

## Risk Factors Comparison 2025-03-07 to 2024-03-08 Form: 10-K

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You should carefully consider the following risk factors, as well as other information contained in this **Annual report Report**, including our financial statements and the notes related to those statements. The occurrence of any of the following risks could materially and adversely affect our business, prospects, financial condition, results of operations, and cash flow.

**Risks Related to Our Operations** We may be unsuccessful in opening new company- operated or franchised restaurants or in establishing new markets, which could adversely affect our growth. One of the key means to achieving our growth strategy is and will be through opening new restaurants and operating those restaurants on a profitable basis. **We In fiscal 2025, we plan to opened-- open one to two new company- operated restaurants-- restaurant in fiscal 2023 and plan our franchisees intend to open eight two-- to nine in fiscal 2024. Our franchisees opened three new restaurants in fiscal 2023 and plan to open five to seven in fiscal 2024.**

The ability to open new restaurants is dependent upon a number of factors, many of which are beyond our control, including our and our franchisees' abilities to: identify available and suitable restaurant sites; compete for restaurant sites; reach acceptable agreements regarding the lease or purchase of locations; obtain or have available the financing required to acquire and operate a restaurant, including construction and opening costs; respond to unforeseen engineering or environmental problems with leased premises; avoid the impact of inclement weather and natural and man- made disasters; hire, train, and retain the skilled management and other employees necessary to meet staffing needs; obtain, in a timely manner and for an acceptable cost, required licenses, permits, and regulatory approvals; respond effectively to any changes in local, state, and federal law and regulations that adversely affect our and our franchisees' costs or abilities to open new restaurants; and control construction and equipment cost increases for new restaurants. If we are unable to successfully manage these risks and open new restaurants or sign new franchisees as anticipated, or if restaurant openings are significantly delayed, we could face increased costs and lower than anticipated sales and earnings in future periods. As part of our longer- term growth strategy, we may enter into geographic markets in which we have little or no prior operating or franchising experience, including through company- operated restaurant growth and franchise development agreements. For example, **in May 2023, we are pursuing announced the signing of three-- the new development agreements covering territories in Northern Texas, Colorado, where we New Mexico, Idaho and Washington State. We currently have two restaurants --, and in Colorado. We plan on opening our first locations in New Mexico and, El Paso, Idaho and Washington State Texas, where we currently do not have any restaurants.** The challenges of entering new markets include (i) difficulties in hiring and training experienced personnel, (ii) unfamiliarity with local real estate markets and demographics, (iii) consumer unfamiliarity with our brand, and (iv) competitive and economic conditions, consumer tastes, and discretionary spending patterns that are different from and more difficult to predict or satisfy than in our existing markets. Any failure on our part to recognize or respond to these challenges may adversely affect the success of any new restaurants. Expanding our franchise system requires the implementation, expense, and successful management of enhanced business support systems, management information systems, and financial controls, as well as additional staffing, franchise support, and capital expenditures and working capital. Due to brand recognition and logistical synergies, as part of our growth strategy, we **also intend, at times, need** to open new restaurants in areas where we have existing restaurants. The operating results and comparable restaurant sales for our restaurants could be adversely affected due to increasing proximity among our restaurants and due to market saturation. We may not be able to compete successfully, including with other quick-service and fast casual restaurants. The food service industry, and particularly its QSR and fast casual segments, is intensely competitive. Competition in our industry is primarily based on price, convenience, quality of service, brand recognition, **ambience, restaurant location, and type and quality of food, food safety,** and our market position is based on balancing price and quality. These competitive factors are particularly applicable in markets in which we have expanded relatively rapidly or **are have recently expanded and continue to expanding--- expand. We compete with national, regional such as Texas and Colorado locally owned limited- service restaurants, fast casual restaurants, and full- service restaurants.** In addition, **many of our competitors have greater name recognition nationally or in some of the local markets in which we have shops. Particularly,** the greater Los Angeles area, the primary market in which we compete, consists of what we believe to be the most competitive Mexican- inspired QSR and fast casual market in the United States. We expect competition in this market and in each of our other markets to continue to be intense, because consumer trends are favoring LSRs that offer healthier menu items made with better- quality products, and many LSRs are responding to these trends. Moreover, we may also compete with companies outside the QSR and fast casual segment of the restaurant industry. For example, competitive pressures can come from deli sections and in- store cafés of several major grocery store chains, including those targeted at consumers who want higher- quality food, as well as from convenience stores, cafeterias and other dining outlets. Meal kit delivery companies and other eat- at- home options also present some degree of competition for our restaurants. If our company- operated and franchised restaurants cannot compete successfully, especially with other QSR and fast casual restaurants, in new and existing markets, we could lose customers and our revenue could decline, which may materially and adversely affect our business, financial condition, and results of operations. **12We-We are vulnerable to changes in political and economic conditions such as trade policies, tariff and import regulations by the United States, as well as** consumer preferences. The restaurant industry is dependent upon consumer discretionary spending, which may be affected by general global economic conditions or other business conditions that may affect the desire or ability of our customers to purchase our products, including recessions or inflationary pressures, which have caused, and may continue to cause, increased labor, commodity and other restaurant operating costs. In addition, we may be affected by higher consumer debt and interest rates, adverse conditions in the mortgage

housing markets, high unemployment levels, increases in gas prices, declines in median income growth, lower consumer confidence, lower consumer discretionary spending and uncertainties due to geopolitical turmoil and potential national or international security concerns. If the economy experiences a significant ~~decline~~ **13 decline**, our business, results of operations, our ability to access the capital markets and our ability to comply with the terms of our secured revolving credit facility could be materially and adversely affected, and we and our franchisees might decelerate the number and timing of new restaurant openings and / or the number of planned restaurant remodels. An actual or feared outbreak of disease, epidemic or pandemic, changes to regional or local economic conditions affecting consumer spending, or increased food or energy costs could also reduce consumer transactions or impose practical limits on pricing that could harm our business, financial condition, results of operations, and cash flow. In addition, political developments regarding U. S. relations with Mexico may harm our business. For example, increases in tariffs, restrictions on trade, or deterioration in American political or economic relations with Mexico could harm our brand and profitability. Changes in trade, labor, or immigration policy could raise our input prices, or reduce the supply of immigrants, who are in many cases our customers or employees, diminishing our sales and increasing our labor costs. In addition, factors that decrease consumer spending or increase security costs, such as social unrest, terrorist attacks or military action, may adversely affect our business.

