**Risk Factors Comparison 2024-02-28 to 2023-02-28 Form: 10-K**

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

An investment in our common stock involves a high degree of risk. You should carefully read and consider the risks described below before making an investment decision. The occurrence of any of the following risks could materially harm our business, financial condition, results of operations, or cash flows. The trading price or value of our common stock could decline, and you could lose all or part of your investment. When making an investment decision with respect to our common stock, you should also refer to the other information contained in this Annual Report on Form 10- K, including our consolidated financial statements and the related notes. Risks Related to Our Business Our business strategy may not be successful or achieve the desired results, which may have an adverse impact on our business and financial results. ~~Our~~ **The Company is currently undergoing a significant transformation. In 2023, we launched our** " North Star" business strategy **.** ~~developed~~ **Developed** under new leadership **, this five- point plan** is designed to drive long- term shareholder value and enhance Red Robin' s competitive positioning. ~~Our strategy~~ **The North Star five- point plan** focuses on transforming to an operations focused restaurant company, elevating the Guest experience, removing costs and complexity, optimizing Guest engagement, and driving growth in comparable restaurant revenue and unit level profitability, and delivering financial commitments. These strategies and related initiatives, including changes to our restaurant management structures, may not result in **increased traffic and** sustained higher sales **, which are important to achieving our strategic objectives** . Changes to our operations structure and compensation, service model, Guest experience and cooking platform, supply chain and vendors **, marketing and branding strategies, loyalty program, technology** , and Guest engagement may not achieve the business growth and results we expect, which may negatively affect Guest satisfaction, Guest traffic, sales, ~~or~~ profits **, or liquidity** . Our business and desired results depend upon our ability to continue to grow and evolve through various important strategic initiatives. There can be no assurance we will be able to develop or implement these or other important strategic initiatives, or that we have, or will have, sufficient resources to fully and successfully implement, sustain results from, or achieve additional expected benefits from them, which could in turn adversely affect our business. The global and domestic economic **and geopolitical** environment may negatively affect frequency of Guest visits and average ticket spend at our restaurants, which would negatively affect our revenues and our results of operations. The global and domestic economic **and geopolitical** environment affects the restaurant industry and may negatively affect us directly and indirectly through our customers, distributors, and suppliers. These conditions include unemployment, weakness and lack of consistent improvement in the housing markets, downtrend or delays in residential or commercial real estate development, volatility in the U. S. stock market and in other financial markets, inflationary pressures, wage rates, tariffs and other trade barriers, reduced access to credit or other economic factors that may affect consumer confidence. As a result, our Guests may be apprehensive about the economy and maintain or further reduce their level of discretionary spending, especially in a potential recessionary environment. This could affect the frequency with which our Guests choose to dine- out or the amount they spend on meals, thereby decreasing our revenues and potentially negatively affecting our operating results. Also, our Guests may choose to purchase food at supermarkets or other food retailers. We believe there is a risk that prolonged uncertain economic conditions might cause consumers to make long- lasting changes to their discretionary spending behavior, including dining out less frequently or at lower priced restaurants on a more permanent basis, which would have a negative effect on our profitability as we spread fixed costs across a lower level of sales ~~. The COVID- 19 pandemic disrupted and may further disrupt our business, which has and could further materially adversely affect our operations, business, and financial results. Any future epidemic, disease outbreak, or public health emergency may result in similar adverse effects. The COVID- 19 pandemic has had a material adverse effect on our business. The COVID- 19 pandemic has impacted and may continue to negatively impact our ability to operate our restaurants, sales and traffic at our restaurants, restaurant staffing, availability of supplies, and commodity costs. The extent to which the COVID- 19 pandemic and other epidemics, disease outbreaks, or public health emergencies will impact our business, liquidity, financial condition, and results of operations depends on numerous evolving factors that we may not be able to accurately predict or assess, including the duration and scope of the public health emergency; the negative impact on the economy; the short and longer- term impacts on the demand for restaurant services and levels of consumer confidence; our ability to successfully navigate the impacts; government action, including restrictions on restaurant operations; and increased unemployment and reductions in consumer discretionary spending. Even if a virus or other disease does not spread significantly, the perceived risk of infection or health risk may damage our reputation and adversely affect our business, liquidity, financial condition, and results of operations. We cannot guarantee that changes to our operational policies and training will be effective to keep our Team Members and Guests safe from COVID- 19 or future public health emergency. Any publicity relating to health concerns or the perceived or specific outbreaks of COVID- 19 or other public health emergency attributed to one or more of our restaurants, or restaurants generally, could result in a significant decrease in Guest traffic in all of our restaurants and could have a material adverse effecton our results of operations. Changes resulting from the COVID- 19 pandemic or future public health emergencies and any additional changes may materially adversely affect our business, liquidity, financial condition, and results of operations, particularly if these changes are in place for a prolonged amount of time. If a significant percentage of our workforce is unable to work or we are unable to properly staff our restaurants in connection with COVID- 19, our operations may be negatively impacted. Work- from- home and other measures have introduced and may continue to introduce additional operational risks, including cybersecurity risks, and have affected the way we conduct our business, which could have an adverse effect on our operations. There is no certainty that measures taken will be sufficient to mitigate the risks posed by the virus, and illness and workforce~~

~~disruptions could lead to unavailability of key personnel and harm our ability to perform critical functions. The COVID- 19 pandemic as well as other public health emergencies may also materially adversely affect our ability to implement our strategic growth plans, including delays in the rollout of Donatos ® pizza to additional restaurant locations, the implementation of technology platforms and technology solutions, restaurant remodels, and development of new restaurants in future years. During the COVID- 19 pandemic, we faced shortages of food items and other supplies at our restaurants, and we could face similar supply shortages in a future health emergency. A shortage of supplies could adversely impact our restaurant sales and operations. In addition, certain of our Company- owned restaurants have remained permanently closed or may ultimately close, directly or indirectly, due to COVID- 19. The effects of the pandemic on our business could continue to have adverse effects on our business, results of operations, liquidity, cash flows, and financial condition, some of which may be significant and adversely impact our access to capital or to borrowing capacity under our Credit Facility and, as a result, our ability to operate our business on the same terms as we conducted business prior to the pandemic, complete our planned capital expenditures, and execute our strategic plan~~ . Our success depends on our ability to effectively compete in the restaurant industry to attract and retain Guests. Competition in the restaurant industry is intense and barriers to entry are low. Our competitors include a large and diverse group of restaurants in all segments ranging from quick serve and fast casual to polished casual and those verging on fine dining. These competitors range from independent local operators that have opened restaurants in various markets, high growth targeted" better" burger concepts in the quick serve and fast casual space, to the well- capitalized national restaurant companies. Many of these concepts have already captured segments of the market that we are targeting, and are expanding faster than we are, penetrating both desirable geographic and demographic markets. Many of our competitors are well established in the casual dining market segment and in certain geographic locations and some of our competitors have substantially greater financial, marketing, and other resources than we have available. Accordingly, they may be better equipped than us to increase marketing or to take other measures to maintain their competitive position, including the use of significant discount offers to attract Guests. ~~We also compete with other restaurants and retail establishments for prime real estate locations. We have experienced and continue to experience the impacts of labor shortages and significant labor cost inflation, which have and may continue to negatively impact our financial condition and results of operations. Our ability to