~ **articles** of incorporation and by- laws include certain provisions that could have the effect of discouraging, delaying **,** or preventing a change of control of our company or changes in our management, including, among other things: • advance notice requirements applicable to stockholders for matters to be brought before a meeting of stockholders and requirements as to the form and content of a stockholder' s notice; • the right to issue preferred stock without stockholder approval, which could dilute the stock ownership of a potential hostile acquirer; • allowing all vacancies, including newly created directorships, to be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum, except as otherwise required by law; • limiting the persons that can call special meetings of our stockholders to our board of directors, the chairperson of our board of directors, the chief executive officer **,** or the president (in the absence of a chief executive officer). We have no plans to pay cash dividends on our common stock. We likely will retain future earnings, if any, for future operations, expansion **,** and debt repayment **,** and **we** have no plans to pay any cash dividends ~~for~~ **in** the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our results of operations, financial condition, cash requirements, contractual restrictions **,** and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends may be limited by covenants of any existing and future outstanding indebtedness our subsidiaries or we incur, including our credit facility. As a result, you may not receive any return on an investment in our common ~~it~~ **stock** for a price greater than that ~~eater than that which~~ you paid ~~for it~~ . Raising additional equity capital may be more difficult while the warrants are outstanding. While the warrants issued in our IPO are outstanding, the holders of such warrants will be **able** ~~given the opportunity~~ to profit from a rise in the market price of our common stock. ~~We~~ **However, we** may find it more difficult to raise additional equity capital ~~while~~ **. At the same time,** the warrants are outstanding **, and we may not have the capital to fund our expansion and growth plans or for other corporate purposes** . Our board of directors is authorized to issue preferred stock without obtaining stockholder approval. Our articles of incorporation authorize the issuance of up to 2, 000, 000 shares of preferred stock with designations, rights and preferences that may be determined from time to time by the board of directors. Our board of directors is empowered, without stockholder approval **,** to create and issue a series of preferred stock with dividend, liquidation, conversion, voting, or other rights ~~which~~ **that** could adversely affect the voting power or other rights of the holders of the common stock. In the event of issuance, the preferred stock could be utilized, under certain circumstances, as a method of discouraging, delaying or preventing a change in control ~~of We~~ . Although we have no present intention to issue any shares of preferred stock, there can be no assurance that ~~We~~ **we** will not do so in the future. These provisions might discourage, delay **,** or prevent a change in control of our company or a change in our management. These provisions could adversely affect the voting power of holders of common stock and limit the price that investors might be willing to pay in the future for shares of our common stock. Claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third- party claims. Our articles of incorporation and bylaws provide that the Company will indemnify our directors and officers, in each case, to the fullest extent permitted by Wyoming law. ~~In~~ **20In** addition, as permitted by the Wyoming Business Corporation Act, our bylaws and the indemnification agreements that we have entered into with our directors and officers provide that: ~~18~~ · we indemnify our directors and officers for serving us in those capacities or ~~for~~ serving other business enterprises at our request to the fullest extent permitted by Wyoming law. Wyoming law provides that a corporation may indemnify such **a** person if the person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the registrant and, with respect to any criminal proceeding, had no reasonable cause to believe the conduct was unlawful; · we may indemnify employees and agents in those circumstances permitted by applicable law; · we are required to advance expenses, as incurred, to our directors and officers in connection with defending a proceeding, except that such directors or officers shall undertake to repay such advances if it is ultimately determined that such person is not entitled to indemnification; · we will not be obligated pursuant to our bylaws to indemnify a person with respect to proceedings initiated by that person against us or our other indemnitees, except with respect to proceedings authorized by our board of directors or brought to enforce a right to indemnification ~~;~~ **,** · the rights conferred in our bylaws are not exclusive, and we are authorized to enter into indemnification agreements with our directors, officers, employees **,** and agents and to obtain insurance to indemnify such persons ~~;~~ and · we may not retroactively amend our bylaw provisions to reduce our indemnification obligations to directors, officers, employees **,** and agents. Reduced disclosure requirements **applicable to emerging growths** may make our common stock less attractive to investors. We are an " emerging growth company, " as defined in the JOBS Act. We may take advantage of certain exemptions from various reporting requirements that apply to other public companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes- Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive, there may be a less active trading market for our common stock, and our stock price may be more volatile. We have elected to use the extended transition period provided in Section 7 (a) (2) (B) of the Securities Act for complying with new or revised accounting standards that have different effective dates for public and private companies until the earlier of the date that we (i) are no longer an emerging growth company or (ii) affirmatively and irrevocably opt out of the extended transition period provided in Section 7 (a) (2) (B). We could remain an " emerging growth company " for up to five years from the last day of our fiscal year in which the first sale of our common equity securities occurred pursuant to an effective registration statement under the Securities Act ~~,~~ or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed $ 1 billion, (ii) the date that we become a " large accelerated filer " as defined in Rule 12b- 2 under the Exchange Act, which would occur if the market value of our common stock that is held by non- affiliates exceeds $ 700 million as of the last business day of our most recently completed second fiscal quarter, and (iii) the date on which we have issued more than $ 1 billion in non- convertible debt during the preceding three- year period. Notwithstanding the above, we are also ~~currently~~ a " smaller reporting company. " Specifically, similar to " emerging growth companies, " " smaller reporting companies " are able to provide simplified executive compensation disclosures in their filings ~~;~~ are exempt from the provisions of Section 404 (b) of the Sarbanes- Oxley Act requiring that independent registered public accounting firms provide an attestation report on the effectiveness of internal control over financial reporting; and have certain other decreased disclosure obligations in their SEC filings. Decreased disclosures in our SEC filings due to our status as an " emerging growth company " or " smaller reporting company " may make it harder for investors to analyze our results of operations and financial prospects. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.