**. Current uncertainties about increases in tariffs of imported products from countries, including Mexico, may have an adverse effect on our Company. On February 1, 2025, the U. S. government proposed tariffs up to 25 % on imports from certain countries, including Mexico and Canada, and implemented other tariffs on countries including China. Some of our produce, packaging and other items are procured from outside of the U. S. (including from Mexico, Canada and China), and any new or increased import duties, tariffs, trade sanctions or taxes, or other changes in U. S. trade or tax policy could result in higher food and supply costs that would adversely impact our financial results. While we are still evaluating the potential impacts of these proposed tariffs, as well as our ability to mitigate their related impacts, we anticipate it might adversely impact our revenue and cost of goods sold in the United States. If the provisions of these tariffs are maintained as proposed, we may need to take measures including increasing our menu prices in response. Higher menu prices or the perceived value of our meals relative to competitors may lead consumers to reduce their spending in our restaurants or switch to competitors' value or lower- priced meals. If competitive or other factors prevent us from offsetting these higher costs through menu price increases, our profitability may decline, which could negatively impact our restaurant transactions, business, and comparable restaurant sales. The ultimate impact of any tariffs will depend on various factors, including if any tariffs are ultimately implemented, the timing of implementation, and the amount, scope and nature of the tariffs.**

Additionally, changes in consumer health perceptions or trends in eating habits may also adversely affect our business if we are unable to effectively adapt our menu offerings. Our success is dependent upon continued customer acceptance of our Mexican- inspired food and customer health perceptions regarding our products. A decrease in American consumers' interest in Mexican- inspired food or chicken- based food, or changes in customer health perceptions of our food, could harm our brand and profitability. We cannot make any assurances regarding our ability to effectively respond to changes in consumer preferences or our ability to develop new products that appeal to consumer preferences. If we are unable to attract, develop, assimilate, and retain employees, we may not be able to grow or successfully operate our business. Our success depends in part upon our ability to attract, train, assimilate, and retain a sufficient number of employees, including crewmembers, managers and shift leaders, who understand and appreciate our culture, are able to represent our brand effectively and establish credibility with our customers. If we are unable to hire and retain restaurant employees capable of consistently providing a high level of customer service, understanding of our customers, and knowledge of our offerings, our ability to open new restaurants may be impaired, the performance of our existing and new restaurants could be adversely affected, and our brand image may be negatively impacted. Our growth strategy will require us to attract, train, and assimilate even more restaurant employees. Our ability to do so may be adversely affected by labor shortages. Our business could be negatively affected by regional geographic concentrations. Our company- operated and franchised restaurants in the greater Los Angeles area generated, in the aggregate, approximately **72.0 % of our revenue in fiscal 2024 and approximately** ~~71.3 % of our revenue~~ in fiscal 2023 ~~and approximately 71.2 % in fiscal 2022~~. Adverse changes in demographic, unemployment, economic, or regulatory conditions in the greater Los Angeles area or in the State of California, including, enforcement policies for and changes in immigration law, have had and may continue to have material adverse effects on our business. ~~We~~ **14 We** also may be negatively affected by weather conditions specific to the Los Angeles region, including fires, earthquakes, or other natural disasters. Additionally, outside of Los Angeles, many of our restaurants are clustered around major cities in Northern California, Texas, **Arizona, Nevada, Colorado** and elsewhere, and prolonged or severe inclement weather could affect our sales at restaurants in locations that experience such conditions. Localized disasters, especially exacerbated by climate change, including wildfires, hurricanes, and flooding, could impair our assets and operations in those areas. Any other events disrupting businesses, consumer discretionary spending or our employee population in the greater Los Angeles area could also have an outsized negative impact on our business or results of operations. ~~13 Our~~ **Our** inability or failure to execute our business continuity and response plan following a major disaster such as a natural disaster, terrorism, social unrest or a cybersecurity incident affecting our corporate facilities could materially adversely affect our business. Our corporate systems and support for our restaurant operations are handled primarily at our corporate headquarters. We have business continuity and response plans in place to address major disasters, including natural disasters such as earthquakes, hurricanes, flooding and wildfires, as well as man- made disasters such as terrorism, social unrest and cybersecurity incidents. However, if we are unable or fail to fully implement such plans, we may be unable to carry out essential corporate functions or we may be delayed in our recovery of data or required reporting and compliance, which could have a material adverse effect on our business or expose us to legal liabilities. In addition, threats from major disasters are constantly evolving, which may make it difficult for us to predict, plan for and protect against such threats, and our business continuity and response plan may not adequately address or protect against all threats we face. Our long- term success depends in part on our ability to

effectively identify and secure appropriate sites for new restaurants. In order to build new restaurants, we must first identify markets where we can enter or expand our footprint, taking into account numerous factors, including the location of our current restaurants, local economic trends, population density, area demographics, cost of construction and real estate and geography. Then we must secure appropriate restaurant sites, which is one of our biggest challenges. There are numerous factors involved in identifying and securing an appropriate restaurant site, including: evaluating size of the site, traffic patterns, local retail, residential and business attractions and infrastructure that will drive high levels of customer traffic and sales; competition in new markets, including competition for restaurant sites; financial conditions affecting developers and potential landlords, such as the effects of macro-economic conditions and the credit market (including the potential for rising interest rates), which could lead to these parties delaying or canceling development projects (or renovations of existing projects), in turn reducing the number of appropriate restaurant sites available; developers and potential landlords obtaining licenses or permits for development projects on a timely basis; proximity of potential restaurant sites to existing restaurants; anticipated commercial, residential and infrastructure development near the potential restaurant site; and availability of acceptable lease terms and arrangements, including construction costs. In addition, competition for restaurant sites in our target markets can be intense, and development and leasing costs are increasing. Given the numerous factors involved, we may not be able to successfully identify and secure attractive restaurant sites in existing, adjacent or new markets, or we may fail to develop, profitably operate or meet our projections for new restaurants at such sites, which could have a material adverse effect on our business, financial condition and results of operations. We have incurred, and may continue to incur, significant impairment of certain of our assets, in particular in our new markets. The recognition of impairment charges may adversely affect our future operations and results. In assessing the recoverability of our property and equipment assets, we consider changes in economic conditions and make assumptions regarding estimated future cash flows and other factors. There is uncertainty in the projected undiscounted future cash flows used in our impairment review analysis, which requires the use of estimates and assumptions. If actual performance does not achieve the projections, or if the assumptions used change in the future, we may be required to recognize impairment charges in future periods, and such charges could be material. Given the difficulty in projecting results for newer restaurants in newer markets, as well as the impact of the current macroeconomic environment, we monitor the recoverability of the carrying value of the assets of several restaurants on an ongoing basis. Asset impairments to new units or future capital expenditures could present additional exposure. Closures could also require ~~additional~~ **additional** expenditures. Furthermore, franchised unit closings could result in the loss of franchise revenue and have other adverse effects on us. Changes in food, supply costs, especially for chicken, labor, construction and utilities could adversely affect our business, financial condition, and results of operations. Our profitability depends in part on our ability to anticipate and react to changes in the cost of food, supplies, labor, construction and utilities. In ~~2023-2024~~, the costs of certain commodities, labor, and other inputs necessary to operate our restaurants have increased. **For example, our labor and regulatory compliance have been adversely impacted as a result of AB 1228 which increased the minimum wage at fast food restaurants such as ours to \$ 20 an hour on April 1, 2024. As a result of AB 1228, our labor and regulatory compliance costs increased significantly. See the risk titled “ Matters relating to employment and labor law may adversely affect our business ” below for more information.** In addition, we are susceptible to increases in food costs as a result of factors beyond our ~~14 control~~ **control**, such as general economic conditions, seasonal economic fluctuations, weather conditions including wildfires and flooding, global demand, food shortages, food safety concerns, infectious diseases, fluctuations in the U. S. dollar, cyber- attacks, transportation issues, product recalls, and government regulations, including tariffs and other import restrictions on foreign produce and other goods. ~~In~~ **For example, since** ~~2022 and continuing into 2023, for example,~~ we experienced inflationary pressures due to supply chain disruptions that adversely impacted and may continue to adversely impact our business and results of operations. Environmental and weather-related issues, which have been exacerbated by climate change, such as freezes, drought, wildfires, hurricanes and flooding, may also lead to increases, temporary or permanent, or spikes in the prices of some ingredients, such as produce and meat. Any increase in the prices of the ingredients most critical to our menu, in particular chicken, as well as corn, cheese, avocados, beans, rice, and tomatoes, could adversely compress our margins, or cause us to raise our prices, reducing customer demand. Alternatively, in the event of cost increases with respect to one or more of our raw ingredients, we might choose to temporarily suspend serving menu items, such as guacamole or one or more of our salsas, rather than pay the increased cost. ~~Additionally, as a substantial volume of produce and other items are procured from Mexico, and occasionally other countries including Chile and Peru, any new or increased import duties, tariffs or taxes, or other changes in U. S. trade or tax policy could result in higher food and supply costs that would adversely impact our financial results. Any such changes to our menu prices or available menu could negatively impact our restaurant transactions, business, and comparable restaurant sales during the shortage and thereafter.~~ Our principal food product is chicken. In fiscal ~~2024, 2023, and 2022~~, **2024, 2023, and 2022**, and ~~2021~~, the cost of chicken included in our product cost was approximately **9.3 %**, 10.0 %, **and 11.0 %**, and ~~9.9 %~~, respectively, of our revenue from company- operated restaurants. Material increases in the cost of chicken could materially and adversely affect our business, operating results, and financial condition. Changes in the cost of chicken are impacted by a number of factors, including seasonality, increases in the cost of grain, disease, and other factors that affect domestic and international supply of and demand for chicken products. Additionally, environmental and animal rights regulations or voluntary programs have in the past led to increases, and could lead to future increases in, the cost or supply of chicken and other foods. We often ask our suppliers to use fixed price contracts or other financial risk management strategies to reduce potential price fluctuations in the cost of chicken and other commodities. We have implemented menu price increases in the past to significantly offset increased chicken prices, due to competitive pressures and compressed profit margins. We may not be able to offset all or any portion of increased food and supply costs, or labor, construction and utility costs through higher menu prices in the future. If we implement further menu price increases in the future to protect our margins, average check size and restaurant transactions could be materially and adversely affected, at both company- operated and franchised restaurants. Public health crises, ~~including~~ **such as** the COVID- 19 pandemic have had,