provide the experience our Guests expect and desire depends on our ability to continue attracting and retaining a sufficient number of qualified management and operating Team Members, especially our restaurant- level leadership in our new Market Partner and Managing Partner system. Labor shortages in our industry and in the broader economy have disrupted, and may further disrupt, our ability to maintain adequate staffing levels at our restaurants. Increasing competition in the market for Team Members may increase our labor costs, including by requiring us to take additional measures to ensure that our compensation and benefits for Team Members remain competitive within the restaurant industry and with other industries that compete with us for workers, which could materially increase our expenses. During the last couple years, we took, and we may continue to take, certain measures to limit the impact of staffing shortages on the Guest experience. These measures included limiting operating hours and dine- in services at some of our restaurants. If labor shortages continue or worsen, we may be required to take similar or additional measures at a larger number of our restaurants. We have also recently announced changes to our restaurant management structures. If we are not successful in implementing these measures, or if these measures are insufficient to mitigate the impacts of any labor shortages, our Guest experience may be negatively impacted, leading to a decline in traffic and sales, which may impact our financial condition and results of operations. Additionally, many of our vendor partners continue to experience challenges in hiring and retention, which together with global supply chain disruptions have contributed to intermittent product and distribution shortages. We may be unable to mitigate the impacts of such disruptions by locating vendors who can provide us with supplies that meet our timing, quality, and cost requirements and expectations, or at all, particularly in the event of widespread supply chain disruptions. Sustained supply shortages have and could continue to adversely affect our revenue and our costs. We believe it is becoming increasing likely that the United States federal government will seek to significantly increase the federal minimum wage and tip credit wage (or eliminate the tip credit altogether) and require significantly more mandated benefits than what is currently required under federal law. Should this happen, other state and local jurisdictions that have historically mandated higher wages and greater benefits than what is required under federal law may seek to further increase wages and mandated benefits. In addition to increasing the overall wages paid to our minimum wage and tip credit wage earners, these increases create pressure to increase wages and other benefits paid to other Team 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 mandates will have a particularly significant impact on our labor costs. Our vendors are similarly impacted by wage and benefit cost inflation, and many have or will increase their price for goods, construction, and services in order to offset their increasing labor costs. While we try to offset labor cost increases through price increases, more efficient purchasing practices, productivity improvements, greater economies of scale and by offering a variety of health plans to our Team Members, there can be no assurance that these efforts will be successful. If we are unable to anticipate and offset increased labor costs, our financial performance could be materially adversely affected.~~ Decreased cash flow from operations, or an inability to access credit or successfully execute our potential sale- leaseback transactions could negatively affect our business initiatives or may result in our inability to execute our revenue, expense, and capital deployment strategies. Our ability to fund our operating plans and to implement our capital deployment strategies depends on sufficient cash flow from operations or other financing, including using funding under our revolving Credit Facility and from potential sale- leaseback transactions. **The Company is working to complete a third sale- leaseback transaction and if completed, anticipated proceeds will be used to repay debt.** Our capital deployment strategies include but are not limited to paying down debt, maintaining **and improving** existing restaurants and infrastructure, and executing on our long- term transformation strategy. If we experience decreased cash flow from operations, **or an inability to access new capital on acceptable terms with acceptable interest rates if needed,** our ability to fund our operations and planned initiatives, and to take advantage of growth opportunities, may be delayed or negatively affected. In addition, these disruptions and any resulting negative effect on our net income, cash flows, or other relevant financial performance metrics under our revolving Credit Facility could affect our ability to borrow or comply with our covenants under that facility. ~~While our~~ **If we** ~~share~~ -- **are** ~~repurchase program~~ **unable to comply with the financial and other covenants in our Credit Facility, our financial condition could be negatively affected. Our Credit Facility contains financial and other restricted covenants, including among others, a Total Net Leverage ratio covenant. A breach of these covenants could result in default, and if such default** is **not cured** ~~currently suspended, when resumed, any repurchase by us of our~~ - **or** ~~shares of common stock will further reduce~~ **waived, our lenders could accelerate our debt and declare it immediately due and payable. If this occurs, we may not be able to repay or borrow sufficient funds to refinance the debt. Even if financing is available, it may not be on acceptable terms. A default under our Credit Facility could cause a material adverse effect on our financial condition, including our liquidity and** cash **flows** ~~available for operations and future growth, as well as debt repayment~~. A privacy or security breach involving our information technology systems, or the failure of our data security measures could interrupt our business, damage our reputation, and negatively affect our operations and profits. The protection of Guest, Team Member, and Company data is critical to us. We are subject to laws **and regulations** relating to information security, privacy, cashless payments, consumer credit, and fraud. Additionally, an increasing number of government and industry groups have established laws and standards for the protection of personal and health information. The regulatory environment surrounding information security and privacy is increasingly demanding, with the frequent imposition of new and constantly changing requirements including the California Consumer Privacy Act (CCPA) and other similar legislative initiatives. Compliance with these requirements may result in cost increases due to necessary system changes and the development of new administrative processes, and if we fail to comply with the laws and regulations regarding privacy and security, we could be exposed to risks of fines, investigations, litigation and disruption of our operations. Moreover, we accept electronic payment cards from our Guests for payment in our restaurants. In the ordinary course of our business, we receive and maintain certain personal information from our Guests, Team Members, and vendors, and we process Guest payments using payment information. Customers and employees have a high expectation we will adequately protect their personal information. Third parties may have the technology or know- how to breach the security of this customer information, and our security measures and those of our technology vendors may not effectively prohibit others from obtaining improper access to this information. ~~A number of restaurant operators and retailers have experienced security breaches in which credit and debit card information may have been stolen.~~ Although we employ security technologies and practices and have taken other steps to try to prevent a ~~breach~~ **cybersecurity incident** , we ~~may nevertheless not~~ have **in** the **past and could be impacted by a** ~~resources or technical sophistication to prevent rapidly evolving types of~~ cyber- ~~attacks~~ - **attack, due to the rapidly increasing number of cybersecurity threats** . **We** ~~If we~~ have ~~experienced~~ **in the past been subject** , ~~or~~ **and we could** in the future ~~experience, a security breach, we could~~ become subject **,** to claims, lawsuits, or other proceedings for purportedly fraudulent transactions arising out of the theft of credit or debit card information, compromised security and information systems, failure of our employees to comply with applicable laws, the unauthorized acquisition or use of such information by third parties, or other similar claims. Any such incidents or proceedings could disrupt the operation of our restaurants, adversely affect our reputation, Guest confidence, and our results of operations, or result in the imposition of penalties or cause us to incur significant unplanned losses and expenditures, including those necessary to remediate any damage to persons whose personal information may have been compromised. Although we have established a number of procedures designed to increase transparency and address our Guests' concerns regarding data breaches (whether actual or perceived), this policy may not be effective in addressing those concerns, which may in turn adversely affect our reputation and Guest confidence. We maintain a separate insurance policy covering cyber security risks and such insurance coverage may, subject to policy terms and conditions, cover certain aspects of cyber risks, but is subject to a retention amount and may not be applicable to a particular incident or otherwise may be insufficient to cover all our losses beyond any retention. Further, in light of recent court rulings and amendments to policy forms, there is uncertainty as to whether traditional commercial general liability policies will be construed to cover the