UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 25, 2024

or

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

For the transition period from to

Commission file number 001-36556

EL POLLO LOCO HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware **State or other jurisdiction of incorporation or organization**	**20-3563182** **(I.R.S. Employer Identification No.)**
3535 Harbor Blvd., Suite 100, Costa Mesa, California **(Address of principal executive offices)**	**92626** **(Zip Code)**

(714) 599-5000

Registrant's telephone number, including area code

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	**LOCO**	**The Nasdaq Stock Market LLC**
Rights to Purchase Series A Preferred Stock, par value $0.01 per share		**The Nasdaq Stock Market LLC**

Securities registered pursuant to section 12(g) of the Act:

None
(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 26, 2024, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of the registrant's common equity held by non-affiliates was approximately $140.0 million.

As of February 28, 2025, there were 29,777,207 shares of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Part III hereof incorporates by reference certain portions of the registrant's definitive proxy statement for its 2025 annual meeting of stockholders to be filed not later than 120 days after the end of the registrant's 2024 fiscal year.

TABLE OF CONTENTS

PART I

Item 1. Business	3
Item 1A. Risk Factors	12
Item 1B. Unresolved Staff Comments	28
Item 1C. Cybersecurity	28
Item 2. Properties	29
Item 3. Legal Proceedings	30
Item 4. Mine Safety Disclosures	30

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	30
Item 6. [Reserved]	32
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	32
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	53
Item 8. Financial Statements and Supplementary Data	54
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	91
Item 9A. Controls and Procedures	91
Item 9B. Other Information	94
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	94

PART III

Item 10. Directors, Executive Officers and Corporate Governance	95
Item 11. Executive Compensation	95
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	95
Item 13. Certain Relationships and Related Transactions, and Director Independence	95
Item 14. Principal Accountant Fees and Services	95

PART IV

Item 15. Exhibits and Financial Statement Schedules	96
Item 16. Form 10-K Summary	99
Signatures	100

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("Annual Report") contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this Annual Report are forward-looking statements. Forward-looking statements discuss our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements because they do not relate strictly to historical or current facts. These statements may include words such as "aim," "anticipate," "believe," "estimate," "expect," "forecast," "outlook," "potential," "project," "projection," "plan," "intend," "seek," "may," "could," "would," "will," "should," "can," "can have," "likely," the negatives thereof and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. They appear in a number of places throughout this Annual Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, trends, strategies and the industry in which we operate. All forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those that we expected.

While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are expressly qualified in their entirety by these cautionary statements. You should evaluate all forward-looking statements made in this Annual Report in the context of the factors that could cause outcomes to differ materially from our expectations. These factors include, but are not limited to, those listed under "Summary Risk Factors" and "Item 1A. Risk Factors" of this Annual Report, as such risk factors may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission.

We caution you that the important factors included in this Annual Report may not contain all of the factors that are important to you. In addition, we cannot assure you that we will realize the results or developments we expect or anticipate or, even if substantially realized, that they will result in the consequences we anticipate or affect us or our operations in the ways that we expect. The forward-looking statements included in this Annual Report are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as required by law. If we do update one or more forward-looking statements, no inference should be made that we will make additional updates with respect to those or other forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

The following is a summary of certain key risk factors for investors in our securities. You should read this summary together with the more detailed description of risks and uncertainties discussed under Item 1A. "Risk Factors" in this Annual Report before investing in our securities.

Summary Risk Factors

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.
- We may not be able to compete successfully, including with other quick-service and fast casual restaurants.
- 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.
- If we are unable to attract, develop, assimilate, and retain employees, we may not be able to grow or successfully operate our business.
- Our business could be negatively affected by regional geographic concentrations.
- 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 long-term success depends in part on our ability to effectively identify and secure appropriate sites for new restaurants.
- We have incurred, and may continue to incur, significant impairment of certain of our assets, in particular in our new markets.
- Changes in food, supply costs, especially for chicken, labor, construction and utilities could adversely affect our business, financial condition, and results of operations.

- Public health crises, 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.
- Social media and negative publicity could have a material adverse impact on our business.
- 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.
- Food-borne illness and other food safety and quality concerns may negatively impact our business and profitability.
- 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 level of indebtedness, and restrictions under our credit facility, could materially and adversely affect our business, financial condition, and results of operations.
- 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.
- Adverse changes in the economic environment may affect our franchisees, with adverse consequences to us.
- We have limited control with respect to the operations of our franchisees, which could have a negative impact on our business.
- If our relations with existing or potential franchisees deteriorate, restaurant performance and our development pipeline could suffer.
- Our self-insurance programs may expose us to significant and unexpected costs and losses.
- We are locked into long-term and non-cancelable leases, and may be unable to renew leases at the ends of their terms.
- If we are unable to achieve our social and environmental sustainability goals, our reputation and results of operations could be adversely affected.

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.
- 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.

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.

Risks Related to Government Regulation and Litigation

- Matters relating to employment and labor law may adversely affect our business.
- 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.
- If we or our franchisees face labor shortages or increased labor costs, our results of operations and growth could be adversely affected.
- 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.
- 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.
- 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.

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.
- Future offerings of debt or equity securities by us may adversely affect the market price of our common stock.
- 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.
- Shareholder activism could cause us to incur significant expense, disrupt our business, result in a proxy contest or litigation and impact our stock price.

PART I

Unless otherwise specified in this Annual Report, or the context otherwise requires, terms "El Pollo Loco," "the Company," "our company," "we," "us," and "our" mean El Pollo Loco Holdings, Inc. ("Holdings"), together with its subsidiaries.

ITEM 1. BUSINESS

Our Company

We opened our first location on Alvarado Street in Los Angeles, California, in 1980, and have grown our restaurant system to 498 domestic restaurants, comprised of 173 company-operated and 325 franchised restaurants as of December 25, 2024. Our restaurants are located principally in California, but also in Arizona, Nevada, Texas, Utah, Colorado and Louisiana. Additionally, as of December 25, 2024 we had 10 licensed restaurants in the Philippines. Our typical restaurant is a free-standing building with drive-thru service that ranges in size from 2,200 to 3,000 square feet with seating for approximately 50-70 people.

El Pollo Loco is a differentiated and growing restaurant concept that specializes in fire-grilling citrus-marinated chicken and operates in the limited service restaurant ("LSR") segment. We strive to make and serve food that is "better for you" and also flavorful. Our distinctive menu features our signature product, citrus-marinated fire-grilled chicken, served in a variety of Mexican-inspired entrees, like burritos and tostadas, healthier choices, like salads, and chicken meals available in a variety of sizes to feed individuals and larger groups. Our entrees include favorites such as our Guacamole Chicken Burrito, Double Chicken Tostada, Crunchy Chicken Taco, and the Original Pollo Bowl®. Our famous Creamy Cilantro dressing and salsas are prepared fresh daily, allowing our customers to create their favorite flavor profiles to enhance their culinary experience. Our distinctive menu with "better for you" and more affordable healthier alternatives appeals to consumers across a wide variety of socio-economic backgrounds and drives our balanced composition of sales throughout the day (our "day-part mix"), including at lunch and dinner.

The Company operates in one operating segment. All significant revenues relate to retail sales of food and beverages through either company or franchised restaurants. Financial information about our operations, including our revenues and expenses for fiscal 2024, 2023 and 2022, and our total assets as of the end of fiscal 2024 and 2023, is included in our "Audited Consolidated Financial Statements" and accompanying "Notes to Consolidated Financial Statements" in this Annual Report. See "Item 8. Financial Statements and Supplementary Data."

Our Industry

The restaurant industry is divided into two segments: full service and limited service. We operate within the broader LSR segment, and we strive to offer the food and dining experience of a fast-casual restaurant and the speed, value, and convenience of a quick-service restaurant ("QSR"). We strive to offer menu options that are made with fresh ingredients and provide a quality, "better for you" alternative to typical fast food, all while using Mexican flavors to make our food craveable and delicious.

Our Competitive Strengths

We believe that the following strengths differentiate us from our competitors and serve as the foundation for our continued growth:

Differentiated Restaurant Concept with Broad Appeal.

We believe that our food, which is quality fire-grilled chicken served in a variety of freshly prepared meals and entrees and inspired by broadly appealing Mexican flavors, served in contemporary restaurant environments at reasonable prices, positions us well to satisfy the needs of a wide customer base by appealing to the broader general market who seek convenient and high-quality meals at reasonable prices. We provide our customers with the opportunity to enjoy citrus-marinated, fire-grilled chicken and entrees containing distinctive ingredients such as fresh avocados and serrano peppers at price points that appeal to a broad consumer base. We believe that our entree prices are typically lower than the fast-casual segment, and a slight premium to the QSR segment. We prepare our entrees to order in approximately four minutes and customers can select from a variety of freshly prepared salsas to complement their meal selection. We

also believe that our concept, which integrates the complexity of creating real food in real kitchens with the speed of our service model and the skill of our trained Grill Masters, provides a layer of competitive insulation around our restaurant model. We believe that our positioning appeals to a broad customer base, and that our brand crosses over traditional age, ethnic, and income demographics, giving consumers the best of both the fast-casual and QSR segments. We seek to position ourselves as a differentiated restaurant concept, which we believe sources traffic from both dining segments and, as a result, we expect it to drive transaction growth in the future.

Mexican-Inspired, Freshly-Prepared Fire-Grilled Chicken and Entrees.

Our signature product is our chicken, marinated with a proprietary recipe of citrus juice, garlic, and spices, which serves as the foundation of our distinctive menu of flavorful bone-in chicken meals and entrees. With menu items such as our signature Fire-Grilled Chicken Meals and Family Meals, Double Chicken Tostada, the Original Pollo Bowl®, Guacamole Chicken Burrito, and Double Chicken Avocado Salad, we believe that we offer our customers a “better for you” alternative to traditional food on-the-go. The majority of our menu items are prepared in-restaurant using fresh ingredients, including our bone-in chicken and chicken breast filets, rice, salsas, and cilantro dressing. Our entrees and meals start with our chicken, which is marinated in our restaurants daily. From there, our Grill Masters fire-grill and hand-chop our chicken to order. Our team members create our salsas and cilantro dressings with fresh tomatoes, avocados, serrano peppers, and cilantro, and our rice and beans are seasoned and simmered in our restaurants throughout each day.

Our bone-in chicken meals and Mexican-inspired entrees accounted for 41% and 52% of our company-operated restaurant sales in 2024, respectively, 43% and 50%, respectively, in 2023, and 44% and 50%, respectively, in 2022. Our individual and family-sized chicken meals appeal to customers looking to dine at the restaurant or take out during dinnertime, while our Mexican-inspired entrees draw traffic from customers at lunchtime or for an afternoon snack, thereby enabling us to generate sales split almost equally between lunch and dinner. We believe that our family-sized chicken meals provide a “better for you” and more convenient alternative for families looking to solve the “dinnertime dilemma” of providing their families with high-quality meals without investing significant time or money. In 2024 approximately 25% of our company-operated sales were generated from family-sized meals, compared to 26% in 2023, and 28% in 2022.

Operations Infrastructure that Allows for Real-Time Control, Fast Feedback, and Innovation.

We believe that satisfying our customers’ dining needs is the foundation for our business, and we have an operations platform that allows us to measure our performance in meeting and exceeding those needs. We utilize an operations dashboard that aggregates real-time, restaurant-level information for many aspects of our business. The dashboard provides corporate and field management, as well as restaurant-level operators, with insight into how we are performing from the customer’s perspective. In addition, all company operated restaurants utilize digital “communication boards,” which communicate sales, cost and consumer data in real time to our restaurant managers.

Developing High Average Unit Volumes (“AUVs”) and Strong Unit Economics One Chicken at a Time.

We seek to position ourselves as a differentiated LSR business, which we believe drives restaurant operating results that are competitive with other leading restaurant concepts in both the fast-casual and QSR industry segments. We believe that our restaurant model is designed to generate strong cash flow, consistent restaurant-level financial results, and compelling returns on invested capital. In 2024, our company-operated restaurants generated average annual sales per restaurant of approximately $2.3 million and restaurant-level contribution margins of 17.4%.

Experienced Leadership.

Most of our senior management team has extensive operating experience in the restaurant industry. Members of the senior leadership team include Elizabeth Williams as our Chief Executive Officer, Maria Hollandsworth as our President and Chief Operating Officer, Ira Fils as our Chief Financial Officer, Anne Jollay as our Chief Legal Officer, Bjorn Erland as our Chief People Officer, Tim Welsh as our Chief Development Officer, Jill Adams as our Chief Marketing Officer, and Clark Matthews as our Chief Information Officer.