and may in the future have, a significant negative impact on our business, sales, results of operations and financial condition. Pandemics, epidemics or other public health crises, including such as the COVID- 19, have disrupted, and may continue to disrupt, our restaurant operations, including by causing temporary closures of some restaurants, closures of dining rooms, limited capacity restrictions and / or decreased operating hours for some restaurants due to government mandates and / or staffing shortages. If future public health emergencies, including additional surges of COVID- 19, at a significant number of our locations require us to temporarily close those locations for disinfection or result in a large number of our employees becoming ill or quarantined and being unable to work, our business and results of operations could be further adversely affected, which may also impact our financial condition. **Such public health crises may also adversely affect our ability to implement our growth plans, including delays in the opening or construction of new restaurants or the remodel of existing restaurants. For example, the global pandemic resulting from the outbreak of COVID- 19 disrupted our restaurant operations from 2020 to 2023. In response to federal, state and local mandates that were aimed at limiting the spread of COVID- 19, public health crises may also adversely affect our ability due to staffing shortages to implement our growth plans, we and including delays in the opening or our construction franchisees experienced temporary closures of new some restaurants, closures of dining rooms, limited capacity restrictions and / or decreased operating hours or for some the remodel of existing restaurants.** **16** If in the event of another public health crisis or if, such as the COVID- 19 conditions pandemic, reemerge-- emerge, our sales and operating costs may be materially adversely affected, which could impact our asset values, including goodwill, derivative instruments and property and equipment assets, as well as our ability to meet certain covenant provisions in our debt arrangements in future periods, and have a material adverse effect on our financial results, future operations and liquidity. Even after a new public health crisis has subsided, we may continue to experience negative impacts to our financial results due to the public health's crisis impact on the economy in general, globally, nationally and in the ~~locate~~ **local** markets in which we operate, including the availability of credit generally, adverse impacts on our liquidity, and / or decreases in consumer discretionary spending that depress demand for our products. In addition, the perceived risk of infection or a resurgence or concern of a resurgence of COVID- 19 or other **similar** diseases may continue to adversely affect traffic to our restaurants and, in turn, may have a material adverse effect on our business, liquidity, financial condition and results of ~~15~~ **operations-- operations**. We are also subject to all of the foregoing risks in connection with the outbreak of other diseases, epidemics or pandemics, or similar public threats or fear of such events. Social media and negative publicity could have a material adverse impact on our business. Negative publicity, including information posted on social media platforms, at one or more of our restaurants relating to food safety, sanitation, employee relationships or other matters can adversely affect us, regardless of whether an allegation is valid or whether we are held to be responsible. Adverse information posted on social media platforms can quickly reach a wide audience and resulting harm to our reputation may be immediate, without affording us an opportunity to correct or otherwise respond to the information. It is challenging to monitor and anticipate developments on social media in order to respond in an effective and timely manner. As a result, social media may exacerbate the risks we face related to negative publicity. In addition, the negative impact of any adverse publicity relating to one restaurant may extend far beyond the restaurant involved to affect some or all of our other restaurants, including our franchised restaurants. The risk of negative publicity is particularly great with respect to our franchised restaurants, because we are limited in the manner in which we can regulate them, especially on a real- time basis. A similar risk exists with respect to food service businesses unrelated to us, if customers mistakenly associate those unrelated businesses with our operations. A variety of additional risks associated with our use of social media include the possibility of improper disclosure of proprietary information, exposure of personally identifiable information of our employees or guests, fraud, or the publication of out- of- date information, any of which may result in material liabilities or reputational damage. Furthermore, any inappropriate use of social media platforms by our employees could also result in negative publicity that could damage our reputation, or lead to litigation that increases our costs. ~~Our~~ **We rely on our** ability to continue to expand our digital business, delivery orders and catering is uncertain, and these new business lines are subject to **various** risks. **If we are not able to maintain the growth of our digital business, it may be difficult for us to achieve our planned sales growth**. We rely on third- party providers to fulfill delivery orders, and the ordering and payment platforms used by these third parties, or our mobile app or online ordering system, could be damaged or interrupted by technological failures, user errors, cybersecurity incidents or other factors, which may adversely impact our sales through these channels and could negatively impact our brand. Additionally, our delivery partners may make errors or fail to make timely deliveries, leading to customer disappointment that may negatively impact our brand. We also incur additional costs associated with using third- party service providers to fulfil these digital orders. ~~Moreover~~ **Additionally, our delivery partners own the customer data for orders placed on the their platform and may use such customer data to encourage customers to order from other restaurants or delivery platforms. The** third- party restaurant delivery business is intensely competitive, with a number of players competing for market share, online traffic, capital, and delivery drivers and other people resources. The third- party delivery services with which we work may struggle to compete effectively, and if they were to cease or curtail operations or fail to provide timely delivery services in a cost- effective manner, or if they give greater priority on their platforms to our competitors, our delivery business may be negatively impacted. We have also introduced catering offerings on both a pick- up and delivery basis, and customers may choose our competitors' catering offerings over ours, be disappointed with their experience with our catering, or experience food safety problems if they do not serve our food in a safe manner, which may negatively impact us. Such delivery and catering offerings also increase the risk of illnesses associated with our food because the food is transported and / or served by third parties in conditions we cannot control. ~~We~~ **17** ~~We~~ do not have a long history with our catering offering and it is difficult for us to anticipate the level of sales they may generate. In addition, using third - party providers to fulfill delivery orders may result in operational challenges, both in fulfilling orders made through these channels and in operating our restaurants as we balance fulfillment of these orders with service of our traditional in- restaurant guests. Any such operational challenges may negatively impact the customer experience associated with our digital, delivery or