expenses related to a cyber- attack and breaches if credit and debit card information is stolen. Because of the number of credit card transactions we process, we are required to maintain the highest level of PCI Data Security Standard compliance at our Restaurant Support Center and Company- owned restaurants. As part of an overall security program and to meet PCI standards, we undergo regular external vulnerability scans and we are reviewed by a third party assessor. As PCI standards change, we may be required to implement additional security measures. If we do not maintain the required level of PCI compliance, we could be subject to costly fines or additional fees from the card brands that we accept or lose our ability to accept those payment cards. Our franchisees are separate businesses that have different levels of compliance required depending on the number of credit card transactions processed. If our franchisees fail to maintain the appropriate level of PCI compliance or they experience a security breach, it could negatively impact their business operations, and we could face a loss of or reduction in royalties or other payments they are required to remit to us and it could adversely affect our reputation and Guest confidence. If there is a material failure in our information technology systems, our business operations and profits could be negatively affected, and our systems may be inadequate to support our future growth strategies. We rely heavily on information technology systems in all aspects of our operations including our restaurant point- of sale systems, financial systems, marketing programs, employee engagement, supply chain management, cyber- security, and various other processes and transactions. This reliance has grown since the onset of the COVID- 19 pandemic as we have had to rely to a greater extent on systems such as online ordering, contactless payments, online reservations, **and** systems supporting a remote workforce. Our ability to effectively manage and run our business depends on the reliability and capacity of our information technology systems, including technology services and systems for which we contract from third parties. These systems and services may be insufficient to effectively manage and run our business. These systems and our business needs will continue to evolve and require upgrading and maintenance over time, consequently requiring significant future commitments of resources and capital. We cannot provide assurance, however, that the measures we take to secure and enhance these systems will be sufficient to protect our information technology systems and prevent cyber- attacks, system failures or data or information loss. Cyber- attacks, malicious internet- based activity and online and offline fraud are prevalent and continue to increase. In addition to traditional computer " hackers, " threat actors, personnel (such as through theft or misuse), sophisticated nation- states and nation- state supported actors now engage in attacks. We ~~may~~ **continue to** be subject to a variety of evolving threats, including but not limited to social engineering, such as phishing, malicious code (such as viruses and worms), malware (including as a result of advanced persistent threat intrusions), denial- of- service attacks (such as credential stuffing), personnel misconduct or error, supply- chain attacks, software bugs, server malfunctions and large- scale, complex automated attacks that can evade detection for long periods of time. Ransomware attacks, including those perpetrated by organized criminal threat actors, nation- states and nation- state supported actors, are becoming increasingly prevalent and severe and can lead to significant interruptions in our operations, loss of data and income, reputational harm and diversion of funds. Extortion payments may alleviate the negative impact of a ransomware attack, but we may be unwilling or unable to make such payments due to, for example, applicable laws or regulations prohibiting such payments **. In the past, we have experienced the negative impacts of a breach of a service providers' network** . Any breach of our or our service providers' networks, or other vendor systems, may result in the loss of confidential business and financial data, misappropriation of our consumers', users' or employees' personal information or a disruption of our business. Any of these outcomes could have a material adverse effect on our business, including unwanted media attention, impairment of our consumer and customer relationships, damage to our reputation, resulting in lost sales and consumers, fines, lawsuits, government enforcement actions (for example, investigations, fines, penalties, audits and inspections) or significant legal and remediation expenses. We also may need to expend significant resources to protect against, respond to and / or redress problems caused by any breach. Additionally, if third parties on which we rely experience cybersecurity incidents, we may not become aware of such incidents in a timely manner, which may impact our ability to mitigate their impacts, which may exacerbate the risks described above. In addition, the increased use of employee- owned devices for communications as well as work- from- home arrangements, such as those initially implemented in response to the COVID- 19 pandemic, present additional operational risks to our information technology systems, including, but not limited to, increased risks of cyber- attacks. Our software or information technology systems, or that of third parties upon who we rely to operate our business, may have material vulnerabilities and, despite our efforts to identify and remediate these vulnerabilities, our efforts may not be successful or we may experience delays in developing and deploying remedial measures designed to address any such identified vulnerabilities. It may be expensive and time- consuming to remediate material vulnerabilities, and our operations, reputation, sales and financial performance may be adversely impacted if we are not able to successfully and promptly remediate such vulnerabilities. Further, like other companies in the restaurant industry, we have in the past experienced, and we expect to continue to experience, cyber- attacks, including phishing attacks, and other attempts to breach or gain unauthorized access to, our systems. ~~For example, in 2021, a remote code execution vulnerability in Apache log4j was identified as affecting large amounts of systems worldwide, and one of our third party software service providers was impacted and suffered a ransomware attack as a result. We completed investigation of this incident and concluded that they resulted in no material adverse impact to us.~~ However, despite the precautions we take to mitigate the risks of such events, an attack on our enterprise information technology system, or those of third parties with which we do business, could result in theft or unauthorized disclosure of our proprietary or confidential information or a breach of confidential customer, supplier or employee information. Such events could impair our ability to conduct our operations or cause disruptions to our supply chain, which could have an adverse impact on revenue and harm our reputation. Additionally, such an event could expose us to regulatory sanctions or penalties, lawsuits or other legal action or cause us to incur legal liabilities and costs, which could be significant, in order to address and remediate the effects of an attack and related security concerns. The insurance coverage we maintain may be inadequate to cover claims or liabilities relating to a cybersecurity attack. We also use information technology systems to process financial information and results of operations for internal reporting purposes and to comply with regulatory financial reporting, legal and tax requirements. If these systems suffer severe damage, disruption or shutdown and our business continuity plans, or those of our vendors, do not effectively resolve the issues in a timely manner, we could experience delays in reporting our financial results, which could result in lost revenues and profits, as well as reputational damage. Furthermore, we depend on information technology systems and personal information collection for digital marketing, digital commerce, consumer engagement and the marketing and use of our digital products and services. We also rely on our ability to engage in electronic communications throughout the world between and among our employees as well as with other third parties, including customers, suppliers, vendors, and consumers. Any interruption in information technology systems may impede our ability to engage in digital commerce and result in lost revenues, damage to our reputation, and loss of users. Moreover, these technology services and systems, communication systems, and electronic data could be subject or vulnerable to damage or interruption from earthquakes, terrorist attacks, floods, fires, power loss, telecommunications failures, computer viruses, loss of data, data breaches, or other attempts to harm our systems. A failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, or any other failure to maintain a continuous and secure information technology network for any of the above reasons could result in interruption and delays in Guest services, adversely affect our reputation, and negatively impact our results of operations. Our marketing and branding strategies to attract, engage, and retain our Guests **, including anticipated changes to our loyalty program,** may not be successful, which could negatively affect our business. ~~We continue to evolve~~ **While we persistently refine** our **communication** ~~marketing and branding~~ strategies ~~in order~~ to ~~appeal to~~ **effectively target and compete for the right** customers ~~and compete effectively to attract~~ , ~~engage, and retain customers~~ **it' s essential to acknowledge potential challenges that may arise** . **For example** ~~Our unique loyalty program~~ , **our** Red Robin Royalty ™ ~~,~~ **loyalty program** has **historically contributed to** ~~experienced some success in enrollment and driving~~ sales and Guest ~~counts~~ - **count** ~~by providing~~ **growth. We plan to launch**