Our Growth Strategy

We believe that we are well-positioned for sales growth because of our position in the high growth chicken category, appeal to a broad customer base, quality ingredients and a menu with broadly appealing Mexican flavors, disciplined business model, and strong unit economics. In 2024, 2023 and 2022, our comparable restaurant sales grew 2.8%, 0.3% and 5.9%, respectively. We plan to continue to expand our business, drive restaurant sales growth and increase company profits by executing our Strategic Plan, which consists of the following five key strategies:

Brand That Wins

We believe that being the craveable, affordable, better for you chicken leader, reinforced with our marketing and product offering, positions us to deliver on our first strategic pillar, Brand That Wins. Our marketing and advertising focuses on quality and freshly prepared ingredients to reinforce the cooking we do in our restaurants every day. Our chicken is our differentiator. We marinate, grill, chop, and shred chicken every day in our restaurants to deliver delicious fire-grilled chicken to our customers. Our grilled chicken is versatile and is offered in bone-in and boneless options, giving our customers choice and variety. Our chicken will continue to be the focus of our advertising campaigns and consumer messaging, and we believe that we are positioned uniquely to be the alternative to fried chicken and overindulgent fast food in the marketplace.
We believe that we are uniquely positioned within the LSR restaurant space. We will continue to adapt our menu to create individual entrees and group meals that feature our fire-grilled chicken and are inspired by the flavors of Mexico. We believe that we have opportunities for menu innovation around different forms of chicken and portability as we look to increase customer frequency and earn share from the competition. In addition, we will continue to tap into the need for healthier offerings by building on the success of our fire-grilled chicken and "better for you" products.

We engage customers through our seasonal product calendar, which features existing product platforms, like our Double Chicken Tostadas and Fire-Grilled Burritos, and limited-time offers like our Double Pollo Fit® Bowls. Our key points of differentiation are communicated through our advertising campaign, which highlights our food quality and "better for you" menu options. We tailor our message from television and direct mail, which garners broad exposure, to our Loco Rewards loyalty program and social media platform where we engage in more personalized marketing.

***Hospitality* Mindset**

Serving our customers and delivering on exceptional hospitality begins with having an operations and training model that allows for consistent delivery of our products and services. We believe that simplifying our restaurant operations will further enhance our ability to attract and retain the best employees and further improve customer service. In 2024, we continued to implement initiatives to make it easier for our employees to operate our restaurants. These included eliminating low-volume menu items with unique ingredients or complex builds, like our Keto Burrito, as well as purchasing pre-chopped serrano peppers and fresh cilantro to reduce prep and ensure consistency, and using new equipment to simplify salsa production. Our labor and deployment system allows us to focus our team on serving customers quickly and efficiently, while maintaining our quality and service standards.

Initiatives currently in test include a chicken holding cabinet, which improves overall quality and chicken availability during off-peak hours, and self-ordering kiosks which make ordering easy for our customers. These and other initiatives are intended to enable our restaurant employees to increase their focus on delivering exceptional hospitality and speed of service to our customers. We believe that this continued focus will lead to higher sales over the longer term.

Digital First

We believe that investing in consumer-facing technology is critical to further differentiating our brand and reaching customers for whom convenience and value are key decision factors. Our Loco Rewards loyalty program offers rewards that incentivize customers to visit our restaurants more each month. As of December 25, 2024, there were 4.2 million members in the Loco Rewards loyalty program, whom we target with segmented, dynamic campaigns with special offers tailored to each customer segment with the goals of increasing visit frequency and growing overall spend.

We also offer digital ordering through our mobile app, mobile web, and desktop web to provide convenient, easy ordering options for our customers. In addition to offering digital ordering through our website and mobile app, we participate in 3rd party delivery marketplaces. We currently have partnerships with DoorDash, Postmates, Uber Eats,

and Grubhub. As of December 25, 2024, DoorDash maintained exclusivity for delivery orders placed directly with our restaurants. For orders placed directly from the restaurant, no fee is charged to the restaurant as the full delivery cost is borne by the customer.

In total, during fiscal 2024, all digital and delivery orders including mobile and web orders constituted 12.2% of our total sales mix. As of December 25, 2024, all company-operated and franchise restaurants offered integrated delivery through a third-party service.

We plan to continue investing in our loyalty and delivery programs as well as other technology platforms to continue making it easier for customers to access our food.

Winning Unit Economics

We believe that creating strong margins is as important as driving topline sales. In 2024 we launched a concerted effort analyzing our product offering, labor, and controllables to determine areas of opportunity. Through this effort, we identified several workstreams to optimize product costs, supplier efficiencies, and labor deployment. While some of the savings were realized in 2024, we believe that these initiatives will have a positive impact on overall profitability for future years as well.

In addition to managing cost of sales, we also believe that having a cost-improved new store prototype will have a positive impact on overall profitability and fuel growth. Work was completed in 2024 to reduce the overall cost of the restaurant prototype through updating layout, materials, and furnishings, while keeping a modern, durable, and quality aesthetic. The brand will open its first cost-improved prototype in 2025.

Drive Unit Growth Again Through National Expansion

We believe that execution of our first four strategies will enable us to grow our restaurant base. Our restaurant model is designed to generate strong cash flow, attractive restaurant-level financial results and high returns on invested capital. During fiscal 2024, we opened four new stores, of which two were franchised and two were company-owned.

In addition to unit growth, we believe that remodels and refreshes to our existing fleet will keep El Pollo Loco relevant to our customers and keep them coming back. In 2024, we completed eight company-operated restaurant remodels, and our franchisees completed 44 remodels. In 2025, we plan to continue our standard practices for remodels, including 30-40 company-operated and 30-40 franchised restaurants.

We expect future new unit development to be led by franchisees and complemented by company store growth, through both in-fill in existing markets and expansion into adjacent and contiguous new markets. In order to expand into new markets, we believe that we need to source new franchisees and, therefore, we expect to invest more resources in sourcing and onboarding them in the future, including franchise recruitment, franchise operations, and field marketing.

Site Selection and Expansion

Restaurant Development

We believe that our restaurant model is designed to generate strong cash flow, attractive restaurant-level financial results, and high returns on invested capital, which we believe provide us with a strong foundation for unit growth over the long-term. In 2024, two new company-operated restaurants were opened in California and two new franchised restaurants were opened, one in California and one in Texas. In fiscal 2025, we intend to open one to two new company-operated restaurant in California and eight to nine new franchised restaurants.

Site Selection Process

We consider the location of a restaurant to be a critical variable in its long-term success and as such, we devote significant effort to the investigation and evaluation of potential restaurant locations. Our in-house development team has extensive experience building such brands as Burger King, Carl’s Jr., Jimmy John’s, QDOBA, Baskin Robbins, Denny’s and Dunkin’ Brands. We use a combination of our in-house development team and outside real estate

consultants to locate, evaluate, and negotiate new sites using various criteria, including demographic characteristics, daytime population thresholds, and traffic patterns, along with the potential visibility of, and accessibility to, the restaurant. The process for selecting locations incorporates management's experience and expertise and includes extensive data collection and analysis. Additionally, we use information and intelligence gathered from managers and other restaurant personnel that live in or near the neighborhoods that we are considering.

Based on our experience and results, we are currently focused on developing freestanding sites with drive-thrus along with select in-line locations. Our restaurants perform well in a variety of neighborhoods, which gives us greater flexibility and lowers operating risk when selecting new restaurant locations.

We approve new restaurants only after formal review by our real estate site approval committee, which includes some of our senior management, and we monitor restaurants' on-going performances to inform future site selection decisions.

Restaurant Construction

After identifying a lease site, we commence our restaurant build-out. Our new restaurants are either ground-up prototypes or retail space conversions. On average, it takes approximately 12 to 24 months from specific site identification to restaurant opening. Our restaurants are constructed in approximately 10 to 15 weeks. In order to maintain consistency of food and customer service, as well as our colorful, bright, and contemporary restaurant environment, we have set processes and timelines to follow for all restaurant openings.

Restaurant Management and Operations

Service

We are extremely focused on customer service. We aim to provide fast, friendly service on a solid foundation of dedicated, driven team members and managers. Our cashiers are trained on the menu items that we offer and offer customers thoughtful suggestions to enhance the ordering process. Our team members and managers are responsible for our service and dining room environment with a focus on hospitality. Team members seek to engage in conversation with our customers to ensure satisfaction. In addition, constant monitoring of the dining room occurs to ensure the beverage station is clean and supplied with products.

Operations

We utilize systems that are aimed at measuring our ability to deliver a great experience for our customers. These systems include customer surveys, social media ratings and speed-of-service performance trends. These results are then presented on an operations dashboard that displays the measures for corporate and restaurant-level management and franchisees to utilize in developing specific plans for continuous performance improvement. In addition, all company operated restaurants utilize digital communication boards, which communicate real-time sales and other data to our restaurant managers.

We have food safety and quality assurance programs designed to maintain the highest standards for the food and the food preparation procedures that are used by both company-operated and franchised restaurants. We have a quality assurance team and employ third-party auditors that perform our workplace and food safety restaurant audits.

Managers and Team Members

Each of our restaurants typically has a general manager and two to three shift leaders and some restaurants have an assistant manager. There are between 15 and 35 team members per restaurant who prepare our food fresh daily and provide customer service. To lead our restaurant management teams, we have area leaders, each of whom is responsible for 6 to 9 restaurants. Overseeing the area leaders are three Regional Directors of Operations who report up to the Sr. Director of Operation who reports to our Chief Operating Officer. Franchise operations are supported by four directors of franchise and a Vice President, Franchise Operations, who reports to the Chief Operating Officer.

Training

Our team members are the heart of El Pollo Loco, and it is our responsibility to equip them with the skills and knowledge necessary to deliver our high standards and commitments to the customer and team member experience. We strive to find ways to simplify our methodology and invest in elevating our team members and leaders. In a rapidly evolving landscape, effective training depends not only on the quality of content but also on delivery methods. We believe in a blended approach to training to capture all audiences by integrating digital technology and traditional hands-on training activities. To engage our growing base of multi-generational employees, we employ a Learning Management System called Pollo Zone, a tablet-based interactive learning tool. This platform is a central hub for all training efforts and features individual learner profiles to support engagement and accountability on our path toward investing in our people and their growth.

Franchise Program

We use a franchising strategy to increase new restaurant growth in certain markets, leveraging the ownership of entrepreneurs with specific local market expertise and requiring a relatively minimal capital commitment by us. As of December 25, 2024, we had a total of 325 franchised restaurants. Franchisees range in size from single-restaurant operators to our largest franchisee, which owned 79 restaurants as of December 25, 2024. Our existing franchise base consists of many successful, longstanding, multi-unit restaurant operators. As of December 25, 2024, approximately 86% of franchised restaurants were owned and operated by franchisees that had been with us for over 20 years.

We believe that the franchise revenue generated from our franchise base has historically served as an important source of stable and recurring cash flows to us, and we accordingly plan to expand our base of franchised restaurants. In existing markets, we encourage growth from current franchisees. In our expansion markets, we seek highly-qualified and experienced new franchisees for multi-unit development opportunities.

We believe that creating a foundation of initial and on-going support is important for future success, both for our franchisees and for our brand. Therefore, we have structured our corporate staff, programs, and communication systems to ensure that we are delivering high-quality support to our franchisees.

Our franchise training program is a key element in ensuring our franchise owners and their managers are equipped with the knowledge and skills necessary for success. The program introduces new franchise members to El Pollo Loco with hands-on training in the operation and management of our restaurants. This foundational training is conducted by a general training manager who has been certified by our operations group. Training must be successfully completed before a trainee can be assigned to a restaurant as a manager.

Once introductory training has been completed, we offer a path toward constant learning for all crew members by providing instructional materials that span management training, operations, new product introductions, food safety and a number of other essential restaurant functions. Many of these programs are distributed through Pollo Zone that provides our franchise owners with real-time access to the progress of learning in their restaurants.

Marketing and Advertising

We strive to distinguish the El Pollo Loco brand by building brand equity that we believe not only accentuates our strengths but also deepens the strong emotional connections we have with our customers. We promote our restaurants and products by emphasizing our points of differentiation, which include our Mexican flavors, our fresh ingredients and preparation methods, and the cooking of our citrus-marinated chicken on open fire grills in our kitchens, as well as the convenience and quality we offer for families.

We use multiple marketing channels, including traditional and digital media, and leverage video, static, and print content to effectively deliver our marketing messages. We target our advertising, using local broadcast and cable television to reach a wide audience, and digital media and streaming to layer on more targeted audience segments.

Through our public relations efforts, we engage notable food editors, influencers and bloggers on a range of topics to help promote our products. In addition, we engage in one-on-one conversations using a portfolio of social media platforms, including Facebook, TikTok, Instagram, Threads, and X (formerly Twitter). We also use social media as a research and customer service tool, and apply insights gained to future marketing efforts.

Our Loco Rewards™ loyalty program uses points, rewards, and offers to build engagement with our customers. Customers access the program on elpolloloco.com and the El Pollo Loco iOS Apple and Android app. We build segmented, dynamic campaigns with special offers tailored to each customer segment with the goals of increasing visit frequency and growing overall spend. To keep customers engaged with the program, unannounced offers, called "Surprise and Delights" are awarded based on that customer's transaction history. We communicate offers, loyalty updates and other Loco Rewards campaigns to customers via in-app messaging, mobile phone push notifications and email.

Our online ordering program makes it easy for customers to skip the line and order ahead. Available at every location and accessible from elpolloloco.com or the El Pollo Loco mobile app, any order can be placed and paid for before arriving at the restaurant. El Pollo Loco has partnered with Postmates, DoorDash, Uber Eats and Grubhub as additional methods for ordering. El Pollo Loco also operates direct delivery via elpolloloco.com or the Loco Rewards App, which is exclusively fulfilled by DoorDash.