catering orders, the guest experience for our traditional in- restaurant business, or both. These factors may adversely impact our sales and our brand reputation. Food- borne illness and other food safety and quality concerns may negatively impact our business and profitability. Incidents or reports of food- or water- borne illness or other food safety issues, food contamination or tampering, employee hygiene or cleanliness failures, or improper employee conduct at our restaurants could lead to product liability or other claims. Such incidents or reports **, have in the past, and could in the future,** negatively affect our brand and reputation as well as our business, revenues, and profits. ~~16Furthermore~~ **Furthermore**, our reliance on third- party food processors makes it difficult to monitor food safety compliance, and may increase the risk that a food- borne illness would affect multiple locations rather than a single restaurant. Some food- borne illness incidents could be caused by third- party food suppliers and transporters outside of our control. New illnesses resistant to our current precautions may develop in the future, or diseases with long incubation periods could arise that could cause claims or allegations on a retroactive basis. One or more instances of food- borne illness in one of our company- operated or franchised restaurants **has in the past and could in the future** negatively affect sales at all of our restaurants if highly publicized. This risk would exist even if it were later determined that an illness had been wrongly attributed to one of our restaurants. Additionally, even if food or water- borne illnesses or other food safety issues or incidents were not identified at El Pollo Loco restaurants, our restaurant sales could be adversely affected, both financially and otherwise, if instances of similar incidents or reports at other QSRs or restaurant chains were highly publicized. In addition, our restaurant sales could be adversely affected by publicity regarding other high- profile illnesses such as avian flu that customers may associate with our food products. Failure to receive timely deliveries of food or other supplies could result in a loss of revenue and materially and adversely impact our operations. Our and our franchisees' ability to maintain consistent quality menu items and prices significantly depends upon our ability to acquire fresh food products, including the highest- quality chicken and related items, from reliable sources, in accordance with our specifications and on a timely basis. Shortages or interruptions in the supply of fresh food products, caused by unanticipated demand, problems in production, distribution or otherwise in the supply chain, contamination of food products, an outbreak of poultry disease, inclement weather, or other conditions, could materially and adversely affect the availability, quality, and cost of ingredients, which would adversely affect our business, financial condition, results of operations, and cash flows. We have contracts with a limited number of suppliers for the chicken and other food and supplies for our restaurants. Further, increases in fuel prices could result in increased distribution costs. In addition, one company distributes substantially all of the products that we receive from suppliers to company- operated and franchised restaurants. If that distributor or any supplier fails to perform as anticipated or seeks to terminate agreements with us, or if there is any disruption in any of our supply or distribution relationships for any reason, including our ability to replace any lost distributor or supplier, our business, financial condition, results of operations, and cash flows could be materially and adversely affected. If we or our franchisees temporarily close a restaurant or remove popular items from a restaurant' s menu as a result of such a disruption, that restaurant may experience a significant reduction in revenue if our customers change their dining habits as a result. Our level of indebtedness, and restrictions under our credit facility, could materially and adversely affect our business, financial condition, and results of operations. Our level of indebtedness could have significant effects on our business, such as: limiting our ability to borrow additional amounts to fund working capital, capital expenditures, acquisitions, debt service requirements, execution of our growth strategy, and other purposes; requiring us to dedicate a portion of our cash flow from operations to pay interest on our debt, which could reduce availability of our cash flow to fund working capital, capital expenditures, acquisitions, execution of our growth strategy, and other general corporate purposes; making us more vulnerable to adverse changes in general economic, industry, government regulatory, and competitive conditions in our business by ~~limiting~~ **limiting** our ability to plan for and react to changing conditions; placing us at a competitive disadvantage compared with our competitors with less debt; and exposing us to risks inherent in interest rate fluctuations, because our borrowings are at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates. In addition, we may not be able to generate sufficient cash flow from our operations to repay our indebtedness when it becomes due and to meet our other cash needs. If we are not able to pay our debts as they become due, we will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness, or selling additional debt or equity securities. We may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, and if we have to sell our assets, that sale may negatively affect our ability to generate revenue. Our secured revolving credit facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, our ability to (i) incur additional indebtedness, (ii) issue preferred stock, (iii) create liens on assets, (iv) engage in mergers or consolidations, (v) sell assets, (vi) make investments, loans, or advances, (vii) make certain ~~17acquisitions~~ **acquisitions**, (viii) engage in certain transactions with affiliates, (ix) authorize or pay dividends, and (x) change our lines of business or fiscal year. In addition, our secured revolving credit facility requires us (i) to maintain, on a consolidated basis, a minimum consolidated fixed charge coverage ratio and (ii) not to exceed a maximum lease adjusted consolidated leverage ratio. Our ability to borrow under our secured revolving credit facility depends on our compliance with these tests. Events beyond our control, including changes in general economic and business conditions, may affect our ability to meet these tests. We cannot guarantee that we will meet these tests in the future, or that our lenders will waive any failure to meet these tests. Further, we are a holding company with no material direct operations. Our principal assets are the equity interests that we indirectly hold in our operating subsidiary, El Pollo Loco, Inc. (" EPL "), which owns our operating assets. As a result, we are dependent on loans, dividends, and other payments from EPL, our operating company and indirect wholly owned subsidiary, and from EPL Intermediate, Inc. (" Intermediate "), our direct wholly owned subsidiary, to generate the funds necessary to meet our financial obligations and to pay dividends on our common stock. Our subsidiaries are legally distinct from us and may be prohibited or restricted from paying dividends or otherwise making funds available to us under certain conditions. Our marketing programs may not be successful, and our new menu items, advertising campaigns, and restaurant designs and remodels may not generate increased sales or profits. We incur costs and expend other resources in our marketing efforts on new menu items, advertising