**a new loyalty program in 2024 to transition to a points- based program to reward our most** loyal ~~Guests~~ **guests** ~~with various incentives and rewards. We intend to continue to provide a family-friendly atmosphere and shifted our marketing focus to reinforce moments of connection and brand equities instead of price to drive Guest engagement~~ , **but** ~~traffic, and sales. Going forward,~~ we **cannot guarantee this new loyalty program** ~~plan to focus more on engaging with and supporting the local communities in which we operate. We do not have any assurance our marketing strategies~~ will be **a** ~~successful~~ --- **success. We also plan to launch a new marketing program in 2024 designed to drive sales and traffic** . If our advertising, branding, and other marketing ~~programs and methods are~~ **initiatives fall short, there is a risk that we may** not **achieve** ~~successful, we may not generate~~ the **expected** ~~level~~ **levels** of restaurant sales or Guest traffic ~~we expect~~ , **potentially impacting** ~~and the expense associated with these programs may negatively affect~~ our financial results **negatively** . ~~Moreover~~ **Furthermore** , ~~many of our~~ **the competitive landscape presents a challenge, as some** competitors ~~have~~ **boast** larger marketing resources and more extensive national ~~marketing~~ strategies **, potentially limiting our ability** ~~and media usage and we may not be able~~ to successfully compete against ~~those~~ **these well-** established programs. If we are unable to effectively use and monitor social media, our marketing efforts as well as our reputation could be harmed, which could negatively impact our restaurant sales and financial performance. As part of our marketing efforts, we rely on an omni- channel creative strategy including increased social and digital engagement platforms, including Facebook ®, Instagram ®, and Twitter ® to attract and retain Guests. As a result, we need to continuously innovate and develop our social media strategies ~~in order~~ to maintain broad appeal. Many of our competitors are expanding their use of social media and new social media platforms are rapidly being developed, potentially making more traditional social media platforms obsolete and making it challenging for us to differentiate our social media messaging. As a result, we need to continuously innovate and develop our social media strategies ~~in order~~ to maintain broad appeal. Social media can be challenging because it provides consumers, employees, and others with the ability to communicate approval or displeasure with a business, in near real time, and provides any individual with the ability to reach a broad audience and with comments that are often not filtered or checked for accuracy. If we are unable to quickly and effectively respond, any negative publicity could" go viral" causing nearly immediate and potentially significant harm to our brand and reputation, whether or not factually accurate. In addition, social media can facilitate the improper disclosure of proprietary information, exposure of personally identifiable information, fraud, or out- of- date information. As a result, if we do not appropriately manage our social media strategies, our marketing efforts in this area may not be successful and any failure (or perceived failure) to effectively respond to negative or potentially damaging social media chatter, whether accurate or not, could damage our reputation, negatively impacting our restaurant sales and financial performance. The inappropriate use of social media vehicles by our Guests or Team Members could increase our costs, lead to litigation, or result in negative publicity that could damage our reputation. Changes in consumer preferences could negatively affect our results of operations. The restaurant industry is characterized by the continual introduction of new concepts and is subject to rapidly changing consumer preferences, tastes, and eating and purchasing habits. Our restaurants compete on the basis of a varied menu and feature burgers, salads, soups, appetizers, other entrees, desserts, and our signature alcoholic and non- alcoholic beverages, and we are in the process of rolling out Donatos ® pizza to our restaurants. Our ~~continued~~ success depends, in part, upon the continued popularity of these foods and this style of dining. Shifts in consumer preferences away from this cuisine or dining style could have a material adverse effect on our future profitability. In addition, competitors' use of significant advertising and food discounting could influence our Guests' dining choices. There is no assurance that the addition of Donatos ® pizza to our menu will not negatively impact our brand or cannibalize sales of core menu items. Further, changing health or dietary preferences may cause consumers to avoid our products in favor of alternative foods. The food service industry as a whole rests on consumer preferences and demographic trends at the local, regional, and national levels **. New** ~~, and the effect on consumer eating habits of new~~ information ~~regarding diet~~ **or changes in dietary** , ~~nutrition~~ **nutritional or** ~~, and~~ health ~~. New laws requiring additional nutritional information to be disclosed on our menus, changes in nutritional~~ guidelines ~~issued by the federal government agencies, issuance of similar guidelines or statistical information by other federal, state or local municipalities, or academic studies~~ , among other things, may affect consumer choice and cause consumers to significantly alter their dining choices in ways that adversely affect our sales and profitability. We are subject to all of the risks associated with leasing space subject to long- term non- cancelable leases, and risks related to renewal. As of December ~~25~~ **31** , ~~2022~~ **2023** , ~~378~~ **398** of our ~~414~~ **415** Company- owned restaurants are located on leased premises. We have in the past and may in the future engage in sale- lease back transactions, which have and may in the future increase the number of our leased **properties. For example, in 2023, we completed two such transactions, selling and simultaneously leasing back an aggregate of 18 previously owned** properties. Payments under our operating leases account for a significant portion of our operating expenses. Additional sites that we lease are likely to be subject to similar long- term non- cancelable leases. In connection with closing restaurants, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. In addition, as each of our leases expires, there can be no assurance we will be able to renew our expiring leases after the expiration of all remaining renewal options, either on commercially acceptable terms or at all. As a result, we may incur additional costs to operate our restaurants, including increased rent and other costs related to the negotiation of terms of occupancy of an existing leased premise. If we are unable to renew a lease or determine not to renew a lease, there may be costs related to the relocation and development of a replacement restaurant or, if we are unable to relocate, reduced revenue. Changes in consumer buying patterns, particularly due to declines in traffic near our leased locations, and increases in online sales, may affect our revenues, operating results, and liquidity. The success of our restaurants depends in large part on leased locations. Our restaurants are primarily located near high density retail areas such as regional malls, lifestyle centers, big box shopping centers, and entertainment centers. We depend on a high volume of visitors at these centers to attract Guests to our restaurants. As demographic and economic patterns change, current locations may or may not continue to be attractive or profitable. Online sales continue to increase and negatively impact consumer traffic at traditional" brick and mortar" retail sites located in regional malls, lifestyle centers, big box shopping centers and entertainment centers. A decline in development or closures of businesses in these settings or a decline in visitors to retail areas near our restaurants could negatively affect our restaurant sales. In addition, **we compete with other restaurants and retail establishments for prime real estate locations.** ~~desirable~~ **Desirable** locations for the relocation of existing restaurants may not be available at an acceptable cost, due in part to the inability to easily terminate a long- term lease. ~~In~~ **During** the ~~last several years~~ **COVID- 19 pandemic** , off- premises sales, specifically delivery, ~~have~~ increased due to consumer demand for convenience. While we plan to continue to invest in the growth of our ~~online, to- go, catering, and delivery services to drive~~ off- premises sales, there can be no guarantee we will **maintain or** ~~be able to continue to~~ increase **such** ~~our off- premises~~ sales. Off- premises sales could also cannibalize dine- in sales, or our systems and procedures may not be sufficient to handle off- premises sales, which may require additional investments in technology or people. Additionally, a large percentage of delivery from our restaurants is through third party delivery companies. These third party delivery companies require us to pay them a commission, which lowers our profit margin on those sales **, and delivery drivers make errors, fail to make timely deliveries, damage our food or poorly represent our brand, which may lead to customer disappointment, reputational harm and unmet sales expectations** . Any bad press, whether true or not, regarding third party delivery companies or their business model may negatively impact our sales. While we have introduced an alternative to third party delivery by offering an online Company platform to collect orders and outsource the" last mile" of delivery, we may not be able to convert Guests to our platform and that model remains subject to some of the same risks. Our operations are susceptible to the changes in cost and availability of commodities which could negatively