Purchasing and Distribution

Maintaining a high degree of quality in our restaurants depends in part on our ability to acquire fresh ingredients, and other necessary supplies that meet our specifications, from reliable suppliers. We regularly inspect our vendors to ensure that products purchased conform to our standards and that prices offered are competitive. We have a quality assurance team and third-party accredited auditors that perform comprehensive supplier audits on a frequency schedule based on the potential food safety risk for each product. We contracted with McLane Company (our "primary distributor"), a major foodservice distributor, for substantially all of our food and supplies, including the poultry that our restaurants receive from suppliers for fiscal 2024. Starting in March 2025, Performance Food Group Customized Distribution ("PFG Customized") will be our new primary distributor for substantially all of our food and supplies, including the poultry that our restaurants receive from suppliers. Our primary distributor delivers supplies to most of our restaurants two to three times per week. Our restaurants in Texas, Louisiana and Colorado utilize regional distributors for produce. Our franchisees are required to use our primary distributor or an approved regional distributor, and franchisees must purchase food and supplies from approved suppliers. Poultry is our largest product cost item and represented approximately 37% of our total food and paper costs for 2024. Fluctuations in supply and in price can significantly impact our restaurant service and profit performance. We actively manage cost volatility for poultry by negotiating with multiple suppliers and entering into what we believe are the most favorable contract terms given existing market conditions. In the past, we have entered into contracts ranging from one to two years depending on current and expected market conditions. During fiscal 2024, we sourced poultry from six suppliers, with three accounting for approximately 77% of our purchases for fiscal 2024. During fiscal 2025, more than 80% of our poultry purchases have been contracted at a fixed price.

Intellectual Property

We have registered El Pollo Loco ® , Pollo Bowl ® , The Crazy Chicken ® , and certain other names used by our restaurants as trademarks or service marks with the U.S. Patent and Trademark Office, and El Pollo Loco ® in approximately 40 foreign countries and the European Union. In addition, the El Pollo Loco logo, website name and address, Facebook, X (formerly Twitter), Instagram and YouTube accounts are our intellectual property. Our policy is to pursue and maintain registration of service marks and trademarks in those countries where business strategy requires us to do so, and to oppose vigorously any infringement or dilution of the service marks or trademarks in those countries. We maintain the recipe for our chicken marinade, as well as certain proprietary standards, specifications, and operating procedures, as trade secrets or as confidential proprietary information.

Competition

We operate in the restaurant industry, which is highly competitive and fragmented. The number, size, and strength of competitors varies by region. Our competition includes a variety of locally-owned restaurants and national and regional chains that offer dine-in, carry-out, and delivery services.

We believe that competition within the fast-casual restaurant segment is based primarily on ambience, price, taste, quality, and freshness of menu items, as well as on the convenience of drive-thru service. We also believe that QSR competition is based primarily on quality, taste, speed of service, value, brand recognition, restaurant location, and customer service. In addition, we compete with franchisors of other restaurant concepts for prospective franchisees.

Environmental Matters

Our operations are subject to federal, state, and local laws and regulations relating to environmental protection, including regulation of discharges into the air and water, storage and disposal of liquid and solid waste, and clean-up of contaminated soil and groundwater. Under various federal, state, and local laws, an owner or operator of real property may be liable for the cost of removal or remediation of hazardous or toxic substances on, in, or emanating from that property. Such liability may be imposed without regard to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances.

Certain of our properties may be located on sites that we know or suspect have been used by prior owners or operators as retail gasoline stations. Such properties previously contained underground storage tanks ("USTs") for gasoline storage, and while we are not aware of any sites with USTs remaining, it is possible that some of these properties may currently contain abandoned USTs. We are aware of contamination from a release of hazardous materials by a previous owner or operator at two of our owned properties and one of our leased properties. We do not believe that we have contributed to the pre-existing contamination at any of these properties. The appropriate state agencies have been notified, and these issues are being handled without disruption to our business. It is possible that petroleum products and other contaminants may have been released at other properties into the soil or groundwater. Under applicable federal and state environmental laws, we, as the current owner or operator of these sites, may be jointly and severally liable for the costs of investigation and remediation for certain contamination. Although we lease most of our properties, and, when we own, we obtain certain assurances from the prior owner or often obtain indemnity agreements from third parties, we may nonetheless be liable for environmental conditions relating to our prior, current, or future restaurants or restaurant sites. If we were found liable for the cost of remediation of contamination at, or emanating from, any of our properties, our operating expenses would likely increase and our operating results would likely be adversely affected and, in extraordinary circumstances, our operating results could be materially affected.

Since 2000, we have obtained "Phase One" Environmental Site Assessments (assessing whether current or historical property uses have impacted soil or groundwater beneath the property, posing a threat to the environment and/or human health) for new restaurants. Where warranted, we obtain updated reports, and, if necessary, in rare cases, we obtain "Phase Two" Environmental Site Assessments (evaluating the presence or absence of petroleum products or hazardous substances via soil and/or groundwater sampling). We have not conducted a comprehensive subsurface environmental review of all of our properties or operations. No assurance can be given that we have identified all of the potential environmental liabilities at our properties or that such liabilities will not have a material adverse effect on our financial condition.

Regulation and Compliance

We and our franchisees are subject to various federal, state and local laws and regulations that govern our business operations, including those governing:

- employment and wage and hour practices, including, but not limited to, minimum wage rates, overtime, meal and rest periods, prevention of discrimination, harassment, and retaliation, employment of minors, paid and family leave, unemployment tax rates, workers' compensation rates, suitable seating, and citizen, visa, or lawful permanent resident requirements, and other working conditions;
- privacy and data security, including the collection, maintenance and use of information regarding employees and guests;
- compliance with the Americans with Disabilities Act and similar laws affording various protections and accommodations to employees and guests with disabilities;
- environmental practices, including the discharge, storage, handling, release and disposal of hazardous or toxic substances; regulation of discharges into the air, water and soils, storage and disposal of liquid and solid waste, and clean-up of contaminated soil and groundwater, and regulations restricting the use of straws, utensils and the certain packaging materials;
- compliance with Federal Trade Commission and laws that govern the franchisor-franchisee relationship, including the offer and sale of franchises and certain disclosures to franchisees;
- the preparation, sale and labeling of food, including regulations of the Food and Drug Administration, which oversees the safety of the entire food system, including inspections and mandatory food recalls, menu labeling and nutritional content;

- working hours and working conditions, health, sanitation, safety and fire standards, building and zoning requirements, public accommodations and safety conditions, environmental matters, and data privacy;
- building and zoning requirements, including state and local licensing and regulation governing the design and operation of facilities and land use; and
- health and sanitation and public safety.

We require each of our franchise partners to comply with all federal, state and local laws and regulations. We have processes in place to monitor our own compliance with the numerous, complex, applicable laws and regulations governing our operations.

Other than as described above, the Company's compliance with federal, state or local laws and regulations, including environmental laws, is not expected to materially affect our earnings or competitive position or result in material capital expenditures. However, we cannot predict what laws will be enacted in the future, or how existing or future laws will be administered, interpreted or enforced. We also cannot predict the amount of future expenditures that we may need to make to comply with, or to satisfy claims and lawsuits relating to, these various laws and regulations. Further, more stringent and varied requirements of local government bodies with respect to zoning, land use and environmental factors could delay construction and increase development costs for new restaurants. Moreover, although we have not experienced, and do not anticipate, any significant problems in obtaining required licenses, permits, or approvals, any difficulties, delays, or failures in obtaining such licenses, permits, registrations, exemptions, or approvals could delay or prevent the opening of, or adversely impact the viability of, a restaurant in a particular area. Additionally, a significant portion of our hourly staff is paid at minimum wage rates consistent with the applicable federal, state, or local laws and, accordingly, increases in the applicable minimum wage will increase our labor costs. We are also subject to the Americans with Disabilities Act, which prohibits discrimination on the basis of disability in public accommodations and employment, and which may require us to design or modify our restaurants to make reasonable accommodations for disabled individuals.

See "Item 1A. Risk Factors" and the subsection titled "Environmental Matters" above in this Annual Report for a discussion of risks relating to federal, state, local and regulation of our business.

Management Information Systems

All of our company-operated and franchised restaurants use computerized point-of-sale and back-office systems, which we believe can scale to support our long-term growth plans. Our point-of-sale system provides a touch-screen interface and is integrated with segmented Europay, Mastercard and Visa tokenized high speed credit and gift card processing hardware. Our point-of-sale system is used to collect daily transaction data, which provides daily sales and product mix information that we actively analyze.

Our in-restaurant back-office computer system is designed to assist in the management of our restaurants and to provide labor and food cost management tools. The system also provides corporate headquarters and restaurant operations management quick access to detailed business data, and reduces the time spent by restaurant managers on administrative needs. The system further provides sales, bank deposit, and variance data to our accounting department on a daily basis. For company-operated restaurants, we use this data to generate weekly consolidated reports regarding sales and other key measures, as well as preliminary weekly profit and loss statements for each location, with final reports following the end of each period.

Human Capital

As of December 25, 2024, we had approximately 4,143 employees, of whom approximately 3,977 were hourly restaurant employees comprised of 3,177 crewmembers, 178 general managers/acting general managers, 85 assistant managers, 518 shift leaders, and 19 employees in limited-time roles as acting managers or as managers in training. The remaining 166 employees were corporate and office personnel. None of our employees are part of a collective bargaining agreement, and we believe that our relationships with our employees are satisfactory.

We believe our efforts to maintain solid relationships with our employees are effective and are grounded in our company values. Our primary human capital objective is employee engagement, which is dependent upon hiring, retaining, developing and motivating employees. We strive to build a culture centered around our mission, which is to "Feed the Love that Makes Us All Feel Like Family" and "Heart-Centered Leadership." We believe this mission is predicated on

servant-led leadership, employee recognition and community involvement. We offer our employees both online and on-the-job training. Restaurant management trainees participate in comprehensive, multi-week training programs touching on all aspects of the operations, including restaurant leadership. We provide key restaurant leadership roles with a quarterly cash-based performance bonus awards. Our corporate employees are provided an annual performance bonus award. We also have an equity incentive compensation plan to provide certain management-level or other key employees with stock-based awards. We monitor our progress with metrics such as employee performance measures, turnover rates and restaurant customer surveys.

The health and well-being of our employees and guests have always been and continues to be our top priority. We have maintained enhanced safety measures to help protect the health and well-being of all of our employees.

Seasonality

Seasonal factors, including weather and the timing of holidays, 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. As a result of seasonality, our quarterly and annual results of operations and key performance indicators such as company-operated restaurant revenue and comparable restaurant sales may fluctuate.

Available Information

We make available free of charge on our Internet website our Annual Reports, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission ("SEC"). Our Internet address is www.elpolloloco.com. The contents of our Internet website are not part of this annual report, and are not incorporated by reference. Our Internet address is provided as an inactive textual reference only.

The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC, at http://www.sec.gov.

ITEM 1A. RISK FACTORS

You should carefully consider the following risk factors, as well as other information contained in this Annual 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. In fiscal 2025, we plan to open one to two company-operated restaurant and our franchisees intend to open eight to nine. 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, we are pursuing the new development agreements covering territories in Texas, Colorado, New Mexico, Idaho and Washington State. We currently have two restaurants in Colorado. We plan on opening our first locations in New Mexico, El Paso, Idaho and Washington State. 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, 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, 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 have recently expanded and continue to expand.

We compete with national, regional and 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.

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, 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% in fiscal 2023. 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 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.

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 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 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 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. For example, since 2022 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.

Our principal food product is chicken. In fiscal 2024, 2023, and 2022, the cost of chicken included in our product cost was approximately 9.3%, 10.0%, and 11.0%, 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, 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, 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 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, or due to staffing shortages, we and our franchisees experienced temporary closures of some restaurants, closures of dining rooms, limited capacity restrictions and/or decreased operating hours for some restaurants.

If in the event of another public health crisis, such as the COVID-19 pandemic, 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 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 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.

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. Additionally, our delivery partners own the customer data for orders placed on 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 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.

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 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 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 25, 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, 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 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 cybersecurity incidents within our information systems. These cybersecurity 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 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 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 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.

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 or solutions on which we rely. 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 used in our information systems occurs, even if inadvertent, our information systems may become disabled or inaccessible and access to our data and other business information may be limited, which could materially disrupt our operations.

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.

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.

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 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 more than 60 establishments nationwide 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 also 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 have experienced an increase in our labor and regulatory compliance costs and we expect these costs will continue to increase in 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 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 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. 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, 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.

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. Although we have been able to substantially offset these cost pressures through various actions, such as increasing menu prices, managing menu mix, and productivity improvements, we expect these cost pressures to 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 could have the effect of lowering sales, which would thereby reduce our margins and the royalties that we receive from franchisees. Also, reduced margins of franchisees could make it more difficult to sell franchises.

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 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.

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 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.

For example, federal and state regulations, such as the federal PPACA, establishes uniform requirements for certain restaurants to 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 calorie information in the context of a total daily calorie 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; 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 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.

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' 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.

For example, on August 4, 2024, the Board of Directors approved and entered into an amendment to the Rights Agreement (the "Amendment", and together with the 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 Person (as defined below), unless one of the enumerated

exceptions is applicable, from 12.5% to 15.0%. In all other respects, the terms of the Rights Agreement remain unmodified and in full force and effect.