campaigns, and restaurant designs and remodels, to raise brand awareness and to attract and retain customers. Our initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues. Further, if our marketing and advertising strategies are not successful, we may be forced to engage in additional promotional activities to attract and retain customers, including offers for free or discounted food, and any such additional promotional activities could adversely impact our profitability. Additionally, some of our competitors have greater financial resources than we do, enabling them to spend significantly more on marketing, advertising, and other initiatives. Should our competitors increase spending on marketing, advertising, and other initiatives, or our marketing funds decrease for any reason, or should our advertising, promotions, new menu items, and restaurant designs and remodels be less effective than those of our competitors or not resonate with our customers, there could be a material adverse effect on our results of operations and financial condition. Adverse changes in the economic environment may affect our franchisees, with adverse consequences to us. Adverse changes in the economic environment, including inflation and increased labor and supply costs, could result in our franchisees filing for bankruptcy or becoming delinquent in their payments to us, which could have significant adverse impacts on our business, due to loss or delay in payments of (i) royalties, (ii) information technology (“IT”) support service fees, (iii) contributions to our advertising funds, and (iv) other fees. Bankruptcies by our franchisees could (i) prevent us from terminating their franchise agreements, so that we could offer their territories to other franchisees, (ii) negatively impact our market share and operating results, as we might have fewer well-performing restaurants, and (iii) adversely impact our ability to attract new franchisees. Franchisees may not have access to the financial or management resources that they need to open the restaurants contemplated by their agreements with us, or be able to find suitable sites on which to develop those restaurants. Franchisees may not be able to negotiate acceptable lease or purchase terms for restaurant sites, obtain necessary permits and government approvals, or meet construction schedules. Any of these problems could slow our growth and reduce our franchise revenue. Additionally, our franchisees typically depend on financing from banks and other financial institutions, which may not always be available to them, in order to construct and open new restaurants. For these reasons, franchisees operating under development agreements may not be able to meet the new restaurant opening dates required under those agreements. Also, we sublease certain restaurants to some existing California franchisees. If any such franchisees cannot meet their financial obligations under their subleases, or otherwise fail to honor or default under the terms of their subleases, especially where state franchise laws may limit our ability to terminate or modify these franchise arrangements, we will be financially obligated under a master lease and could be materially and adversely affected. In the past, franchisees have entered bankruptcy or receivership, which have in the past and can in the future lead to sale or closure of franchises, cause underperformance or underinvestment in capital expenditures, or lead to nonpayment of us or other creditors, and these circumstances could recur in the future. We have limited control with respect to the operations of our franchisees, which could have a negative impact on our business. As of December 27-25, 2023-2024, approximately 65 % of our restaurants were franchised restaurants, therefore, our success relies on the financial success and cooperation of our franchisees, yet we have limited influence over their operations. Franchisees are independent business operators. They are not our employees, and we do not exercise control over the day-to-day operations of their restaurants. We provide training and support to franchisees, and set and monitor operational standards, but the quality of franchised restaurants may be diminished by any number of factors beyond our control. Consequently, franchisees may fail to operate their restaurants in fashions consistent with our standards and requirements, or to hire and train qualified managers and other restaurant personnel. If franchisees do not operate to our expectations, our image and reputation, and the images and reputations of other franchisees, may suffer materially, and system-wide sales could decline significantly. If our relations with existing or potential franchisees deteriorate, restaurant performance and our development pipeline could suffer. Our growth depends on maintaining amicable relations with our franchisees, including their participation in and adherence to our restaurant operating guidelines. Because our ability to control our franchisees is limited, disagreement may lead to inaction by our franchisees with respect to our initiatives, or even disputes with our franchisees, in court, arbitration or otherwise, including disputes related to an actual or alleged violation of contractual, statutory or common law obligations. Such disputes occur from time to time as we continue to offer franchises due to our size and the general nature of the franchisor-franchisee relationship. Unfavorable judgments, awards or settlements relating to franchisee disputes could result in monetary or injunctive relief against us, including the voiding of non-compete, territorial exclusivity, or other development-related provisions upon which we rely to protect our brand, that which could have a material adverse effect on our business and results of operations. Disputes with franchisees also divert the attention, time, and financial resources of our management and our franchisees from our restaurants, which could have a material adverse effect on our (and our franchisees’) business, financial condition, results of operations, and cash flows, as well as our ability to attract new franchisees. Even our success in franchisee disputes could damage our (or our franchisees’) finances or operations, as well as our relationships with our franchisees and our ability to attract new franchisees given the negative connotations of any franchisor-franchisee disputes. Our self-insurance programs may expose us to significant and unexpected costs and losses. We currently maintain employee health insurance coverage on a self-insured basis. We do maintain stop loss coverage which sets a limit on our liability for both individual and aggregate claim costs. We currently record a liability for our estimated cost of claims incurred and unpaid as of each balance sheet date. Our estimated liability is recorded on an undiscounted basis and includes a number of significant assumptions and factors, including historical trends, expected costs per claim, actuarial assumptions, and current economic conditions. Our history of claims activity for all lines of coverage is closely monitored, and liabilities are adjusted as warranted based on changing circumstances. It is possible, however, that our actual liabilities may exceed our estimates of loss. We may also experience an unexpectedly large number of claims that result in costs or liabilities in excess of our projections, and therefore we may be required to record additional expenses. For these and other reasons, our self-insurance reserves could prove to be inadequate, resulting in liabilities in excess of our available insurance and self-insurance. If a successful claim is made against us and is not covered by our insurance or exceeds our policy limits, our business may be negatively and materially impacted. We are locked into long-term and non-cancelable leases, and

may be unable to renew leases at the ends of their terms. Many of our restaurant leases are non-cancelable and typically have initial terms of up to 20 years with up to four renewal terms of five years that we may exercise at our option. Even if we close a restaurant, we may remain committed to perform our obligations under the applicable lease, which could include, among other things, payment of the base rent for the balance of the lease term. In addition, in connection with leases for restaurants that we will continue to operate, we may, at the end of the lease term and any renewal period for a restaurant, be unable to renew the lease without substantial additional cost, if at all. As a result, we may close or relocate the restaurant, which could subject us to ~~19~~ ~~construction~~ **construction** and other costs and risks. Additionally, the revenue and profit, if any, generated at a relocated restaurant might not equal the revenue and profit generated at its prior location. If we are unable to achieve our social and environmental sustainability goals, our reputation and results of operations could be adversely affected. In addition to financial performance, companies increasingly are being judged by their performance on a variety of environmental, social and governance (“ESG”) factors. Investors, governmental agencies and self-regulatory organizations, including the **Securities and Exchange Commission (“SEC”)**, the NYSE and the Financial Accounting Standards Board (the “FASB”), have increasingly focused on social and environmental sustainability achievements and disclosures, including with respect to climate change, energy use, packaging and waste, human rights, sustainable supply chain practices, animal health and welfare and water use. Achievement of our goals are subject to risks and uncertainties, many of which are outside of our control and may prove to be more difficult and costly than we anticipate. These risks and uncertainties include, but are not limited to, our ability to achieve our ESG goals within currently projected costs and expected timeframes; unforeseen operational and technological difficulties; the success of our collaboration with our suppliers and other third parties; and competitive pressures. Failure to achieve our goals could damage our reputation and relationships with our guests, investors and other stakeholders, which could have an adverse effect on our business, results of operations and stock price. **Further, different stakeholder groups have divergent views on ESG matters, which increases the risk that any action or lack thereof with respect to ESG matters will be perceived negatively by at least some stakeholders and adversely impact our reputation and business. Anti-ESG sentiment has gained some momentum across the United States. If we do not successfully manage ESG-related expectations across these varied stakeholder interests, we may face scrutiny, reputational risk, lawsuits, or market access restrictions from these parties regarding our ESG initiatives.** Risks Related to Information Technology and Data Security Information technology system failures or breaches of our network security could interrupt our operations and adversely affect our business. From time to time, we experience ~~security~~ **cybersecurity events incidents** within our **information networks and systems**. These ~~security~~ **cybersecurity events incidents** have included, and, may in the future include, those caused by physical or electronic break-ins, computer viruses, malware, worms, attacks by hackers or foreign governments, **ransomware**, unauthorized access through the use of compromised credentials and tampering, including through social engineering such as phishing attacks, coordinated denial-of-service attacks, exploitation of design flaws, bugs or security vulnerabilities and similar breaches, or intentional or unintentional acts by employees or other insiders with access privileges. In the past, these ~~events~~ **cybersecurity incidents** have resulted in, and in the future could result in, among other things, temporary system disruptions or shutdowns or unauthorized access to confidential information. These events **have in the past resulted in, and** could in the future also result in misappropriation of our or our customers’ **personal information or other** proprietary or confidential information, breach of our legal, regulatory or contractual obligations, delays in our operations, or inability to access or rely upon critical business records or systems. In some cases, it may be difficult to anticipate or immediately detect such incidents and the damage they cause. We may be required to expend significant financial resources to protect against or to remediate such security breaches, **including the cost of providing notification to affected individuals and governmental authorities**. In addition, our operations depend upon our ability to protect our ~~information~~ **computer equipment and systems** against damage from physical theft, fire, power loss, telecommunications failure, and other catastrophic events and disruptive problems. Any unauthorized access of our systems or the information stored on such systems, damage or failure of our ~~computer~~ **computer systems or network infrastructure** that causes an interruption in our operations could damage our reputation, subject us to litigation or to actions by regulatory authorities, harm our business relations or increase our security and insurance costs, which could have a material adverse effect on our business, financial condition and results of operations. ~~Moreover~~ **Additionally, we rely on third-party service providers and technologies to operate certain critical business systems to process sensitive information in a variety of contexts, including, without limitation, our point-of-sale devices, cloud-based infrastructure, encryption and authentication technology, employee email, and other similar functions. While we endeavor to review and monitor these third parties’ information security practices and technologies, we cannot always ensure these third parties may not have adequate information security measures in place, or they will not suffer unexpected power losses or computer system or data network failures that negatively impacts the information technology systems, infrastructures, and operations or solutions on which we rely upon. If our third-party service providers experience a cybersecurity incident or other type of interruption or if an unexpected flaw or failed software update related to third-party software and vendors used in our information systems occurs, and we even if inadvertent, our information systems may therefore have a become disabled or inaccessible and access to our data and other business information may be limited ability to guard against, which learn about, or remedy problems that could materially disrupt our operations** harm us, including bugs and glitches, system outages, and hacks that exploit security vulnerabilities to obtain information. If we are unable to protect our customers’ payment method data or personal information, we could be exposed to data loss, litigation, liability, and reputational damage. We collect and retain internal and customer data, including personally identifiable information of our employees and customers. **In connection with the collection and retention of this information, we are subject to legal and compliance risks and associated liability related to privacy and data protection requirements. Due to enhanced scrutiny from the general public, data privacy regulations as well as their interpretations and criteria for enforcement, continue to be subject to frequent change, and there are likely to be other jurisdictions that**