affect our operating results. Our profitability depends in part on our ability to anticipate and react to changes in commodity costs. Various factors beyond our control, including adverse weather conditions, governmental regulation and monetary policy, ~~potential imposition of~~ **trade barriers and import** tariffs ~~on imports from other countries~~ , product availability, recalls of food products, and seasonality, as well as the effects of the current macroeconomic environment on our suppliers, may affect our commodity costs or cause a disruption in our supply chain. In an effort to mitigate some of this risk, we enter into fixed price agreements on some of our food and beverage products, including certain proteins, produce and cooking oil. As of the end of ~~2022~~ **2023** , approximately ~~49~~ **50** % of our estimated ~~2023~~ **2024** annual food and beverage purchases were covered by fixed price contracts, most of which are scheduled to expire at various times through ~~2023~~ **2024** . Changes in the price or availability of commodities for which we do not have fixed price contracts could have a material adverse effect on our profitability. Expiring contracts with our food suppliers could also result in unfavorable renewal terms and therefore increase costs associated with these suppliers or may necessitate negotiations with alternate suppliers ~~. Although the majority of our commodities are sourced domestically, changes in trade policy and tariffs could negatively impact our commodity costs~~ . We may be unable to obtain favorable contract terms with suppliers or adjust our purchasing practices and menu prices to respond to changing food costs, and a failure to do so could negatively affect our operating results. We may experience interruptions in the delivery of food and other products from third parties. Our restaurants depend on frequent deliveries of fresh produce, food, beverage, and other products. This subjects us to the risk of interruptions in food and beverage supplies that may result from a variety of causes including, but not limited to, outbreaks of food- borne illness, disruption of operation of production facilities, financial difficulties, including bankruptcy of our suppliers or other unforeseen circumstances, especially where a product comes from a single or small number of suppliers. Such shortages could adversely affect our revenue and profits. Our restaurants bear risks associated with the timeliness of deliveries by suppliers and distributors as well as the solvency, reputation, labor relationships, freight rates, and health and safety standards of each supplier and distributor. We strive to have multiple approved suppliers on key items; however, the Company is undertaking initiatives to consolidate suppliers and there are situations where we only have one approved supplier, which increases the risk to our supply chain if something were to happen to interrupt the supplier' s ability to continue supplying the Company. Other significant risks associated with our suppliers and distributors include improper handling of food and beverage products, and / or the adulteration or contamination of such food and beverage products. Price increases may negatively affect Guest visits. From time to time, we increase prices, primarily to offset increased costs and operating expenses. We cannot provide assurance that any future price increases will not deter Guests from visiting our restaurants, reduce the frequency of their visits, or affect their purchasing decisions. New or improved technologies or changes in consumer behavior facilitated by these technologies could negatively affect our business. Advances in technologies or certain changes in consumer behavior driven by such technologies could have a negative effect on our business. Technology and consumer offerings continue to develop, and we expect new or enhanced technologies and consumer offerings will be available in the future. We may pursue certain of those technologies and consumer offerings if we believe they offer a sustainable Guest proposition and can be successfully integrated into our business model. However, we cannot predict consumer acceptance of these delivery channels or their impact on our business. In addition, our competitors, some of whom have greater resources than us, may be able to benefit from changes in technologies or consumer acceptance of such changes, which could harm our competitive position. There can be no assurance we will be able to successfully respond to changing consumer preferences, including with respect to new technologies or to effectively adjust our product mix, service offerings, and marketing initiatives for products and services that address, and anticipate advances in, technology, and market trends. Additionally, from time to time, we implement new or different technologies in our restaurants, including our recent decision to introduce flat top cooking methods into our restaurants. These initiatives have involved and may in the future involve significant capital expenditures, and may involve unexpected expenditures for training, maintenance or otherwise, and may ultimately not produce the results we anticipate. If we are not able to successfully respond to these challenges, our business, financial condition, and operating results could be harmed. Expanding our restaurant base is a component of our long- term growth and our ability to open and profitably operate new restaurants is subject to factors beyond our control. The expansion of our restaurant base depends in large part on our ability and the ability of our franchisees to timely and efficiently open new restaurants and to operate these restaurants on a profitable basis. Delays or failures in opening new restaurants, or the inability to profitably operate them once opened, could materially and adversely affect our planned growth. The success of our expansion strategy and the success of new restaurants depends upon numerous factors, many of which are beyond our control, including the following: • changes to or volatility in the macroeconomic environment nationally and regionally, which could affect restaurant- level performance and influence our decisions on the rate of expansion, timing, and the number of restaurants to be opened; • competition in our markets and general economic conditions that may affect consumer spending or choice; • our ability to locate, hire, train, and retain qualified operating Team Members to staff our new restaurants, especially our Managing Partners and Market Partners; • identification of and ability to secure an adequate supply of available and suitable restaurant sites; • timely adherence to development schedules; • cost and availability of capital to fund restaurant expansion and operation; • negotiation of favorable lease and construction terms; • the availability and cost of construction materials and labor; • our ability to manage construction and development costs of new restaurants; • unforeseen environmental problems with new locations; • securing required governmental approvals and permits, including liquor licenses, in a timely manner or at all; • our ability to attract and retain Guests; • weather, natural disasters, and other calamities; and • our ability to operate at acceptable profit margins. **The ongoing need for maintenance and improvements at our existing restaurants requires us to spend significant capital and we may not achieve a return on investment. Many of our existing restaurants are mature and require capital expenditures for maintenance and improvement to remain competitive and maintain our brand standard. Additionally, we announced plans to test a restaurant renovation program, including upgrading interior ambience and exterior appeal of our restaurants. These initiatives involve significant capital expenditures. If we do not make these capital investments or do not achieve a return on the investment, our business, profitability, and our ability to compete effectively could be harmed.** We are subject to the risks presented by acquisitions or refranchising. As part of our expansion efforts, we have acquired some of our franchised restaurants in the past. In the future, we may, from time to time, consider opportunistic acquisitions or dispositions of restaurants. We may in the future pursue refranchising with quality operators in certain identified markets. Any future acquisitions or dispositions will be accompanied by the risks commonly encountered in acquisitions. These risks include among other things: • the difficulty of integrating operations and Team Members; • the potential disruption to our ongoing business; • the potential distraction of management; • the effect on selling, general, and administrative expenses and earnings; • the inability to maintain uniform standards, controls, procedures, and policies; and • the impairment of relationships with Team Members and Guests as a result of changes in ownership and management. New or less mature restaurants, once opened, may vary in profitability and levels of operating revenue for six months or more. New and less mature restaurants typically experience higher operating costs in both dollars and percentage of revenue initially when compared to restaurants in the comparable restaurant base. There is no assurance new restaurants in the future will continue to experience success. It takes approximately six months or more for new restaurants to reach normalized operating levels due to inefficiencies and other factors typically associated with new restaurants. These factors include operating costs, which are often significantly greater during the first several months of operation, and fluctuating Guest counts at new locations, as well as competition from our competitors or our own restaurants, consumer acceptance of our restaurants in new markets and lack of market awareness of our brand in a new market. Further, there is no assurance our less mature restaurants will attain operating results similar to those of our existing restaurants. The large number of Company- owned restaurants concentrated in the Western United States makes us susceptible to changes in economic and other trends in that