Under the Amended Rights Agreement, the Rights are generally exercisable only in the event that a person or group of affiliated or associated persons (such person or group being an "Acquiring Person"), other than certain exempt persons, acquires (or commences a tender offer or exchange offer the consummation of which would result in) Beneficial Ownership of 15.0% or more of the outstanding shares. In such case (with certain limited exceptions), each holder of a Right (other than the Acquiring Person, whose Rights shall become void) will have the right to receive, upon exercise at the then current exercise price of the Right, shares of our common stock (or, if the Board of Directors so elects, cash, securities, or other property) having a value equal to two times (2x) the exercise price of the Right. Refer to "Item 8. Financial Statements and Supplementary Data —Note 16, Shareholder Rights Agreement" for further details on the Amended Rights Agreement.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

The Company has multi-layer processes to assess, identify and manage material risks from cybersecurity threats. These processes are integrated into the Company's enterprise risk management as part of its overall risk management strategy.

A cross-functional team of senior leadership assesses potential material risks to the business and the Company's ability to meet strategic priorities, including risks from cybersecurity threats. The Company's senior leadership receives updates from relevant functional heads or other subject matter specialists on these potential material risks as well as the processes or other steps being taken to manage or mitigate the risks. The team includes senior leaders in areas of importance to Company priorities, including the Company's Chief Privacy Officer, who is also our Senior Vice President of Information Technology and the Chief Legal Officer. The Company's senior leadership assesses and prioritizes risk based on impact to shareholders, operations, and strategic priorities, among other factors.

The Chief Privacy Officer oversees the Company's information security program and is responsible for the day-to-day information risk management activities through the internal information security team, and outside resources. The SVP, Chief Privacy Officer, who has over 30 years of IT and IT security experience, 21 of which are at the Company, employs a team of information technology experts, including a dedicated Cyber Security Analyst. The VP, Chief Privacy Officer and the Cyber Security Analyst are further supported by other members of the IT department.

The Company's processes to assess, identify and manage material risks from cybersecurity threats include, but are not limited to, the following:

- The SVP, Chief Privacy Officer, dedicated Cyber Security Analyst, and other key members of the information technology team actively monitor threats to the information technology environment. They work with a third party to provide additional 24/7 monitoring of cyber threats. These internal and external cybersecurity teams are empowered to contain network access through various application controls. Structural protections are also in place to mitigate risks of end point failures, and provide for continuity of operations.
- The Company uses various systems to manage threats, for example, firewall protections, anti-virus protections, vulnerability scans, among others. Such systems are regularly reviewed for adequacy and potential enhancements.
- The Company employs an information security and training program for our employees, including annual mandatory computer-based training, regular internal communications, and ongoing end-user testing throughout the year to measure the effectiveness of our information security program.
- The Company engages external third parties to advise on emerging threats to stay current and strengthen our security capabilities.
- The Company performs penetration testing and other exercises within internal and external networks for potential vulnerabilities.
- The Company additionally performs annual tabletop exercises with the information technology team pertaining to infrastructure and cyber security related events, to test the Company's incident response and business continuity plans in the event of a cybersecurity incident.

- Bi-annually the Company engages a third party to conduct an audit of the Company's cybersecurity systems and processes to test their adequacy and efficacy. The results are shared with senior leadership and the Audit Committee of the Board, and incorporated into strategic security plans.
- The Company maintains cybersecurity insurance, which is assessed annually for the appropriateness of coverage levels and emerging trends.

The Company also has in place an Incident Response Plan that enables it to quickly categorize, respond, and escalate to senior leadership and the Audit Committee of the Board, real or potential cybersecurity incidents in a manner designed to mitigate overall business impact.

In connection with the Company's review and approval for potential new vendors, the Company assesses the data types or Personally Identifiable Information that the vendor may maintain, store or access and reviews the adequacy of their cybersecurity procedures and legal protections. Legal counsel and the SVP, Chief Privacy Officer review the cyber and contractual protections and consider the overall risk profile considering the type of agreement, data involved, vendor, and jurisdiction, among other factors. Vendors deemed to have insufficient controls balancing the relevant criteria will not be approved.

The Board of Directors is kept apprised of material risks from cybersecurity threats through the Audit Committee. The Audit Committee is responsible for overseeing threats to the Company, including those involving cyber threats, and reviewing the Company's protocols and procedures to mitigate those threats. On a quarterly basis, the SVP, Chief Privacy Officer, presents to the Audit Committee on the Company's cybersecurity compliance and risk management practices. These presentations address, among other things, the results of audits and reviews of our security information systems and other cybersecurity measures, the current threat environment and cybersecurity trends and best practices. As applicable, these quarterly presentations also include reports of cybersecurity incidents affecting our information systems along with updates on the status of prior cybersecurity incidents and applicable remediation efforts. The Audit Committee discusses the adequacy and efficacy of the controls and shares the information with the Board as part of its risk oversight function. Outside of quarterly presentations, the Audit Committee is informed of incidents that in senior leadership's discretion require more immediate Audit Committee attention.

To date, the Company has not, to its knowledge, experienced any cybersecurity threats or previous cybersecurity incidents, that have materially affected or are reasonably likely to materially affect the Company, including its business strategy, results of operations, or financial condition. In the last three years, the Company has not experienced any material cybersecurity incidents and we have not incurred material expenses from cybersecurity incidents (including penalties and settlements, of which there were none). However, we can give no assurance that we have detected or protected against all cybersecurity incidents or cybersecurity threats. Please refer to "Item 1A, Risk Factors— Risks Related to Information Technology and Data Security" in this Annual Report for additional information about risks related to cybersecurity matters.

ITEM 2. PROPERTIES

As of December 25, 2024, our restaurant system consisted of 498 restaurants, comprised of 173 company-operated restaurants and 325 franchised restaurants, located in California, Nevada, Arizona, Texas, Utah, Louisiana and Colorado. In addition, as of December 25, 2024, we licensed our brand to 10 restaurants in the Philippines. We have not included these licensed restaurants as part of our unit count as presented in this annual report. The table below sets forth the locations (by state) for all restaurants in operation as of December 25, 2024.

State	Company-Operated	Franchised	Total
California	145	247	392
Nevada	28	5	33
Arizona	—	27	27
Texas	—	32	32
Utah	—	10	10
Louisiana	—	2	2
Colorado	—	2	2
Total	173	325	498

Our restaurants are either free-standing facilities, typically with drive-thru capability, or in-line. A typical restaurant generally ranges from 2,200 to 3,000 square feet, with seating for approximately 50 to 70 people. For a majority of our company-operated restaurants, we lease land on which our restaurants are built. Our leases generally have terms of 20 years, with up to four renewal terms of five years.

Restaurant leases provide for a specified annual rent, and some leases call for additional or contingent rent based on revenue above specified levels. Generally, our leases are "net" leases that require us to pay a pro rata share of taxes, insurance, and maintenance costs. We own 15 properties, of which we currently operate 12 and license three to franchisees. In addition, we operate 161 company-operated restaurants on leased real estate, we own one operating unit with additional parking on leased real estate, and we have another 57 leased sites that are subleased or assigned to franchisees who operate El Pollo Loco restaurants. We also have two closed units, two of which are subleased for uses other than El Pollo Loco. We also sublease a surplus property of an operating location to a third party.

We lease our headquarters, consisting of approximately 24,890 square feet in Costa Mesa, California, for a term expiring in 2026, plus a one-year extension option.

ITEM 3. LEGAL PROCEEDINGS

For information regarding our material legal proceedings, see Note 14 "Commitments and Contingencies—Legal Matters" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report, which information is incorporated herein by reference.

ITEM 4. MINE SAFETY DISCLOSURES

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our common stock has been listed on The Nasdaq Stock Market LLC under the symbol "LOCO" since July 25, 2014.

As of February 28, 2025, there were approximately 64 holders of record of our common stock. The number of holders of record is based upon the actual number of holders registered at such date and does not include holders of shares in "street name" or persons, partnerships, associates, corporations, or other entities in security position listings maintained by depositories.

Dividends

In fiscal 2022, the Board of Directors declared a special cash dividend of $1.50 per share on our common stock. The special dividend was paid on November 9, 2022, to stockholders of record, including holders of restricted stock, at the close of business on October 24, 2022. Dividend payments are subject to the discretion and approval of our Board of Directors and our compliance with applicable law, and depends upon, among other things, our results of operations, financial condition, level of indebtedness, capital requirements, contractual restrictions, and other factors that our Board of Directors may deem relevant. We do not anticipate paying any such dividends for the foreseeable future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon our results of operations, financial condition, restrictions imposed by applicable law and our financing agreements and other factors that our Board of Directors deems relevant.

Issuer Purchases of Equity Securities

The following table sets forth information with respect to the shares of our common stock we acquired during the fourth quarter ended December 25, 2024 (in thousands, except number of shares and per share amounts).

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[1]	Approximate Dollar Value of Shares That May Be Purchased Under the Plans or Programs
September 26, 2024 to October 23, 2024	6,750	$ 12.86	6,750	$ 3,043
October 24, 2024 to November 20, 2024	61,366	$ 12.62	43,702	$ 2,496
November 21, 2024 to December 25, 2024	53,250	$ 12.31	53,250	$ 1,841
Total	121,366 [2]		103,702	

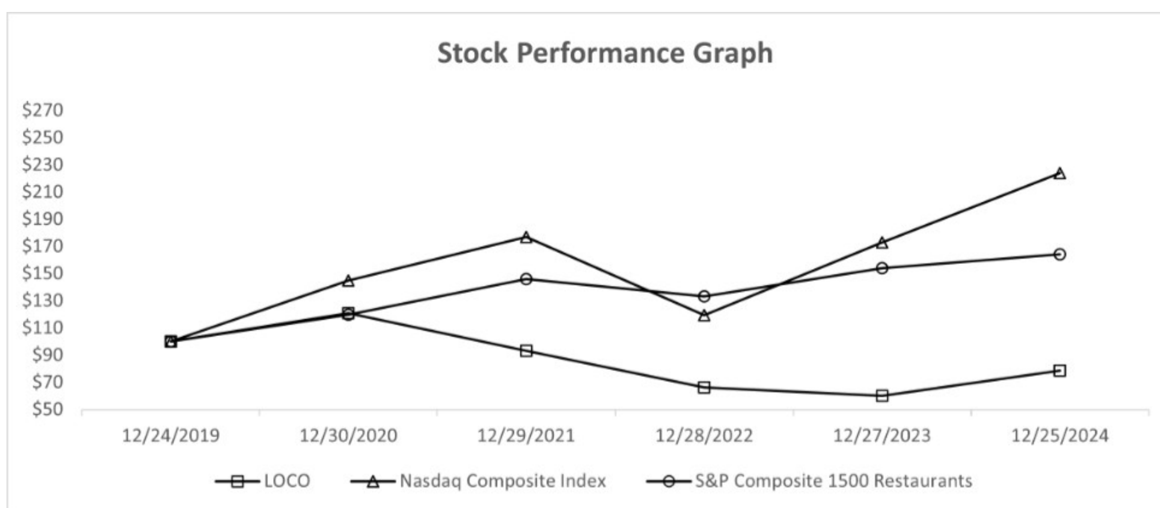
(1) On November 2, 2023, our Board of Directors approved a share repurchase program under which we are authorized to repurchase up to $20.0 million of shares of our common stock (the “Share Repurchase Program”). Under the Share Repurchase Program, we are permitted to repurchase our common stock from time to time, in amounts and at prices that we deemed appropriate, subject to market conditions and other considerations. Pursuant to the Share Repurchase Program, we are authorized to effect repurchases using open market purchases, including pursuant to Rule 10b5-1 trading plans, and/or through privately negotiated transactions. The Share Repurchase Program does not obligate us to acquire any particular number of shares. The Share Repurchase Program will terminate on March 31, 2025.

(2) Consists of (a) 103,702 shares repurchased by us pursuant to the Share Repurchase Program and (b) 17,664 shares acquired by us to satisfy employee tax withholding obligations in connection with the vesting of previously issued restricted stock.

Stock Performance Graph

The following graph and table illustrate the total cumulative shareholder return for (i) our common stock, (ii) the Nasdaq Composite Index and (iii) the Standard and Poor's Composite 1500 Restaurants Index (formerly called the S&P Supercomposite Restaurants Index), for the five years ended December 25, 2024. The graph assumes the investment of $100 at the beginning of the period (at the closing price of our common stock on December 26, 2018) and the reinvestment of all dividends. Specifically, the graph assumes that the $1.50 per share special cash dividend paid to shareholders was reinvested in 2022. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.

The stock performance graph shall not be deemed soliciting material or to be filed with the SEC or subject to Regulation 14A or 14C under the Exchange Act or to the liabilities of Section 18 of the Exchange Act, nor shall it be incorporated by reference into any past or future filing under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, except to the extent we specifically request that it be treated as soliciting material or specifically incorporate it by reference into a filing under the Securities Act or the Exchange Act.



Date		LOCO		Nasdaq Composite Index		S&P Composite 1500 Restaurants
December 24, 2019	$	100.00	$	100.00	$	100.00
December 30, 2020	$	121.00	$	144.92	$	119.57
December 29, 2021	$	93.09	$	177.06	$	145.93
December 28, 2022	$	66.18	$	119.45	$	133.03
December 27, 2023	$	60.13	$	172.77	$	153.95
December 25, 2024[(1)]	$	78.47	$	223.87	$	164.08

[(1)] Since December 25, 2024 was a market holiday, the price quoted in this column is based on our closing share price on December 24, 2024.