**propose or enact new or emerging data privacy requirements in the future. The complexity of these privacy and data protection laws may result in significant costs arising from compliance and from any non-compliance, whether or not due to our negligence, and could affect our brand reputation and our results of operations.** It is possible that measures we have taken to prevent the occurrence of security breaches **and other cybersecurity incidents** may not be adequate and we may in the future become subject to claims or proceedings for purportedly fraudulent transactions arising out of the actual or alleged theft of credit / debit card information. Any such claims or proceedings could distract our management team members from running our business, adversely affect our reputation, and cause us to incur significant unplanned losses and expenses. ~~20~~**We** **For example, we** are also subject to federal and state laws regulating the collection and use of personal information of our employees and customers, including the California Consumer Privacy Act (“ CCPA ”), which took effect January 1, 2020, and the California Privacy Rights Act (“ CPRA ”), which was approved in November 2020, and beginning in January 2023 imposed additional data protection obligations on companies doing business in California **, including rights of access, correction, deletion and opt- outs from sale of personal information or sharing of personal information for cross- context behavioral advertising.** We may also be subject to data privacy laws in other jurisdictions that we have expanded or are planning to expand into, such as Colorado and Texas. Such data privacy laws impose similar requirements as the CCPA and CPRA. **In addition, while we have implemented cookies notices and settings, there is the risk of class action claims arising from the use of cookies and other tracking technologies under the California Invasion of Privacy Act given the evolving nature of court decisions interpreting that law.** In addition, our ability to accept credit / debit cards as payment in our restaurants and online depends on us maintaining our compliance status with standards set by the PCI Security Standards Council, which require certain levels of system security and procedures to protect our customers’ credit / debit card information as well as other personal information. Compliance with these standards and regulations may impose significant costs on us. Further, while we have implemented policies and procedures **designed** to ensure compliance with the CCPA **and other applicable state data privacy**, the manner in which the California Attorney General **and the CPPA** may interpret and enforce the CCPA **and other state attorneys general may enforce their data privacy laws** is uncertain. The potential effects of the CCPA and CRPA **and other applicable state privacy laws** are far- reaching and may require us to modify our data processing practices and policies and incur substantial costs and expenses in an effort to comply with these regulations. There is also the potential for increased regulatory enforcement by the state agencies empowered to enforce these laws **, including the recently formed California Privacy Protection Agency.** Noncompliance with the CCPA, CRPA and other privacy laws could result in injunctions, fines and / or proceedings against us by governmental agencies or others. ~~There could also be uncertainty surrounding compliance with privacy laws in other jurisdictions such as state- specific laws, including those in Colorado, Utah, and others, which may conflict with existing legislation or future laws and regulations.~~ **Risks 22****Risks** Related to Intellectual Property The failure to enforce and maintain our trademarks and protect our other intellectual property could materially and adversely affect our business, including our ability to establish and maintain brand awareness. The success of our business strategy depends on our ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our branded products. If our efforts to protect our intellectual property are inadequate, or if any third- party misappropriates or infringes upon our intellectual property, whether in print, on the Internet, or through other media, our brands and branded products could fail to maintain or achieve market acceptance and the value of our brands could be harmed, materially and adversely affecting our business. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as do the laws of the United States. Any litigation to enforce our intellectual property rights will likely be costly and may not be successful. We maintain the recipe for our chicken marinade, as well as certain proprietary standards, specifications, and operating procedures, as trade secrets or confidential proprietary information. We may not be able to prevent the unauthorized disclosure or use of our trade secrets or proprietary information, despite the existence of confidentiality agreements and other measures. While we try to ensure that the quality of our brands and branded products is maintained by all of our franchisees, we cannot be certain that these franchisees will not take actions that adversely affect the value of our intellectual property or reputation. If any of our trade secrets or proprietary information were to be disclosed to or independently developed by a competitor, our business, financial condition, and results of operations could be materially and adversely affected. In addition, we may face claims of infringement that could interfere with our ability to market our restaurants and promote our brand. Any such litigation may be costly and could divert resources from our business. Moreover, if we are unable to successfully defend against such claims, we may be prevented from using our trademarks or service marks in the future and may be liable for damages, which in turn could have a material adverse effect on our business, financial condition and results of operations. **Risks** Related to Government Regulation and Litigation Matters relating to employment and labor law may adversely affect our business. Various federal, state and local labor laws govern our relationships with our employees and affect operating costs. These laws include employee classifications as exempt or non- exempt, minimum wage requirements, unemployment tax rates, workers’ compensation rates, citizenship requirements, and other wage and benefit requirements for employees classified as non- exempt. Significant additional government regulations and new laws mandating increases in minimum wages or benefits such as health insurance could materially affect our business, financial condition, operating results, and cash flow. In particular, our labor and regulatory compliance **have been** ~~costs are expected to be~~ adversely impacted as a result of AB 1228, signed into law by Governor Newsom on September 28, 2023, which repealed and replaced the FAST Act on January 1, 2024. Pursuant to AB 1228, the minimum wage at fast food restaurants that are part of brands which have ~~21 more~~ **more** than 60 establishments nationwide ~~will rise~~ **was increased** to \$ 20 an hour on April 1, 2024, and a Fast Food Council created by AB 1228 will have limited power to approve annual wage increases until 2029. Under the law, the Fast Food Council ~~will~~ **have has** the power to develop and propose minimum standards for fast food workers, including standards for working hours, working conditions, and health and safety. As a result of AB 1228, we ~~expect~~ **have experienced an increase in** our labor and regulatory compliance costs **and we expect these costs** will **continue to** increase beginning in fiscal 2024 ~~2025~~ and that our results of operations and