region. As of December ~~25~~ **31** , ~~2022~~ **2023** , a total of ~~166~~ **167** or 40 % of our ~~414~~ **415** Company- owned restaurants, representing 49 % of restaurant revenues, were located in the Western United States (i. e., Arizona, California, Colorado, Nevada, Oregon, Idaho, New Mexico, Utah, and Washington state). As a result of our geographic concentration, negative publicity regarding any of our restaurants in the Western United States, as well as regional differences in the legal, regulatory, and litigation environment, could have a material adverse effect on our business and operations, as could other regional occurrences such as local strikes, **regional cost- of- living increases,** energy shortages, or increases in energy prices, droughts, earthquakes, fires, or other natural disasters. We rely on our ~~senior~~ **Senior** ~~executive~~ **Executive** ~~team~~ **Team** for the development and execution of our business strategy and the loss of any member of our ~~senior~~ **Senior** ~~executive~~ **Executive** ~~team~~ **Team** could negatively affect our operating results. We recently implemented significant changes in our senior executive management team to support the Company' s new " North Star " five- point plan. Key members of our senior executive management team are central to our success and difficult to replace. We may be unable to retain them or attract other highly qualified senior executives, particularly if we do not offer competitive employment terms. The loss of the services of any of our key senior executives or the failure to implement an appropriate succession plan could prevent us from achieving our business strategy and initiatives, which could adversely affect our operating results. Changes in our management team can also disrupt our business. The failure to successfully transition and assimilate key employees could adversely affect our results of operations. To the extent we do not effectively hire, onboard, retain, and motivate key employees, our business can be harmed. If we are unable to successfully recruit and retain qualified restaurant management and operations Team Members in an increasingly competitive market, we may be unable to effectively operate and grow our business and revenues, which could materially adversely affect our financial performance. Our ability to attract, retain, and motivate qualified management and operating Team Members is central to providing the desired Guest and Team Member experience in our restaurants and delivering on our business strategy. Qualified management and operations Team Members are currently in high demand. **Labor shortages in our industry and in the broader economy have disrupted, and may further disrupt, our ability to maintain adequate staffing levels at our restaurants. Increasing competition in the market for Team Members may increase our labor costs, including by requiring us to take additional measures to ensure that our compensation and benefits for Team Members remain competitive within the restaurant industry and with other industries that compete with us for workers, which could materially increase our expenses, or take measures to limit the impact of staffing shortages on the Guest experience.** From time to time, we make capital expenditures for, and commit management resources towards, efforts aimed at improving our competitiveness and our ability to attract and retain qualified management and operating Team Members, such as our recently ~~announced~~ **launched Market Partner and Managing Partner compensation programs designed to reward these Team Members based on the profits of the** ~~restaurant~~ **restaurants** ~~management transition program~~ **they oversee. Additionally, we have made and may continue making changes to our service model, including adding back bussers and providing servers with fewer tables** . We may not be successful in implementing these initiatives, and they may not lead to the benefits or results that we anticipate. If we are unable to attract and retain qualified people ~~, especially in our restaurants at the Managing Partner level and regionally at the Market Partner level~~ , our restaurants could be short staffed, we may be forced to incur overtime expenses, hourly Team Member turnover could increase, and our ability to operate our restaurants and roll out new service model and technology solutions effectively could be limited, and the Guest experience could be negatively affected, leading to a decline in traffic and sales **, which could materially adversely affect our financial performance** . Our revenues and operating results may fluctuate significantly due to various risks and unexpected circumstances, including **adverse** ~~increases in costs, seasonality,~~ weather **conditions, natural disasters, climate change, pandemics** , and other factors outside our control **that could increase costs, disrupt our supply change, and impact seasonality, among other things** . We are subject to a number of significant risks that might cause our actual quarterly and annual results to fluctuate significantly or be negatively affected. **Adverse weather conditions, natural disasters, climate change, or catastrophic events, such as terrorist acts, can adversely impact restaurant sales. Natural disasters such as earthquakes, hurricanes, and severe adverse weather conditions, climate change and health pandemics may keep customers in the affected area from dining out, adversely affect consumer spending and confidence levels.** These **events** ~~risks include but are not limited to: extended periods of inclement weather which~~ may **also impact** ~~affect Guest visits as well as limit~~ the **cost and** availability ~~and cost~~ of key commodities such as beef, poultry, potatoes, and other ~~items that are~~ important ingredients in our products; **cause** material disruptions in our supply chain; **impact** ~~changes in~~ borrowings and interest rates; ~~changes~~ **cause damage** to ~~accounting methods~~ or **closure** ~~principles; impairment~~ of ~~long- lived assets, including goodwill, and losses on restaurant~~ **restaurants ,** ~~closures; and costs from natural disasters and repairs to damaged~~ or **result in** lost ~~property~~ **opportunities for our restaurants** . Moreover, our business fluctuates seasonally. Prior to the onset of the COVID- 19 pandemic, sales in most of our restaurants have been higher during the summer months and winter holiday season. As a result, our quarterly and annual operating results and comparable restaurant sales may fluctuate significantly as a result of seasonality and the factors discussed above. Accordingly, results for any one quarter or year 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. Our franchisees could take actions that could harm our business, expose us to liability or damage our reputation. Franchisees are independent entities and are not our employees, partners, or affiliates. We share with our franchisees what we believe to be best practices in the restaurant industry; however, franchisees operate their restaurants as independent businesses. Consequently, the quality of franchised restaurant operations may be diminished by any number of factors beyond our control. Moreover, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements or may not hire and train qualified managers and other restaurant Team Members. In addition, as independent businesses, franchisees may not be required to comply with the same levels of business or regulatory compliance we are. While we try to ensure the quality of our brand and compliance with our operating standards, and the confidentiality thereof, are maintained by all of our franchisees, we cannot provide assurance our franchisees will avoid actions that negatively affect the reputation of Red Robin or the value of our proprietary information. Our image and reputation and the image and reputation of other franchisees may suffer materially, and system- wide sales could significantly decline if our franchisees do not operate restaurants according to our standards. We are subject to federal and state laws that regulate the offer and sale of franchises and aspects of the licensor- licensee relationship. Further, there have been historical actions before the National Labor Relations Board (NLRB) where it was alleged that a parent company could be held liable for the actions of its franchisees, including potentially jointly liable for labor and wage violations by its franchisees. Failure to comply with the laws and regulations governing our franchisee relationships or adverse decisions similar to the above-described NLRB actions could subject us to liability for actions of the franchisees, or expose us to liability to franchisees, or fines and penalties for non- compliance. Food safety and food- borne illness concerns, and any related unfavorable publicity could have an adverse effect on our business. We dedicate substantial resources to ensuring our Guests enjoy safe, quality food products. Nonetheless, restaurant businesses such as ours can be adversely affected by publicity resulting from complaints or litigation regarding poor food quality, food- borne illness, personal injury, food tampering, communicable disease, adverse health effects of consumption of various food products or high- calorie foods, or other concerns. Food safety issues also could be caused by food suppliers or distributors and, as a result, could be out of our control. Regardless of the source or cause, any report of food- borne illnesses such as E. coli, norovirus, listeria, hepatitis A, salmonella, or trichinosis, as well as other food safety issues including food tampering or contamination, at one of our or a franchisee' s restaurants, could adversely affect our reputation and have a negative impact on our sales. The occurrence of food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins. Health concerns relating to the consumption of beef, chicken, or other food products could affect consumer preferences and could negatively affect our results of operations. Consumer preferences could be affected by health concerns about food- related illness, the consumption of beef (which