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with our "Audited Consolidated Financial Statements" and accompanying "Notes to Consolidated Financial Statements" included elsewhere in this Annual Report. In addition to historical information, this discussion contains forward-looking statements that involve risks, uncertainties, and assumptions that could cause actual results to differ materially from management's expectations. See "Forward-

Looking Statements" and "Item 1A. Risk Factors" included elsewhere in this Annual Report. We assume no obligation to update any of these forward-looking statements.

Basis of Presentation

We use a 52- or 53-week fiscal year ending on the last Wednesday of each calendar year. Fiscal 2024, 2023, and 2022 ended on December 25, 2024, December 27, 2023 and December 28, 2022, respectively. In a 52-week fiscal year, each quarter includes 13 weeks of operations. In a 53-week fiscal year, the first, second and third quarters each include 13 weeks of operations, and the fourth quarter includes 14 weeks of operations. Approximately every six or seven years a 53-week fiscal year occurs. Fiscal 2024, 2023 and 2022 were 52-week fiscal years. 53-week years may cause revenues, expenses, and other results of operations to be higher due to the additional week of operations. Fiscal years are identified in this Annual Report according to the calendar years in which they ended. For example, references to fiscal 2024 refer to the fiscal year ended December 25, 2024.

Overview

El Pollo Loco is a differentiated and growing restaurant concept that specializes in fire-grilling citrus-marinated chicken and operates in the limited-service restaurant segment. We strive to offer food that integrates the culinary traditions of Mexico with the healthier lifestyle. Our distinctive menu features our signature product--citrus-marinated fire-grilled chicken--and a variety of Mexican and LA-inspired entrees that we create from our chicken. We serve individual and family-sized chicken meals, a variety of Mexican and LA-inspired entrees, and sides, and, throughout the year, on a limited-time basis, additional proteins like beef and shrimp. Our entrees include favorites such as our Chicken Avocado Burrito, Pollo Fit entrees, chicken tostada salads, and Pollo Bowls. Our famous Creamy Cilantro dressings and salsas are prepared fresh daily, allowing our customers to create their favorite flavor profiles to enhance their culinary experience. We believe that our distinctive menu with better for you and more affordable alternatives appeals to consumers across a wide variety of socio-economic backgrounds and drives our balanced composition of sales throughout the day (our "day-part mix"), including at lunch and dinner.

Market Trends and Uncertainties

On September 28, 2023, Governor Newsom signed AB 1228 into law in California, 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 more than 60 establishments nationwide increased to $20 an hour on April 1, 2024, and a Fast Food Council created by AB 1228 has limited power to approve annual wage increases until 2029. Under AB 1228, the Fast Food Council also retains 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 have experienced an increase in our labor and regulatory compliance costs and we expect these cost increases to continue into fiscal 2025. Although we have been able to substantially offset these cost pressures through various actions, such as increasing menu prices, managing menu mix, and productivity improvements, we expect these cost pressures to continue into 2025 and we may not be able to offset cost increases in the future.

Additionally, we are impacted by macroeconomic challenges, such as inflationary pressures and changes in trade policies, that have in the past, and may continue to in the future, affect our operations in certain areas such as food cost, labor costs, construction costs and other restaurant operating costs. We have been able to substantially offset these inflationary and other cost pressures through various actions, such as increasing menu prices, managing menu mix, and productivity improvements. However, we expect these inflationary and other cost pressures to continue in fiscal 2025 and we may not be able to offset cost increases in the future.

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. For additional information, see "Item 1A. Risk Factors", including the risk factor titled ***"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."

Growth Strategies and Outlook

We plan to continue to expand our business, drive restaurant sales growth, and enhance our competitive positioning, by executing the following five key strategies:

- Brand That Wins;
- Hospitality Mindset;
- Digital First;
- Winning Unit Economics; and
- Drive Unit Growth Again with National Expansion.

See subsection titled "Our Growth Strategy" in Item 1. Business in this Annual Report for a detailed description of the five key pillars of our growth strategy.

As of December 25, 2024, we had 498 locations in seven states. In fiscal 2024, we opened two new company-operated restaurants in California and our franchisees opened two new restaurants, one in California and one in Texas. In fiscal 2023, we opened two new company-operated restaurants in Nevada and our franchisees opened three new restaurants, one in California, one in Colorado and one in Utah.

In 2025, we intend to open one to two new company-operated in California and eight to nine new franchised restaurants. To increase comparable restaurant sales, we plan to increase customer frequency, attract new customers, and improve per-person spend.

Highlights and Trends

Comparable Restaurant Sales

In fiscal 2024, comparable restaurant sales system-wide increased 3.2%. In fiscal 2023, comparable restaurant sales system-wide decreased 0.3%. In fiscal 2022, comparable restaurant sales system-wide increased 5.9%. Comparable restaurant sales growth/decline reflects the change in year-over-year sales for the comparable restaurant base. A restaurant enters our comparable restaurant base the first full week after its 15-month anniversary. System-wide comparable restaurant sales include restaurant sales at all comparable company-operated restaurants and at all comparable franchised restaurants, as reported by franchisees. Refer to "Comparable Restaurant Sales" definition in the subsection titled "Key Performance Indicators" below for further information.

Comparable restaurant sales at company-operated restaurants increased 2.8%, 0.3%, and 3.7%, respectively, in fiscal 2024, 2023 and 2022. For company-operated restaurants in 2024, the change in comparable restaurant sales consisted of a 7.9% increase in average check size due to increases in menu prices partially offset by a 4.7% decrease in transactions. In fiscal 2023, the increase in company-operated comparable restaurant sales consisted of a 2.3% increase in average check size due to increase in menu prices partially offset by a 2.0% decrease in transactions. In fiscal 2022, the increase in company-operated comparable restaurant sales consisted of a 7.3% increase in average check size partially offset by a 3.3% decrease in transactions.

In fiscal 2024, comparable restaurant sales at franchised restaurants increased 3.5%. In fiscal 2023, comparable restaurant sales at franchised restaurants decreased 0.7%, and in fiscal 2022, comparable restaurant sales at franchised restaurants increased 7.4%.

Restaurant Development

In fiscal 2024, we opened two company-operated restaurants, and our franchisees opened two new restaurants. From time to time, we and our franchisees close restaurants. In fiscal 2024, we did not close any company-operated restaurants, and our franchisees closed one restaurant. Our restaurant counts at the beginning and end of each of the last three years were as follows:

	Fiscal Year Ended		
	2024	2023	2022
Company-operated restaurant activity[1]:			
Beginning of period	172	188	189
Openings	2	2	4
Restaurant sale to franchisee	(1)	(18)	(3)
Closures	—	—	(2)
Restaurants at end of period	173	172	188
Franchised restaurant activity:			
Beginning of period	323	302	291
Openings	2	3	9
Restaurant sale to franchisee	1	18	3
Closures	(1)	—	(1)
Restaurants at end of period	325	323	302
System-wide restaurant activity:			
Beginning of period	495	490	480
Openings	4	5	13
Closures	(1)	—	(3)
Restaurants at end of period	498	495	490

(1) Our restaurant count above includes 498 domestic restaurants and excludes 10 licensed restaurants in the Philippines.

Restaurant Remodeling

During the year ended December 25, 2024, we completed eight company-operated restaurant remodels and 44 franchise remodels. In fiscal 2025, we plan to continue our standard practices for remodels, which includes completing a total of 30-40 company and 30-40 franchise remodels. Remodeling is a use of cash and has implications for our net property and depreciation line items on our consolidated balance sheets and statements of income, among others. The cost of our restaurant remodels varies depending on the scope of work required, but on average the investment is $0.3 million to $0.4 million per restaurant.

Loco Rewards

Our Loco Rewards loyalty program offers rewards that incentivize customers to visit our restaurants more often each month. Customers earn points for each dollar spent and points can be redeemed for multiple redemption options. If a customer does not earn or use points within a one-year period, their account is deactivated and all points expire. When a customer is part of the rewards program, the obligation to provide future discounts related to points earned is considered a separate performance obligation, to which a portion of the transaction price is allocated. The performance obligation related to loyalty points is deemed to have been satisfied, and the amount deferred in the balance sheet is recognized as revenue, when the points are transferred to a reward and redeemed, the reward or points have expired, or the likelihood of redemption is remote. A portion of the transaction price is allocated to loyalty points on a pro-rata basis, based on stand-alone selling price, as determined by menu pricing and loyalty point’s terms.

In addition, customers can earn additional points and free entrées for a variety of engagement activities. As points are available for redemption past the quarter earned, a portion of the revenue associated with the earned points will be deferred until redemption or expiration. As of December 25, 2024, the revenue allocated to loyalty points that had not been redeemed was $0.8 million. We had over 4.2 million loyalty program members as of December 25, 2024.

Key Financial Definitions

Revenue

Our revenue is derived from three primary sources: company-operated restaurant revenue, franchise revenue, which is comprised primarily of franchise royalties and, to a lesser extent, franchise fees and sublease rental income, and franchise advertising fee revenue. See Note 15 “Revenue from Contracts with Customers” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report for further details regarding our revenue recognition policy.

Food and Paper Costs

Food and paper costs include the direct costs associated with food, beverage and packaging of our menu items. The components of food and paper costs are variable in nature, change with sales volume, are impacted by menu mix, and are subject to increases or decreases in commodity costs.

Labor and Related Expenses

Labor and related expenses include wages, payroll taxes, workers’ compensation expense, benefits, and bonuses paid to our restaurant management teams. Like other expense items, we expect labor costs to grow proportionately as our restaurant revenue grows. Factors that influence labor costs include minimum wage and payroll tax legislation, state labor laws (which, in California, includes AB 1228), overtime, wage inflation, the frequency and severity of workers’ compensation claims, health care costs, and the performance of our restaurants.

Occupancy Costs and Other Operating Expenses

Occupancy costs include rent, common area maintenance (“CAM”), and real estate taxes. Other restaurant operating expenses include the costs of utilities, advertising, credit card processing fees, delivery service provider fees, restaurant supplies, repairs and maintenance, and other restaurant operating costs.

Gain on Recovery of Insurance Proceeds, Net

Gain on recovery of insurance proceeds includes insurance reimbursements related to the property and equipment damage, expenses incurred, and lost profits.

General and Administrative Expenses

General and administrative expenses are comprised of expenses associated with corporate and administrative functions that support the development and operations of our restaurants, including compensation and benefits, travel expenses, stock compensation costs, legal and professional fees, and other related corporate costs. Also included are pre-opening costs, and expenses above the restaurant level, including salaries for field management, such as area and regional managers, and franchise field operational support.

Franchise Expenses

Franchise expenses are primarily comprised of rent expenses incurred on properties leased by us and then sublet to franchisees, expenses incurred in support of franchisee information technology systems, and the franchisee’s portion of advertising expenses.

Depreciation and Amortization

Depreciation and amortization primarily consists of the depreciation of property and equipment, including leasehold improvements and equipment.

Loss on Disposal of Assets

Loss on disposal of assets includes the loss on disposal of assets related to retirements and replacement or write-off of leasehold improvements or equipment.

Impairment and Closed-Store Reserves

We review long-lived assets such as property, equipment, and intangibles on a unit-by-unit basis for impairment when events or circumstances indicate the carrying value of the assets may not be recoverable. We determine if there is impairment at the restaurant level by comparing undiscounted future cash flows from the related long-lived assets to their respective carrying values and record an impairment charge when appropriate. In determining future cash flows, significant estimates are made by us with respect to future operating results of each restaurant over its remaining lease term, including sales trends, labor rates, commodity costs and other operating cost assumptions. If assets are determined to be impaired, the impairment charge is measured by calculating the amount by which the asset's carrying amount exceeds its fair value. This process of assessing fair values requires the use of estimates and assumptions, including our ability to sell or reuse the related assets and market conditions, which are subject to a high degree of judgment. If these assumptions change in the future, we may be required to record impairment charges for these assets and these charges could be material.

When we close a restaurant, we will evaluate the right-of-use ("ROU") asset for impairment, based on anticipated sublease recoveries. The remaining value of the ROU asset is amortized on a straight-line basis, with the expense recognized in closed-store reserve expense, in addition to property tax and CAM charges for closed restaurants.

Loss (gain) on Disposition of Restaurants

Loss (gain) on disposition of restaurants includes the loss (gain) on the sale of restaurants to franchisees, or other third parties, and includes the difference between carrying value and sales price of leasehold improvements, equipment and other assets included in the sale.

Interest Expense, Net

Interest expense, net, consists primarily of interest on our outstanding debt. Debt issuance costs are amortized at cost over the life of the related debt.

Provision for Income Taxes

Provision for income taxes consists of federal and state taxes on our income.