profitability will be adversely affected if we are not able to implement other measures to counter these increased costs. Further, this law could prompt similar legislation in other states. In addition, the unionization of our employees and of the employees of our franchisees could materially affect our business, financial condition, operating results, and cash flow. Employee claims against us or our franchisees 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 could otherwise be used to benefit the future performance of our operations. These types of employee claims could also be asserted against us, on a co-employer theory, by employees of our franchisees. A significant increase in the number of these claims, or an increase in the number of successful claims, could materially and adversely affect our business, brand image, employee recruitment, financial condition, results of operations, or cash flows. **We 23** We are from time to time the target of class action lawsuits and other claims proceedings, which could adversely affect our business and results of operations. Our business is subject to the risk of litigation by employees, customers, suppliers, stockholders, and others through private actions, class actions, administrative proceedings, regulatory actions, and other litigation, including actions regarding workplace and employment conditions, discrimination, and similar matters, and we are currently a party to wage and hour class action lawsuits. See additional information presented in Note **13-14** “ Commitments and Contingencies — Legal Matters ” in the accompanying “ Notes to Consolidated Financial Statements ” in this Annual Report. Occasionally, our customers file complaints or lawsuits against us alleging that we are responsible for some illnesses or injuries that they suffered at or after a visit to one of our restaurants, including actions seeking damages resulting from food-borne illnesses or accidents in our restaurants. We are also subject to 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 of their customers. We may also be subject to lawsuits from our employees, the U. S. Equal Employment Opportunity Commission, or others alleging violations of federal or state laws regarding workplace and employment conditions, discrimination, and similar matters. Regardless of whether any claims against us are valid and whether we are liable, claims may be expensive to defend against and divert time and money away from operations. In addition, claims may generate negative publicity, which could reduce customer traffic and sales. 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 and results of operations. If we or our franchisees face labor shortages or increased labor costs, our results of operations and growth could be adversely affected. Labor is a primary component in the cost of operating our company- operated and franchised restaurants. Labor shortages and increased labor costs are subject to numerous internal and external factors, including higher employee- turnover rates, changes in immigration policy including barriers to immigrants entering, working in, or remaining in the United States, regulatory changes, prevailing wage rates, including increases in federal, state, or local minimum wages or in other employee benefit costs (including costs associated with health insurance coverage or workers’ compensation insurance), and increased competition we face from other companies for qualified employees. **During Since** 2023, we **have** continued to experience a competitive and tight labor market. A sustained labor shortage could lead to increased costs, such as increased overtime incurred to meet the demands of our customers and increased wage rates to attract and retain employees. Any failure to meet our staffing needs or any material increases in employee turnover rates could adversely affect our business and results of operations, including our ability to grow our restaurant base. See also our risk factor titled “ Public health crises, **including such as** the COVID- 19 pandemic have had, and may in the future have, a significant negative impact on our business, sales, results of operations and financial condition ” above for labor shortage risks we may face in connection with pandemics, epidemics and other public health emergencies, such as COVID- 19. **22 Federally -- Federally** - mandated, state- mandated, or locally- mandated minimum wages have recently increased in several jurisdictions, including state and county mandates in California, and will be further raised in the future, including as a result of the AB 1228 in California. **We may be** **Although we have been unable -- able to sufficiently** **substantially offset these cost pressures through various actions, such as** **increase increasing** our menu prices in order, **managing menu mix, and productivity improvements, we expect these cost pressures to pass** **continue into 2025 and we may not be able to offset cost increases in the future . In addition, increases in menu prices by us and our franchisees to cover** increased labor costs **on to our customers-- could have the effect of lowering sales , in which case would thereby reduce** our margins **would be negatively affected-- and the royalties that we receive from franchisees** . Also, reduced margins of franchisees could make it more difficult to sell franchises. **In addition, increases in menu prices by us and our franchisees to cover increased labor costs could have the effect of lowering sales, which would thereby reduce our margins and the royalties that we receive from franchisees.** We are subject to extensive laws, government regulation, and other legal requirements and our failure to comply with existing or new laws and regulations could adversely affect our operational efficiencies, ability to attract and retain talent and results of operations. Our business is subject to extensive federal, state and local laws and regulations, including those relating to the preparation, sale and labeling of food and beverages, labor and employment practices and working conditions, health, sanitation, safety and fire standards, building and zoning requirements, registration, offer, sale, termination and renewal of franchises, public accommodations and safety conditions, environmental matters, and consumer protection and **privacy 24** **privacy** obligations. See “ Item 1 “. Business — Regulation and Compliance ” **in this Annual Report** for further information. We are also subject to laws and regulations concerning our compliance as a public company, including disclosure and governance matters, including accounting and tax regulations, SEC and The Nasdaq Stock Market LLC (“ Nasdaq ”) disclosure requirements. Compliance with these laws and regulations, and future new laws or changes in these laws or regulations that impose additional requirements, can be costly. Any failure or perceived failure to comply with these laws or regulations could result in, among other things, revocation of required licenses, administrative enforcement actions, fines and civil and criminal liability. Changes in health, safety, construction, labor, environmental, or other laws or regulations, including changes to or repeal of the Patient Protection and Affordable Care Act (“