is the key ingredient in many of our menu items), or negative publicity or publication of government or industry findings concerning food quality, illness, and injury. Further, consumers may react negatively to reports concerning our food products or health or other concerns or operating issues stemming from one or more of our restaurants. Such negative publicity, whether or not valid, may negatively affect demand for our food and could result in decreased Guest traffic to our restaurants. A decrease in Guest traffic to our restaurants as a result of these health concerns or negative publicity or as a result of a change in our menu or concept could materially harm our business and negatively affect our profitability. Our business could be adversely affected by increased labor costs, including costs related to the increase in minimum wage and new health care laws. Labor is a primary component in the cost of operating our business. Increased labor costs, whether due to competition, unionization, increased minimum and tip wage, state unemployment rates, employee benefits costs, or otherwise, may adversely impact our operating expenses. A considerable amount of our restaurant Team Members are paid at rates related to the federal, state, or local minimum wage. Further, we have a substantial number of restaurants located in states or municipalities where the minimum wage is greater than the current federal minimum wage, including California, Washington, Oregon, Colorado, and New York. For example, California enacted legislation that increased its minimum wage through a series of annual rate increases, from $ 10. 50 an hour in January 2017 to $ ~~15~~ **16** an hour in January ~~2022~~ **2024** , and some California localities currently mandate wages higher than **the state minimum. Effective April 1, 2024, a fast- food restaurant minimum wage of** $ ~~15 an~~ **20 per** hour **will go into effect for employers with over 60 locations. While we are a full- service restaurant company, this legislation could impact our ability to attract and retain Team Members in California** . In addition, the Biden administration and members of Congress have called for an increase in the federal minimum wage ~~from $ 7. 25 an~~ **and** ~~hour to $ 15~~ **tip credit wage (or eliminate the tip credit altogether)** ~~an~~ **and** ~~hour~~ **more mandated benefits** . We anticipate additional legislation increasing minimum ~~wage~~ **wages** ~~standards~~ **and mandated benefits** will be enacted in future periods and in other jurisdictions ~~, including a potential increase or elimination of the tip credit wage~~ . In addition to increasing the overall wages paid to our minimum wage and tip credit wage earners, these increases create pressure to increase wages and other benefits paid to other ~~team~~ **Team** ~~members~~ **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 and / or expansion of benefits mandates will have a particularly significant impact on our labor costs. Our vendors, contractors and business partners are similarly impacted by wage and benefit cost inflation, and many have or will increase their price for goods, construction and services in order to offset their increasing labor costs. In the past, many of our eligible Team Members chose not to participate in our Company- sponsored health care plans for various reasons, but we expect to continue to see increased costs due to the impact of changes in the health care laws ~~, including as a result of any repeal, replacement or other significant modifications of The Patient Protection and Affordable Care Act of 2010 (the" Affordable Care Act")~~ . Our distributors and suppliers also may be affected by higher minimum wage or health care costs, which could result in higher costs for goods and services supplied to us. A shortage in the labor pool or other general inflationary pressures or changes could also increase our labor costs. **While** ~~In the past,~~ we **try** ~~have been able~~ to offset **labor cost** increases ~~in labor costs by improving our~~ **through price increases, more efficient purchasing practices,** productivity ~~or~~ **improvements,** changing staffing models ~~in our restaurants or~~ **, greater economies of scale and** by **offering a variety of health plans** ~~taking gradual increases in pricing, but there is no guarantee we can continue~~ to ~~do so in the future. In addition, we rely on~~ our Team Members **,** ~~to accurately disclose the~~ **there can be no assurance that** ~~full amount of tips received, and we based our FICA tax reporting on the~~ **these efforts will be successful** ~~amounts provided to us by such tipped Team Members. Inaccurate Team Member FICA tax reporting could subject us to monetary liabilities~~ . If ~~our~~ **we are unable to anticipate and offset increased** labor costs **,** ~~increase and we are not able to offset costs through productivity or~~ **our financial performance** ~~efficiency gains from changing staffing models, profitable sales drivers or costs reduction efforts, or to pass along the costs in the form of increased prices to our Guests, then it~~ could **be** ~~have a material~~ **materially** ~~adverse~~ **adversely affected** ~~effect on our results of operations~~ . Further, changes to our staffing models in our restaurants due to labor costs or any labor shortages, could negatively impact our ability to provide adequate service levels to our Guests, which could result in adverse Guest reactions and a possible reduction in Guest traffic at our restaurants. Our failure to remain in compliance with governmental laws and regulations as they continually evolve, and the associated costs of compliance, could cause our business results to suffer. Our business is subject to various federal, state, and local government laws and regulations, including, among others, those relating to our employees, public health and safety, food safety, alcoholic beverage control, public accommodations, ~~financial~~ **data privacy** and ~~disclosure reporting and controls~~ **security, securities regulation** , and consumer health regulations, including those pertaining to nutritional content and menu labeling such as the Affordable Care Act, which requires restaurant companies such as ours to disclose calorie information on their menus. These laws and regulations continually evolve and change, and compliance may be costly and time- consuming. Moreover, we may fail to maintain compliance with all laws and regulations despite our best efforts. Changes in applicable laws and regulatory requirements, or failure to comply with them could result in, among other things, increased exposure to litigation, administrative enforcement actions or governmental investigations or proceedings; revocation of required licenses or approvals; fines; and civil and criminal liability. These negative consequences could increase the cost of or interfere with our ability to operate our business and execute our strategies. Various federal, state, and local employment laws govern our relationship with our Team Members and affect operating costs. These laws govern employee classification, wage rates, fair scheduling and payment requirements including tip credit laws and overtime pay, meal and rest breaks, unemployment and other taxes, health care and benefits, workers' compensation rates, citizenship or residency requirements, labor relations, child labor regulations, and discriminatory conduct. Changes in these laws or our failure to comply with enforcement requirements could require changes to our operations that could harm our operating results. For example, although we require all ~~of our~~ Team Members to provide us with the government- specified documentation evidencing their employment eligibility, some ~~of our~~ Team Members, without our knowledge, may not meet federal citizenship or residency requirements, which could lead to a disruption in our work force **. In addition, we rely on our Team Members to accurately disclose the full amount of tips received, and we base our FICA tax reporting on the amounts provided to us by such tipped Team Members. Inaccurate FICA tax reporting could subject us to monetary liabilities** . A number of other factors could adversely affect our operating results, including: • additional government- imposed increases in minimum and / or tipped wages, overtime pay, paid leaves of absence, sick leave, and mandated health benefits; • increased tax reporting and tax payment requirements for employees who receive gratuities; • a reduction in the number of states that allow gratuities to be credited toward minimum wage requirements; and • increased employee litigation including claims under federal and / or state wage and hour laws, including the Worker Adjustment and Retraining Notification (WARN) Act of 1988. There has been increasing public focus by investors, environmental activists, the media and governmental and nongovernmental organizations on social and environmental sustainability matters, including packaging and waste, animal health and welfare, human rights, climate change, greenhouse gases and land, energy and water use. As a result, we have experienced increased pressure and expectations to provide expanded disclosure and make commitments, establish goals or set targets with respect to various environmental and social issues and to take the actions necessary to meet those commitments, goals and targets. If we are not effective in addressing social and environmental sustainability matters, consumer trust in our brand may suffer. In addition, the actions needed to achieve our commitments, goals and targets could result in market, operational, execution and other costs, which could have a material adverse effect on our results of operation and financial condition. Our results of operation and financial condition could be adversely impacted if we are unable to effectively manage the risks or costs to us and our supply chain associated with social and environmental sustainability matters. We are subject to" dram shop" statutes in some states. These statutes generally allow a person injured by an intoxicated person to recover damages from an establishment that