Results of Operations

Fiscal Year 2024 Compared to Fiscal Year 2023

Our operating results for the fiscal years ended December 25, 2024 and December 27, 2023, are in absolute terms and expressed as a percentage of total revenue, with the exception of cost of operations and company restaurant expenses, which are expressed as a percentage of company-operated restaurant revenue, are compared in the table below:

	Fiscal Year					
	2024 (52-Weeks)		2023 (52-Weeks)		Increase / (Decrease)	
	($,000)	(%)	($,000)	(%)	($,000)	(%)
Statements of Income Data:						
Company-operated restaurant revenue	$ 396,260	83.8	$ 398,437	85.0	$ (2,177)	(0.5)
Franchise revenue	45,561	9.6	41,002	8.7	4,559	11.1
Franchise advertising fee revenue	31,187	6.6	29,225	6.3	1,962	6.7
Total revenue	**473,008**	**100.0**	**468,664**	**100.0**	**4,344**	**0.9**
Cost of operations						
Food and paper costs[1]	100,725	25.4	108,250	27.2	(7,525)	(7.0)
Labor and related expenses[1]	127,179	32.1	127,244	31.9	(65)	(0.1)
Occupancy and other operating expenses[1]	99,280	25.1	101,398	25.4	(2,118)	(2.1)
Gain on recovery of insurance proceeds, lost profits, net	—	—	(327)	(0.1)	327	N/A
Company restaurant expenses[1]	**327,184**	**82.6**	**336,565**	**84.5**	**(9,381)**	**(2.8)**
General and administrative expenses	46,270	9.8	42,025	9.0	4,245	10.1
Franchise expenses	42,307	8.9	38,404	8.2	3,903	10.2
Depreciation and amortization	15,717	3.3	15,235	3.3	482	3.2
Loss on disposal of assets	221	0.0	192	0.0	29	15.1
Gain on recovery of insurance proceeds, property, equipment and expenses	(41)	(0.0)	(247)	(0.1)	206	(83.4)
Loss (gain) on disposition of restaurants	7	0.0	(5,034)	(1.1)	(5,041)	(100.1)
Impairment and closed-store reserves	175	0.0	1,732	0.4	(1,557)	(89.9)
Total expenses	**431,840**	**91.3**	**428,872**	**91.5**	**2,968**	**0.7**
Income from operations	**41,168**	**8.7**	**39,792**	**8.5**	**1,376**	**3.5**
Interest expense, net	5,899	1.2	4,811	1.1	1,088	22.6
Income tax receivable agreement (income) expenses	(20)	(0.0)	103	0.0	(123)	119.4
Income before provision for income taxes	**35,289**	**7.5**	**34,878**	**7.4**	**411**	**1.2**
Provision for income taxes	9,605	2.1	9,324	1.9	281	3.0
Net income	**$ 25,684**	**5.4**	**$ 25,554**	**5.5**	**$ 130**	**0.5**

(1) Percentages for line items relating to cost of operations and company restaurant expenses are calculated with company-operated restaurant revenue as the denominator. All other percentages use total revenue.

Company-Operated Restaurant Revenue

In fiscal 2024, company-operated restaurant revenue decreased $2.2 million, or 0.5%, from the prior year. The decrease in company-operated restaurant sales was primarily due to $16.1 million decrease in revenue from the 19 company-operated restaurants sold by us to existing franchisees during or subsequent to the first quarter of 2023, which was partially offset by an increase in company-operated comparable restaurant revenue of $10.8 million, or 2.8%, as well as $2.4 million of additional sales from the opening of four restaurants during or subsequent to the first quarter of 2023. The company-operated comparable restaurant revenue increase consisted of an approximately 7.9% increase in average check size due to increases in menu prices, partially offset by a 4.7% decrease in transactions.

Franchise Revenue

In fiscal 2024, franchise revenue increased $4.6 million, or 11.1% from the prior year. This increase was primarily due to a franchise comparable restaurant sales increase of 3.5%, four franchise-operated restaurant openings and 19 company-operated restaurants sold by us to our existing franchisees in each case, during or subsequent to the first quarter of 2023.

Franchise Advertising Fee Revenue

Franchise advertising fee revenue increased $2.0 million, or 6.7% from the prior year. As advertising fee revenue is a percentage of franchisees' revenue, the year-to-date fluctuation was due to the increases and decreases noted in franchise revenue above.

Food and Paper Costs

Food and paper costs decreased $7.5 million, or 7.0%, in fiscal 2024 from the prior year. The decrease in food and paper costs was primarily due to a decrease in transactions, as well as restaurant locations sold to franchisees during the current or prior year, partially offset by commodity inflation. Food and paper costs as a percentage of company-operated restaurant revenue were 25.4% in fiscal 2024, down from 27.2% in fiscal 2023, primarily due to an increase in menu pricing and lower discounting, partially offset by commodity inflation.

Labor and Related Expenses

Labor and related expenses decreased $0.1 million, or 0.1%, in fiscal 2024 as compared to 2023. The decrease was due primarily to a $5.8 million reduction in labor related costs resulting from the 19 company-operated restaurants sold by us to our existing franchisees during or subsequent to the first quarter of 2023 and as well as $6.6 million reduction related to improved labor efficiencies. The decrease in labor and related expenses for the year was partially offset by a $12.3 million increase due to higher wage rates during fiscal 2024 and 2023 primarily as a result of legislative increases in the California state minimum wage, which became effective April 1, 2024.

Labor and related expenses as a percentage of company-operated restaurant revenue were 32.1% in fiscal 2024, up from 31.9% in fiscal 2023 primarily due to the higher wage rates, partially offset by the increase in menu pricing and improved labor efficiencies.

Occupancy and Other Operating Expenses

Occupancy and other operating expenses decreased $2.1 million, or 2.1%, in fiscal 2024. The decrease was primarily due to a $4.9 million decrease in utilities, repairs and maintenance costs and other operating expense primarily driven by the sale of 19 company-operated locations during or subsequent to the first quarter of 2023 to existing franchisees, partially offset by a $2.2 million increase in other operating expenses and the four new company restaurant openings. Occupancy and other operating expenses as a percentage of company-operated restaurant revenue were 25.1% in fiscal 2024, down from 25.4% in fiscal 2023 primarily due to higher menu prices and the cost decreases highlighted above.

Gain on Recovery of Insurance Proceeds, Lost Profits and Gain on Recovery of Insurance Proceeds Property, Equipment and Expenses

During fiscal 2023 and fiscal 2022, two of the Company's restaurants incurred damage resulting from a fire. In fiscal 2023, the Company incurred costs directly related to the fire of less than $0.1 million. In fiscal 2023, the Company recognized gains of $0.2 million, related to the reimbursement of property and equipment and expenses incurred and $0.3 million related to the reimbursement of lost profits and in fiscal 2024, the Company recognized gains of less than $0.1 million related to the reimbursement of property and equipment and expenses. The gain on recovery of insurance proceeds and reimbursement of lost profits, net of the related costs, is included in the accompanying consolidated statements of income, for the year ended December 27, 2023, as a reduction of Company restaurant expenses. The Company received from the insurance company cash of $0.5 million, net of the insurance deductible, during fiscal 2023.

General and Administrative Expenses

General and administrative expenses increased $4.2 million, or 10.1%, in fiscal 2024. The increase was due primarily to a $3.6 million increase in labor related costs, primarily related to an increase in estimated management bonus expense and a $0.6 million increase in other general and administrative expenses. General and administrative expenses as a percentage of total revenue were 9.8% in fiscal 2024, up from 9.0% in fiscal 2023. This increase is primarily due to the cost increases described above.

Franchise Expenses

Franchise expenses increased $3.9 million, or 10.2%, in fiscal 2024 from the prior year. The increase was primarily due to an increase in advertising expenses, primarily resulting from higher franchise revenue, higher franchise services expense and higher rent expense for locations sub-leased to franchisees that have a portion of the rent based on a percentage of revenue generated.

Loss (Gain) on Disposition of Restaurants

During fiscal 2024, we completed the sale of one company-operated restaurant within California to an existing franchisee due to an expiring lease term on April 30, 2024. This sale resulted in cash proceeds of $0.1 million and a net loss on sale of restaurant of less than $0.1 million for the fiscal year ended December 25, 2024. This restaurant is included in the total number of franchised El Pollo Loco restaurants.

During fiscal 2023, we completed the sale of 18 restaurants within California, Utah and Texas to existing franchisees. We determined that these restaurant dispositions represent multiple element arrangements, and as a result, the cash consideration received was allocated to the separate elements based on their relative standalone selling price. Cash proceeds included upfront consideration for the sale of the restaurants and franchise fees. The cash consideration per restaurant related to franchise fees is consistent with the amounts stated in the related franchise agreements, which are charged for separate standalone arrangements. We initially defer and subsequently recognize the franchise fees over the term of the franchise agreement. During fiscal 2023, these sales resulted in cash proceeds of $7.7 million and a net gain on sale of restaurants of $5.0 million. Since the date of their sale, these restaurants are now included in the total number of franchised El Pollo Loco restaurants.

Impairment and Closed-Store Reserves

During fiscal 2024, we recorded a $0.1 million non-cash impairment charge primarily related to the property and equipment assets of two restaurants in Nevada. During fiscal 2023, we recorded a $1.5 million non-cash impairment charge primarily related to the property and equipment assets of one restaurant in Nevada and the carrying value of the ROU assets of one restaurant in California.

During fiscal 2024, we recognized $0.1 million of closed-store reserve expense related to the amortization of ROU assets, property taxes and CAM payments for our closed locations compared to $0.2 million during fiscal 2023.

Interest Expense, Net

For fiscal 2024, net interest expense, increased by $1.1 million, primarily related to higher outstanding balances on our 2022 Revolver (as defined below) as well as the higher interest rates during fiscal 2024 versus the comparable period during the prior year.

Income Tax Receivable Agreement

On July 30, 2014, we entered into the income tax receivable agreement (the “TRA”). The TRA calls for us to pay to our pre-IPO stockholders 85% of the savings in cash that we realize in our taxes as a result of utilizing our net operating losses and other tax attributes attributable to preceding periods. In fiscal 2024 we recorded less than $0.1 million in income tax receivable agreement income. In fiscal 2023, we paid $0.3 million to our pre-IPO stockholders under the TRA and we recorded income tax receivable agreement expense of $0.1 million. On May 29, 2024, we terminated most of the obligations under the TRA, with respect to any payments or obligations owed to the FS Equity Partners V, L.P.

and FS Affiliates V, L.P. (together, the “Sellers”) thereunder in exchange for a payment to the Sellers of $0.4 million. As of December 25, 2024, there was no remaining obligations owed on our consolidated balance sheets.

Provision for Income Taxes

In fiscal 2024, we recorded an income tax expense of $9.6 million, compared to income tax expense of $9.3 million in fiscal 2023, reflecting an estimated effective tax rate of 27.2% and 26.7%, respectively. The difference between the 21.0% statutory rate and our effective tax rate of 27.2% for the year ended December 25, 2024 is primarily a result of state taxes, the impact of non-tax deductible executive compensation expense, a tax shortfall related to equity compensation deductible for tax as compared to the cumulative amount recorded as stock-based compensation expense, partially offset by a Work Opportunity Tax Credit benefit.

The difference between the 21.0% statutory rate and our effective tax rate of 26.7% for the year ended December 27, 2023 is primarily a result of windfall tax benefit related to stock options exercised, state taxes, a Work Opportunity Tax Credit benefit and the corresponding valuation allowance release in connection with the California Enterprise Zone credits expiration.

Fiscal Year 2023 Compared to Fiscal Year 2022

Year-to-year comparisons of fiscal 2023 and fiscal 2022 that are not included in this Form 10-K can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7 on our Annual Report on Form 10-K for the year ended December 27, 2023, which was filed with the SEC on March 8, 2024.

Key Performance Indicators

To evaluate the performance of our business, we utilize a variety of financial and performance measures. These key measures include company-operated restaurant revenue, system-wide sales, comparable restaurant sales, company-operated average unit volumes (“AUV”), restaurant contribution, restaurant contribution margin, new restaurant openings, EBITDA, and Adjusted EBITDA. In fiscal 2024, our restaurants generated company-operated restaurant revenue of $396.3 million and system-wide sales of $1,095.7 million, and system-wide comparable restaurant sales growth of 3.2%, consisting of company-operated restaurant comparable restaurant sales growth of 2.8% and franchised comparable restaurant sales growth of 3.5%. The company-operated comparable restaurant sales increase consisted of a 7.9% increase in average check size due to increases in menu prices and partially offset by a 4.7% decrease in the number of transactions. In fiscal 2024, for company-operated restaurants, our annual AUV was $2.3 million, restaurant contribution margin was 17.4%, and Adjusted EBITDA was $62.7 million.

Company-Operated Restaurant Revenue

Company-operated restaurant revenue consists of sales of food and beverages in company-operated restaurants net of promotional allowances, employee meals, and other discounts. Company-operated restaurant revenue in any period is directly influenced by the number of operating weeks in such period, the number of open restaurants, and comparable restaurant sales.

Seasonal factors and the timing of holidays cause our revenue to fluctuate from period to period. 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. As a result of seasonality, our quarterly and annual results of operations and key performance indicators such as company-operated restaurant revenue and comparable restaurant sales, may fluctuate.

System-Wide Sales

System-wide sales are neither required by, nor presented in accordance with, accounting principles generally accepted in the United States of America (“GAAP”). System-wide sales are the sum of company-operated restaurant revenue and sales from franchised restaurants. Our total revenue in our consolidated statements of income is limited to company-operated restaurant revenue and franchise revenue from our franchisees. Accordingly, system-wide sales should not be considered in isolation or as a substitute for our results as reported under GAAP. Management believes that system-wide sales is an important figure for investors, because it is widely used in the restaurant industry, including by our management, to evaluate brand scale and market penetration.

System-wide sales does not include the 10 licensed stores in the Philippines.