PPACA”), could impose costs upon us, including transition costs. Such transition costs could include uncertainties about how the new laws or regulations might be interpreted, enforced, or litigated by either regulators or private parties. Such changes could also have economic implications for our customers. For example, changes to health insurance law could diminish our customers’ disposable incomes and thus reduce their frequency of eating or ordering out, even from QSR or fast casual restaurants, including us. Legislation and regulations regarding certain of our menu offerings, new information or attitudes regarding diet and health, or adverse opinions about the health effects of consuming our menu offerings, could affect consumer preferences and negatively impact our results of operations. **Further Government regulation and changes in consumer eating habits resulting from shifting attitudes regarding diet and health or new information regarding changes in the health effects of consuming our menu offerings may impact our business. These changes have resulted in, and may continue to result in, the enactment of laws and regulations that impact the ingredients and nutritional content of our menu offerings, or laws and regulations requiring us to disclose the nutritional content of our food offerings.** ~~certain~~ Certain government authorities have adopted or may adopt laws and regulations regarding trans- fats, sodium, sodas or other ingredients or products used or sold by our restaurants. While only a small number of our ingredients contain trans- fats in trace amounts, these regulations may require us to limit or remove ingredients from our products, which could affect product tastes, customer satisfaction levels, and sales volumes. Transitioning to higher- cost ingredients may also hinder our ability to operate in certain markets and proposed tax increases on certain products, such as sodas, may affect sales volumes of those products. In addition, a number of states, counties, and cities have enacted menu labeling laws requiring multi- unit restaurant operators to disclose certain nutritional information to customers. ~~Furthermore~~ **For example, federal and state regulations, such as the Affordable Care Act federal PPACA, establishes uniform requirements chain for certain** restaurants to **publish caloric post certain nutritional** information on their menus. **Specifically, the PPACA requires certain chain restaurants to publish the total number of calories of standard menu items on menus and menu boards, along with a statement that puts this caloric information in the context of a total daily caloric intake. The PPACA also requires covered restaurants to provide to consumers, upon request, a written summary of detailed nutritional information for each standard menu item, among other requirements. In addition, a number of states, counties, and cities have enacted menu labeling laws imposing requirements for additional menu disclosure, such as sodium content. An unfavorable report on, or reaction to, our menu ingredients, the size of our portions or the nutritional content of our menu items could negatively influence the demand for our offerings.** These and other requirements may increase our expenses, slow customers’ ordering process, or negatively influence the demand for our offerings; all of which can have an adverse effect on our results of operations and financial position, as well as on the restaurant industry in general. We may become subject to liabilities arising from environmental laws that could likely increase our operating expenses and materially and adversely affect our business and results of operations. We are subject to federal, state, and local laws, regulations, and ordinances that: • govern activities or operations that may have adverse environmental effects, such as discharges into the air, water and soils, as well as waste handling and disposal practices for solid and hazardous wastes and ~~wastewater~~ **waste water**; and ~~23--~~ **and** • impose liability for the costs of remediating, and the damage resulting from, past spills, disposals, or other releases of petroleum products and hazardous materials. ~~In 25In~~ particular, under applicable environmental laws, we may be responsible for remediation of environmental conditions and subject to associated liabilities, including liabilities for cleanup costs, personal injury, or property damage, relating to our restaurants and the land on which our restaurants are located, regardless of whether we lease or own the restaurants or land in question and regardless of whether such environmental conditions were created by us or by a prior owner or tenant. If we are found liable for the costs of remediation of contamination at any of our properties, our operating expenses would likely increase and our results of operations could be materially and adversely affected. See above under “ Item 1. Business — Environmental Matters.” Risks Related to Ownership of Our Common Stock Our quarterly operating results may fluctuate significantly due to seasonality and other factors, some of which are beyond our control, which could adversely affect the market price of our common stock. Our quarterly operating results may fluctuate significantly because of several factors, including but not limited to: increases and decreases in sales; profitability of our restaurants; labor availability and costs for personnel; changes in interest rates; macroeconomic conditions, both nationally and locally; negative publicity relating to the consumption of products we serve; changes in consumer preferences and competitive conditions; impairment of property and equipment assets and any loss on and exit costs associated with restaurant closures; expansion to new markets; the timing of new restaurant openings and related expense; restaurant operating costs for our newly- opened restaurants; increases in infrastructure costs; and fluctuations in commodity prices. Seasonal factors, including weather disruptions, and the timing of holidays also cause our revenue to fluctuate from quarter to quarter. Our revenue per restaurant is typically lower in the first and fourth quarters due to reduced January and December transactions and higher in the second and third quarters **due to higher transactions, reflecting the seasonality trends in our operating markets**. As a result of seasonality, our quarterly and annual results of operations and key performance indicators such as company restaurant revenue and comparable restaurant sales may fluctuate. Accordingly, results for any one quarter are not necessarily indicative of results to be expected for any other quarter or for any year and comparable restaurant sales for any particular future period may decrease. In the future, operating results may fall below the expectations of securities analysts and investors. In that event, the price of our common stock would likely decrease. Future offerings of debt or equity securities by us may adversely affect the market price of our common stock. In the future, we may attempt to obtain financing, or to further increase our capital resources, by issuing additional shares of our common stock or by offering other equity securities, or debt, including senior or subordinated notes, debt securities convertible into equity, or shares of preferred stock. Opening new company- operated restaurants in existing and new markets could require substantial additional capital in excess of cash from operations. We would expect to finance the capital required for new company- operated restaurants through a combination of additional issuances of equity, corporate indebtedness, and cash from operations. Issuing additional shares of our common stock or other equity securities or securities convertible into equity may

dilute the economic and voting rights of our existing stockholders, reduce the market price of our common stock, or both. In a liquidation, holders of any such debt securities or preferred stock, and lenders with respect to other borrowings, could receive distributions of our available assets prior to the holders of our common stock. Debt securities convertible into equity could be subject to adjustments in their conversion ratios under certain circumstances, increasing the number of equity securities issuable upon conversion. Preferred stock, if issued, could have a preference with respect to liquidating distributions, or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control that may adversely affect the amount, timing, or nature of our future offerings. Thus, holders of our common stock bear the risk that our future offerings may reduce the market price of our common stock and dilute their stockholdings in us. ~~24~~Delaware ~~26~~Delaware law, our organizational documents, our shareholder rights agreement and our existing and future debt agreements may impede or discourage a takeover, depriving our investors of the opportunity to receive a premium for their shares. We are a Delaware corporation, and the anti- takeover provisions of Delaware law impose various impediments to the ability of a third- party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, provisions of our amended and restated certificate of incorporation and by- laws may make it difficult for, or prevent, a third- party from acquiring control of us without the approval of our Board of Directors. Among other things, these provisions: provide for a classified board of directors with staggered three- year terms; do not permit cumulative voting in the election of directors, which would allow a minority of stockholders to elect director candidates; delegate the sole power to a majority of the board of directors to fix the number of directors; provide the power to our Board of Directors to fill any vacancy on our Board of Directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise; authorize the issuance of “ blank check ” preferred stock without any need for action by stockholders; eliminate the ability of stockholders to call special meetings of stockholders; establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings; and provide that, on or after the date that Trimaran Pollo Partners, L. L. C ceases to beneficially own at least 40 % of the total votes eligible to be cast in the election of directors, a 75 % supermajority vote will be required to amend or repeal provisions relating to, among other things, the classification of the board of directors, the filling of vacancies on the board of directors, and the advance notice requirements for stockholder proposals and director nominations. In addition, in certain circumstances, the shareholder rights plan adopted by our Board of Directors in August 2023 would cause dilution to a person or group that acquires a large block of our common stock and thereby make it more difficult for such person or group to acquire the Company. See “ Shareholder activism could cause us to incur significant expense, disrupt our business, result in a proxy contest or litigation and impact our stock price ” **below** for additional information regarding our shareholder rights plan. Furthermore, our secured revolving credit facility imposes, and we anticipate that documents governing our future indebtedness may impose, limitations on our ability to enter into change of control transactions. Under our secured revolving credit facility, the occurrence of a change of control transaction can constitute an event of default permitting acceleration of the debt, thereby impeding our ability to enter into change of control transactions. The foregoing factors could impede a merger, takeover, or other business combination, or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock. These provisions, either alone or in combination with each other, give our current directors and executive officers a substantial ability to influence the outcome of a proposed acquisition of the Company. These provisions would apply even if an acquisition or other significant corporate transaction was considered beneficial by some of our shareholders. If a change in control or change in management is delayed or prevented by these provisions, the market price of our securities could decline. Shareholder activism could cause us to incur significant expense, disrupt our business, result in a proxy contest or litigation and impact our stock price. We may be subject to shareholder activism in the future, which could result in substantial costs and divert management’ s and our Board **of Directors**’ s attention and resources from our business. Such shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with our employees, customers, or suppliers and make it more difficult to attract and retain qualified personnel. We may be required to incur significant fees and other expenses related to activist shareholder matters, including for third party advisors. We may be subjected to a proxy contest or to litigation by activist investors. Our stock price has been and could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any shareholder activism. ~~In addition~~ **For example**, ~~in on~~ August 4, 2023 ~~2024~~, ~~our the~~ Board of Directors adopted a shareholder **approved and entered into an amendment to the rights Rights Agreement** plan and declared a dividend of one preferred share purchase right ( ~~a the~~ “ **Amendment** ”, ~~and together with the Right Rights Agreement, the “ Amended Rights Agreement ”~~ ). **Among other things, the Amendment increased the Beneficial Ownership (as defined in the Amended Rights Agreement) triggering threshold for being deemed an Acquiring** each share of our common stock outstanding on August 18, 2023 to the stockholders of record on that date. In the event that a person **Person** or group of affiliated or associated persons has acquired beneficial ownership of 12. 5 % or more of our outstanding common stock, subject to certain exceptions, each Right would entitle its holder ( ~~as defined below~~ **other than such person or members of such group** ) to purchase additional shares of our common stock at a substantial discount to the public market price. In addition, **unless one** at any time after a person or group of affiliated or 25 ~~the enumerated~~ **27**