wrongfully served alcoholic beverages to such intoxicated person. Failure to comply with alcoholic beverage control or dram shop regulations could subject us to liability and could negatively affect our business. Our future success depends on our ability to protect our intellectual property. Our business prospects will depend in part on our ability to protect our proprietary information and intellectual property, including the Red Robin, Red Robin Gourmet Burgers ®, Red Robin America' s Gourmet Burgers & Spirits ®," YUMMM ®", Red Robin Gourmet Burgers and BrewsTM, and Red Robin RoyaltyTM names and logos. We have registered or filed applications for trademarks for these names and logos, among others, with the United States Patent and Trademark Office and in Canada and we have applied to register various trademarks in certain other international jurisdictions. Our trademarks could be infringed in ways that leave us without redress, such as by imitation or by filings by others in jurisdictions where we are not currently registered. In addition, we rely on trade secrets and proprietary know- how in operating our restaurants, and we employ various methods to protect these trade secrets and proprietary know- how. However, such methods may not afford adequate protection and others could independently develop similar know- how or obtain access to our know- how, concepts, and recipes. Consequently, our business could be negatively affected and less profitable if we are unable to successfully defend and protect our intellectual property. The Company' s effective tax rate could be volatile and materially change as a result of changes in tax laws. Prior to the 2020 U. S. presidential election, then presidential candidate Biden proposed an increase in the U. S. corporate income tax rate from 21 % to 28 %, the creation of a 10 % penalty on certain imports, and a 15 % minimum tax on worldwide book income. Additionally, a repeal of NOL carrybacks has also been discussed. During 2022, Congress passed, and President Biden signed into law, tax legislation that includes the 15 % corporate minimum income tax for certain large corporate taxpayers. At this time, the Company is not subject to the corporate minimum tax and does not project that it will be subject to the tax in the near future. If any or all of President Biden' s other proposed legislation (or similar) proposals are ultimately enacted into law, in whole or in part, they could have a negative impact to the Company' s effective tax rate and cash tax refunds. Additionally, while we believe our tax estimates are reasonable, the final determination of tax audits could be materially different from our historical income tax provisions and accruals. The results of a tax audit could have a material effect on our results of operations or cash flows in the period which the final determination is made. A significant increase in litigation could have a material adverse effect on our results of operations, financial condition, and business prospects. As a member of the restaurant industry, we are sometimes the subject of complaints or litigation, including class action lawsuits, or from Guests alleging illness, injury, or other food quality, health, or operational concerns. Negative publicity resulting from these allegations could harm our restaurants, regardless of whether the allegations are valid or whether we are liable. In addition, we are subject to the same risks of negative publicity resulting from these sorts of allegations even if the claim actually involves one of our franchisees. Any failure by us to comply with the various federal and state labor laws governing our relationship with our Team Members including requirements pertaining to minimum wage, overtime pay, meal and rest breaks, unemployment tax rates, workers' compensation rates, citizenship or residency requirements, child labor regulations, and discriminatory conduct, may have a material adverse effect on our business or operations. We have been subject to such claims from time to time. The possibility of a material adverse effect on our business relating to employment litigation is even more pronounced given the high concentration of Team Members employed in the Western United States, as this region, and California in particular, has a substantial amount of legislative and judicial activity pertaining to employment- related issues. Further, employee claims against us based on, among other things, discrimination, harassment, or wrongful termination may divert our financial and management resources that would otherwise be used to benefit the future performance of our operations. Labor organizing could adversely affect our operations and harm our competitive position in the restaurant industry, which could harm our financial performance. Our employees or others may attempt to unionize our workforce, establish boycotts or picket lines or interrupt our supply chains which could increase our labor costs, limit our ability to manage our workforce effectively, and cause disruptions to our operations. A loss of our ability to effectively manage our workforce and the compensation and benefits we offer to our staff members could harm our financial performance. Our current insurance may not provide adequate levels of coverage against claims. There are types of losses we may incur that cannot be insured against or that we believe are not economically reasonable to insure against. Such losses could have a material adverse effect on our business and results of operations. In addition, we self- insure a significant portion of expected losses under our employee health, workers' compensation, general liability, property, and cyber insurance programs. Unanticipated changes in the actuarial assumptions and management estimates underlying our reserves for these losses could result in materially different amounts of expense under these programs, which could have a material adverse effect on our financial condition, results of operations, and liquidity. Failure to obtain and maintain adequate directors' and officers' insurance could materially adversely affect our ability to attract and retain qualified officers and directors. Risks Related to Owning Our Stock The market price of our common stock is subject to volatility, which has and may continue to attract the interest of activist stockholders **or subject us to securities litigation, which could cause us to incur significant expenses, hinder execution of our strategy and impact our stock price** . During fiscal ~~2022~~ **2023** , the price of our common stock fluctuated between $ 5. ~~70~~ **39** and $ ~~18~~ **15** . ~~42~~ **63** per share. The market price of our common stock may be significantly affected by a number of factors, including, but not limited to, actual or anticipated variations in our operating results or those of our competitors as compared to analyst expectations, changes in financial estimates by research analysts with respect to us or others in the restaurant industry, **and** announcements of significant transactions (including mergers or acquisitions, divestitures, joint ventures or other strategic initiatives) by us or others in the restaurant industry ~~, and the COVID- 19 pandemic~~ . In addition, the equity markets have experienced price and volume fluctuations that affect the stock price of companies in ways that have been unrelated to an individual company' s operating performance. The price of our common stock may continue to be volatile, based on factors specific to our Company and industry, as well as factors related to the equity markets overall. Moreover, such volatility has in the past and may in the future attract the interest of activist stockholders **, and in the past, following periods of volatility in the market price of a company' s stock, securities class action litigation has been brought against companies** . Responding to activist stockholders **and securities litigation** can be costly and time- consuming, and the perceived uncertainties as to our future direction resulting from responding to activist strategies could itself then further affect the market price and volatility of our common stock. ~~Any failure~~ **We may not continue** to repurchase **our common** ~~the Company' s~~ stock ~~up~~ **pursuant** to ~~the maximum amounts permitted under~~ our **share** repurchase program **,** ~~may negatively impact investor perception of us~~ and **any repurchases** may ~~affect~~ **not enhance long- term stockholder value. Share repurchases could also increase** the ~~market~~ **volatility of the** price ~~and volatility~~ of our **common** stock **and could diminish our cash reserves** . ~~Our stock~~ **The Company has an authorized share** repurchase program ~~is temporarily suspended~~ . ~~If and when we reinstate our~~ **We are not obligated to repurchase shares of common** stock **under the** repurchase program, **and the** ~~or put a new~~ repurchase program ~~in place, it~~ may ~~require~~ **be suspended or terminated at any time. The amount, timing, and execution of repurchases under this repurchase program may fluctuate, and any repurchases by** us ~~to use a significant portion~~ of our **shares of common stock may further reduce** cash ~~flow from~~ **available for** operations and **future growth, as well as** ~~/ or may require us to incur indebtedness utilizing our existing Credit Facility or some other form of~~ debt ~~financing~~ **repayment** . Our ability to repurchase stock will depend on our ability to generate sufficient cash flows from operations, as supplemented ~~by proceeds from the exercise of employee stock options and~~ our capacity to borrow funds, which may be subject to economic, financial, competitive ~~,~~ and other factors that are beyond our control. ~~The~~ **Further, our Credit Agreement limits our** ~~inability~~ -- **ability** to ~~complete stock~~ **repurchase shares to certain conditions set forth by the lenders. Continuing share repurchases, or alternatively limiting or halting share** repurchases under ~~a~~ **our share** repurchase program may negatively impact investor perception of us and may therefore affect the market price and volatility of our stock.