The following table reconciles system-wide sales to company-operated restaurant revenue and total revenue (in thousands):

	Fiscal Year		
	2024 (52-Weeks)	2023 (52-Weeks)	2022 (52-Weeks)
Company-operated restaurant revenue	$ 396,260	$ 398,437	$ 403,218
Franchise revenue	45,561	41,002	38,225
Franchise advertising fee revenue	31,187	29,225	28,516
Total Revenue	473,008	468,664	469,959
Franchise revenue	(45,561)	(41,002)	(38,225)
Franchise advertising fee revenue	(31,187)	(29,225)	(28,516)
Sales from franchised restaurants	699,456	651,777	635,819
System-wide sales	$ 1,095,716	$ 1,050,214	$ 1,039,037

Comparable Restaurant Sales

Comparable restaurant sales reflect year-over-year sales changes for comparable company-operated, franchised, and system-wide restaurants. A restaurant enters our comparable restaurant base the first full week after it has operated for fifteen months. Comparable restaurant sales exclude restaurants closed during the applicable period. At December 25, 2024, December 27, 2023 and December 28, 2022, there were 479, 470 and 464 comparable restaurants, 168, 178 and 184 company-operated and 311, 292 and 280 franchised, respectively. Comparable restaurant sales indicate the performance of existing restaurants, since new restaurants are excluded. Comparable restaurant sales growth can be generated by an increase in the number of meals sold and/or by increases in the average check size, resulting from a shift in menu mix and/or higher prices resulting from new products or price increases. Because other companies may calculate this measure differently than we do, comparable restaurant sales as presented herein may not be comparable to similarly titled measures reported by other companies. Management believes that comparable restaurant sales is a valuable metric for investors to evaluate the performance of our store base, excluding the impact of new stores and closed stores.

Company-Operated Average Unit Volumes

We measure company-operated AUVs on both a weekly and an annual basis. Weekly AUVs consist of comparable restaurant sales over a seven-day period from Thursday to Wednesday. Annual AUVs are calculated using a step process. First, we divide our total net sales for all company-operated restaurants for the fiscal year by the total number of restaurant operating weeks during the same period. Second, we annualize that average weekly per-restaurant sales figure by multiplying it by 52. An operating week is defined as a restaurant open for business over a seven-day period from Thursday to Wednesday. This measurement allows management to assess changes in consumer spending patterns at our restaurants and the overall performance of our restaurant base.

Restaurant Contribution and Restaurant Contribution Margin

Restaurant contribution and restaurant contribution margin are neither required by, nor presented in accordance with, GAAP. Restaurant contribution is defined as company-operated restaurant revenue less company restaurant expenses which includes food and paper cost, labor and related expenses and occupancy and other operating expenses, where applicable. Restaurant contribution therefore excludes franchise revenue, franchise advertising fee revenue and franchise expenses as well as certain other costs, such as general and administrative expenses, franchise expenses, depreciation and amortization, asset impairment and closed-store reserve, loss on disposal of assets and other costs that are considered corporate-level expenses and are not considered normal operating costs of our restaurants. Accordingly, restaurant contribution is not indicative of overall Company results and does not accrue directly to the benefit of stockholders because of the exclusion of certain corporate-level expenses. Restaurant contribution margin is defined as restaurant contribution as a percentage of net company-operated restaurant revenue.

Restaurant contribution and restaurant contribution margin are supplemental measures of operating performance of our restaurants, and our calculations thereof may not be comparable to those reported by other companies. Restaurant contribution and restaurant contribution margin have limitations as analytical tools, and you should not consider them in

isolation, or superior to, or as substitutes for the analysis of our results as reported under GAAP. Management uses restaurant contribution and restaurant contribution margin as key metrics to evaluate the profitability of incremental sales at our restaurants, to evaluate our restaurant performance across periods, and to evaluate our restaurant financial performance compared with our competitors. Management believes that restaurant contribution and restaurant contribution margin are important tools for investors, because they are widely-used metrics within the restaurant industry to evaluate restaurant-level productivity, efficiency, and performance. Management further believes restaurant level operating margin is useful to investors to highlight trends in our core business that may not otherwise be apparent to investors when relying solely on GAAP financial measures.

A reconciliation of restaurant contribution and restaurant contribution margin to company-operated restaurant revenue is provided below:

	Fiscal Year		
(Dollar amounts in thousands)	**2024 (52-Weeks)**	**2023 (52-Weeks)**	**2022 (52-Weeks)**
Restaurant contribution:			
Income from operations	$ 41,168	$ 39,792	$ 30,120
Add (less):			
General and administrative expenses	46,270	42,025	39,093
Franchise expenses	42,307	38,404	36,169
Depreciation and amortization	15,717	15,235	14,418
Loss on disposal of assets	221	192	165
Gain on recovery of insurance proceeds, property, equipment and expenses	(41)	(247)	—
Franchise revenue	(45,561)	(41,002)	(38,225)
Franchise advertising fee revenue	(31,187)	(29,225)	(28,516)
Impairment and closed-store reserves	175	1,732	752
Loss (gain) on disposition of restaurants	7	(5,034)	(848)
Restaurant contribution	$ 69,076	$ 61,872	$ 53,128
Company-operated restaurant revenue:			
Total revenue	$ 473,008	$ 468,664	$ 469,959
Less:			
Franchise revenue	(45,561)	(41,002)	(38,225)
Franchise advertising fee revenue	(31,187)	(29,225)	(28,516)
Company-operated restaurant revenue	$ 396,260	$ 398,437	$ 403,218
Restaurant contribution margin (%)	17.4 %	15.5 %	13.2 %

New Restaurant Openings

The number of restaurant openings reflects the number of new restaurants opened by us and our franchisees during a particular reporting period. Before a new restaurant opens, we and our franchisees incur pre-opening costs, as described below. New restaurants often open with an initial start-up period of higher than normal sales volumes, which subsequently decrease to stabilized levels. New restaurants typically experience normal inefficiencies in the form of higher food and paper, labor, and other direct operating expenses and, as a result, restaurant contribution margins are generally lower during the start-up period of operation. The average start-up period after which our new restaurants' revenue and expenses normalize is approximately fourteen weeks. When we enter new markets, we may be exposed to start-up times and restaurant contribution margins that are longer and lower than reflected in our average historical experience.

EBITDA and Adjusted EBITDA

EBITDA represents net income (loss) before interest expense, provision (benefit) for income taxes, depreciation, and amortization. Adjusted EBITDA represents net income (loss) before interest expense, provision (benefit) for income taxes, depreciation, amortization, and other items that we do not consider representative of on-going operating performance, as identified in the reconciliation table below.

EBITDA and Adjusted EBITDA as presented in this Annual Report are supplemental measures of our performance that are neither required by, nor presented in accordance with, GAAP. EBITDA and Adjusted EBITDA are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income, operating income, or any other performance measures derived in accordance with GAAP, or as alternatives to cash flow from operating activities as a measure of our liquidity. In addition, in evaluating EBITDA and Adjusted EBITDA, you should be aware that in the future we will incur expenses or charges such as those added back to calculate EBITDA and Adjusted EBITDA. Our presentation of EBITDA and Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or nonrecurring items.

EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as substitutes for analysis of our results as reported under GAAP. Some of these limitations are (i) they do not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments, (ii) they do not reflect changes in, or cash requirements for, our working capital needs, (iii) they do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt, (iv) although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements, (v) they do not adjust for all non-cash income or expense items that are reflected in our statements of cash flows, (vi) they do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our on-going operations, and (vii) other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

We compensate for these limitations by providing specific information regarding the GAAP amounts excluded from such non-GAAP financial measures. We further compensate for the limitations in our use of non-GAAP financial measures by presenting comparable GAAP measures more prominently.

We believe that EBITDA and Adjusted EBITDA facilitate operating performance comparisons from period to period by isolating the effects of some items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). We also present EBITDA and Adjusted EBITDA because (i) we believe that these measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry, (ii) management believes that investors will find these measures useful in assessing our ability to service or incur indebtedness, and (iii) we use EBITDA and Adjusted EBITDA internally for a number of benchmarks, including to compare our performance to that of our competitors.

The following table sets forth reconciliations of our net income to EBITDA and Adjusted EBITDA:

	Fiscal Year		
(Amounts in thousands)	2024 (52-Weeks)	2023 (52-Weeks)	2022 (52-Weeks)
Net income	**$ 25,684**	**$ 25,554**	**$ 20,801**
Non-GAAP adjustments:			
Provision for income taxes	9,605	9,324	8,078
Interest expense, net of interest income	5,899	4,811	1,677
Depreciation and amortization	15,717	15,235	14,418
EBITDA	$ 56,905	$ 54,924	$ 44,974
Stock-based compensation expense (a)	3,931	3,337	3,491
Loss on disposal of assets (b)	221	192	165
Impairment and closed-store reserves (c)	175	1,732	752
Loss (gain) on disposition of restaurants (d)	7	(5,034)	(848)
Legal settlements (e)	—	—	(541)
Income tax receivable agreement (income) expenses (f)	(20)	103	(436)
Securities class action legal expense (g)	—	—	443
Special other expenses (h)	—	266	350
Shareholder advisory fees (i)	—	293	—
Gain on recovery of insurance proceeds (j)	(41)	(399)	—
Executive transition costs (k)	643	618	—
Restructuring charges (l)	551	1,055	—
Pre-opening costs (m)	336	269	326
Adjusted EBITDA	$ 62,708	$ 57,356	$ 48,676

(a) Includes non-cash, stock-based compensation.

(b) Loss on disposal of assets includes the loss on disposal of assets related to retirements and replacement or write-off of leasehold improvements or equipment.

(c) Includes costs related to impairment of property and equipment and ROU assets and closing restaurants. During fiscal 2024, we recorded non-cash impairment charges of $0.1 million, primarily related to the property and equipment assets of two restaurants in Nevada. During fiscal 2024, we recognized $0.1 million of closed-store reserve expense, primarily related to the amortization of ROU assets, property taxes and CAM payments for our closed locations.

In fiscal 2023, we recorded non-cash impairment charges of $1.5 million for the year ended December 27, 2023, primarily related to the property and equipment assets of one restaurant in Nevada and the carrying value of the ROU assets of one restaurant in California. During fiscal 2023, we recognized $0.2 million of closed-store reserve expense, primarily related to the amortization of ROU assets, property taxes and CAM payments for our closed locations.

In fiscal 2022, we recorded non-cash impairment charges of $0.5 million for the year ended December 28, 2022, primarily related to the carrying value of the ROU assets of one restaurant in California that closed in 2021 and the property and equipment assets of two restaurants in California. During fiscal 2022, we recognized $0.3 million of closed-store reserve expense, primarily related to the amortization of ROU assets, property taxes and CAM payments for our closed locations.

(d) During fiscal 2024, we completed the sale of one restaurant within California to an existing franchisee due to an expiring lease term on April 30, 2024. This sale resulted in cash proceeds of $0.1 million and a net loss on sale of restaurant of less than $0.1 million for the year-ended December 25, 2024. During fiscal 2023, we completed the sale of 18 company-operated restaurants within California, Utah and Texas to existing franchisees. These sales during 2023 resulted in cash proceeds of $7.7 million and a net gain on sale of restaurants of $5.0 million for the year ended December 27, 2023. During fiscal 2022, we completed the sale of three company-operated restaurants within the Orange County area to an existing franchisee. This sale during 2022 resulted in cash proceeds of $1.0 million and a net gain on sale of restaurants of $0.8 million for the year ended December 28, 2022.

(e) Includes $0.5 million received from legal settlements, net of legal expenses.

(f) On July 30, 2014, we entered into the TRA. This agreement calls for us to pay to our pre-IPO stockholders 85% of the savings in cash that we realize in our taxes as a result of utilizing our net operating losses and other tax attributes attributable to preceding periods. For the years ended December 25, 2024, December 27, 2023 and December 28, 2022, income tax receivable agreement (income) expense consisted of the amortization of interest expense and changes in estimates for actual tax returns filed, related to our total expected TRA payments. On May 29, 2024, we terminated most of the obligations under the TRA, with respect to any payments or obligations owed to the Sellers thereunder in exchange for a payment to the Sellers of $0.4 million. As of December 25, 2024, there was no remaining obligations owed on our consolidated balance sheets.

(g) Consists of costs related to the defense of securities lawsuits.

(h) Consists of (1) $0.2 million in legal costs related to the share distribution by Trimaran Group of substantially all shares of our common stock held by Trimaran Group to its investors, members and limited partners, which occurred on March 28, 2023, and (2) $0.1 million and $0.4 million, respectively, in costs related to a special dividend declaration which was paid on November 9, 2022, to stockholders of record, including holders of restricted stock for fiscal 2023 and 2022.

(i) Consists of advisory fees pertaining to a Shareholder Rights Agreement adopted in connection with a shareholder's accumulation of a significant amount of shares of our common stock. Refer to Note 16, "Shareholder Rights Agreement" for further details on the Shareholder Rights Agreement.

(j) During fiscal 2022, one of our restaurants incurred damage resulting from a fire. In fiscal 2023, we incurred costs directly related to the fire of less than $0.1 million. We received $0.5 million in cash, net of the insurance deductible, from the insurance company during fiscal 2023, for which we recognized gains of $0.2 million, related to the reimbursement of property and equipment and expenses incurred and $0.3 million related to the reimbursement of lost profits. In fiscal 2024, the Company recognized gains of less than $0.1 million related to the reimbursement of property and equipment and expenses. The gain on recovery of insurance proceeds for the reimbursement of property and equipment and expenses and the reimbursement of lost profits, net of the related costs is included in the accompanying consolidated statements of income, for the year ended December 27, 2023, as a reduction of company restaurant expenses.

(k) Includes costs associated with the transition of our former CEO, such as severance, executive recruiting costs and stock-based compensation costs.

(l) On March 8, 2024, we made the decision to eliminate and restructure certain positions in the organization, which resulted in costs of approximately $0.6 million. On April 13, 2023 we made the decision to eliminate and restructure certain positions in the organization, which resulted in costs of approximately $1.1 million.

(m) Pre-opening costs are a component of general and administrative expenses, and consist of costs directly associated with the opening of new restaurants and incurred prior to opening, including management labor costs, staff labor costs during training, food and supplies used during training, marketing costs, and other related pre-opening costs. These are generally incurred over the three to five months prior to opening. Pre-opening costs also include occupancy costs incurred between the date of possession and the opening date for a restaurant.

Liquidity and Capital Resources

Our primary sources of liquidity and capital resources have been cash provided from operations, cash and cash equivalents, and the 2022 Revolver (as defined below). Our primary requirements for liquidity and capital are new restaurants, existing restaurant capital investments (remodels and maintenance), legal defense costs, lease obligations, interest payments on our debt, working capital and general corporate needs. Our working capital requirements are not significant, since our customers pay for their purchases in cash or by payment card (credit or debit) at the time of sale. Thus, we are able to sell many of our inventory items before we have to pay our suppliers. Our restaurants do not require significant inventories or receivables. We believe that these sources of liquidity and capital are sufficient to finance our continued operations, including planned capital expenditures, for at least the next 12 months and beyond from the issuance of the consolidated financial statements.

However, depending on macroeconomic conditions, our financial performance and liquidity could be further impacted and could impact our ability to meet certain financial covenants required in our 2022 Credit Agreement (as defined in Note 7 "Long-Term Debt"), specifically the lease-adjusted coverage ratio and fixed-charge coverage ratio.

Cash Flows

The following table presents summary cash flow information for the years indicated:

	Fiscal Year		
(Amounts in thousands)	**2024 (52-Weeks)**	**2023 (52-Weeks)**	**2022 (52-Weeks)**
Net cash provided by (used in)			
Operating activities	$ 46,781	$ 40,688	$ 38,549
Investing activities	(18,940)	(13,447)	(18,915)
Financing activities	(32,645)	(40,446)	(29,187)
Net decrease in cash	$ (4,804)	$ (13,205)	$ (9,553)

Operating Activities

In fiscal 2024, net cash provided by operating activities increased by $6.1 million compared to fiscal 2023. This increase was due primarily to an increase in profitability and favorable working capital fluctuations during fiscal 2024.

In fiscal 2023, net cash provided by operating activities increased by $2.1 million compared to fiscal 2022. This increase was due primarily to an increase in profitability and favorable working capital fluctuations during fiscal 2023.

Investing Activities

In fiscal 2024, net cash used in investing activities increased by $5.5 million compared to fiscal 2023. This change was primarily due to the cash proceeds of $7.7 million received during the year ended December 27, 2023 related to the sale of 18 company-operated restaurants to existing franchisees.

In fiscal 2023, net cash used in investing activities decreased by $5.5 million compared to fiscal 2022. This decrease was primarily due to cash proceeds of $7.7 million received during fiscal 2023 related to the sale of 18 company-operated restaurants to existing franchisees.

Financing Activities

In fiscal 2024, net cash used in financing activities decreased by $7.8 million compared to fiscal 2023. The decrease was primarily due to repurchases of shares of our common stock of $20.6 million during the year ended December 25, 2024 compared to repurchases of shares of our common stock of $59.2 million during the year ended December 27, 2023. The change was offset by an $13.0 million in net pay downs on the 2022 Revolver during the year ended December 25, 2024 compared to an $18.0 million in net borrowings during the year ended December 27, 2023.

In fiscal 2023, net cash used in financing activities increased by $11.3 million compared to fiscal 2022. This change was due primarily to repurchases of common stock of $59.2 million during fiscal 2023. This increase was partially offset by $18.0 million in net borrowings of the 2022 Revolver during fiscal 2023 compared to the net pay downs of $26.0 million on the 2022 Revolver during fiscal 2022.

Debt and Other Obligations

We, as a guarantor, are a party to a credit agreement (the "2022 Credit Agreement") among our wholly-owned subsidiary, El Pollo Loco, Inc. ("EPL"), as borrower, and our direct subsidiary. EPL Intermediate, Inc. ("Intermediate"), as a guarantor, Bank of America, N.A., as administrative agent, swingline lender, and letter of credit issuer, the lenders party thereto, and the other parties thereto, which provides for a $150.0 million five-year senior secured revolving credit facility (the "2022 Revolver"). The 2022 Revolver, which is available pursuant to the 2022 Credit Agreement, includes a sub limit of $15.0 million for letters of credit and a sub limit of $15.0 million for swingline loans. The 2022 Revolver and 2022 Credit Agreement will mature on July 27, 2027. The obligations under the 2022 Credit Agreement and related

loan documents are guaranteed by us. The obligations of our company, EPL and Intermediate under the 2022 Credit Agreement and related loan documents are secured by a first priority lien on substantially all of their respective assets.

Under the 2022 Revolver, we are restricted from making certain payments such as cash dividends or share repurchases, except that we may, inter alia, (i) pay up to $1.0 million per year to repurchase or redeem our qualified equity interests held by our past or present officers, directors, or employees (or their estates) upon death, disability, or termination of employment, (ii) pay under the TRA, and (iii) so long as no default or event of default has occurred and is continuing, (a) make non-cash repurchases of equity interests in connection with the exercise of stock options by directors, officers and management, provided that those equity interests represent a portion of the consideration of the exercise price of those stock options, (b) pay up to $0.5 million in any 12-month consecutive period to redeem, repurchase or otherwise acquire equity interests of any subsidiary that is not a wholly-owned subsidiary from any holder of equity interest in such subsidiary, (c) pay up to $2.5 million per year pursuant to stock option plans, employment agreements, or incentive plans, (d) make up to $5.0 million in other restricted payments per year, and (e) make other restricted payments, subject to our compliance, on a pro forma basis, with (x) a lease-adjusted consolidated leverage ratio not to exceed 4.25 times and (y) the financial covenants applicable to the 2022 Revolver.

Borrowings under the 2022 Credit Agreement (other than any swingline loans) bear interest, at the borrower's option, at rates based upon either the secured overnight financing rate ("SOFR") or a base rate, plus, for each rate, a margin determined in accordance with a lease-adjusted consolidated leverage ratio-based pricing grid. The base rate is calculated as the highest of (a) the federal funds rate plus 0.50%, (b) the published Bank of America prime rate, or (c) Term SOFR with a term of one-month SOFR plus 1.00%. For Term SOFR loans, the margin is in the range of 1.25% to 2.25%, and for base rate loans the margin is in a range of 0.25% to 1.25%. Borrowings under the 2022 Revolver may be repaid and reborrowed. For borrowings under the 2022 Revolver during fiscal 2024, the interest rate range was 5.7% to 7.0%. For borrowings under the 2022 Revolver during fiscal 2023, the interest rate range was 5.7% to 7.0%. The interest rate under the 2022 Revolver was 5.7% at December 25, 2024 and 7.0% under the 2022 Revolver at December 27, 2023.

The 2022 Credit Agreement contains certain financial covenants. We were in compliance with the financial covenants as of December 25, 2024.

At December 25, 2024, $10.3 million of letters of credit and $71.0 million of the revolving line of credit were outstanding. The amount available under the revolving line of credit was $68.7 million at December 25, 2024.

See Note 7, "Long-Term Debt" in the accompanying "Notes to Consolidated Financial Statements" in this Annual Report for additional information.

Material Cash Requirements

Our total capital expenditures for 2024 were $19.1 million. In 2024, we spent approximately $4.3 million on the development and construction of our new restaurants. The remaining $14.8 million of capital expenditures during 2024 were related to investments in existing restaurants, including new equipment and hardware, technology to optimize efficiencies, remodeling and similar improvements. In 2025, we expect to incur between $30.0 million and $34.0 million in total capital expenditures, of which we expect $3.0 million to $5.0 million will be related to our construction of new restaurants, and $27.0 million to $29.0 million will be related to investments in existing restaurants, including new equipment and hardware, technology to optimize efficiencies, remodeling and similar improvements. Finally, we expect a portion of our incurred capital expenditures in 2025 to be for additional corporate initiatives, including investments in

technology for support centers to boost innovation, enhancing the customer experience, and improving operations. We expect to fund these capital expenditures primarily with operating cash flows.

The following table summarizes our other current and long-term material cash requirements as of December 25, 2024, which we expect to fund primarily with operating cash flows:

	Payments Due by Period				
(Amounts in thousands)	**Total**	**2025**	**2026 - 2027**	**2028 - 2029**	**2030 and thereafter**
Operating leases [1]	$ 249,879	$ 29,262	$ 55,006	$ 46,737	$ 118,874
Finance leases [1]	2,121	224	371	252	1,274
Long-term debt [2]	81,824	4,388	77,436	—	—
Purchasing commitments—chicken[3]	25,569	25,569	—	—	—
Total	$ 359,393	$ 59,443	$ 132,813	$ 46,989	$ 120,148

(1) ***Operating and Finance Leases*** — Represents future minimum lease payments for our restaurants and the principal payments during the lease terms, respectively. Refer to Note 6 “Leases” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report for further details regarding our obligations and the timing of expected payments.

(2) ***Long-Term Debt*** — Represents our contractual debt obligations. Includes expected interest expenses, calculated based on applicable interest rates at December 25, 2024. Refer to Note 7 “Long-Term Debt” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report for further details regarding our obligations and the timing of expected payments.

(3) ***Purchasing Commitments (Chicken)*** — Reflects contractual purchase commitments for goods related to restaurant operations. Refer to Note 14 “Commitments and Contingencies” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report for further details regarding our obligations.

Share Repurchases

Share Repurchase Program

On November 2, 2023, we announced that the Board approved a share repurchase program (“Share Repurchase Program”) under which we are authorized to repurchase up to $20,000,000 of shares of our common stock. Under the Share Repurchase Program, we are permitted to repurchase our common stock from time to time, in amounts and at prices that we deemed appropriate, subject to market conditions and other considerations. Pursuant to the Share Repurchase Program, we are authorized to effect repurchases using open market purchases, including pursuant to Rule 10b5-1 trading plans, and/or through privately negotiated transactions. The repurchase program does not obligate us to acquire any particular number of shares. The repurchase program will terminate on March 31, 2025.

Further on December 4, 2023, we repurchased 1.5 million shares of our common stock for a total purchase price of $12.6 million under the Stock Repurchase Agreement with the Sellers. Following completion of this repurchase, approximately $7.4 million of our common stock remained available for repurchase under the share repurchase program at December 27, 2023.

For the year ended December 25, 2024, we repurchased 535,628 shares of common stock under the Share Repurchase Program, using open market purchases, for total consideration of approximately $5.6 million. Following completion of these repurchases, approximately $1.8 million of our common stock remained available for repurchase under the Share Repurchase Program at December 25, 2024.

Other Share Repurchases

On August 7, 2023, we entered into a Stock Repurchase Agreement with the Sellers, as amended on August 4, 2024, pursuant to which we agreed to purchase an aggregate of 2,500,000 shares of our common stock from the Sellers at a

price of $10.63 per share for a total purchase price of $26.6 million. The repurchase was completed in August 2023.

Prior to the repurchase, Freeman Spogli & Co. (“Freeman Spogli”), collectively with the Sellers and certain other funds managed by Freeman Spogli, was our largest stockholder. In addition, John Roth, a director of the Company until his resignation on August 16, 2023, is a general partner of Freeman Spogli and its chief executive officer.

Further, on May 23, 2024, we entered into a new Stock Repurchase Agreement with the Sellers, pursuant to which we agreed to purchase an aggregate of 1,534,303 shares of our common stock from the Sellers at a price of $9.785 per share for a total purchase price of $15.0 million. The repurchase was completed in May 2024.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with GAAP requires us to make estimates and judgments that affect our reported amounts of assets, liabilities, revenue, and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under current circumstances in making judgments about the carrying value of assets and liabilities that are not readily available from other sources. We evaluate our estimates on an on-going basis. Actual results may differ from these estimates under different assumptions or conditions.

Accounting policies are an integral part of our financial statements. A thorough understanding of these accounting policies is essential when reviewing our reported results of operations and our financial position. Management believes that the critical accounting policies and estimates discussed below involve the most difficult management judgments, due to the sensitivity of the methods and assumptions used. Our significant accounting policies are described in Note 2 “Summary of Significant Accounting Policies” in the accompanying “Notes to Consolidated Financial Statements” in this Annual Report.

Revenue Recognition

We record revenue from company-operated restaurants as food and beverage products are delivered to customers and payment is tendered at the time of sale. We present sales net of sales-related taxes and promotional allowances. In the case of gift card sales, we record revenue when the gift card is redeemed by the customer. We record royalties from franchised restaurant sales based on a percentage of restaurant revenues in the period that the related franchised restaurants’ revenues are earned. The initial franchise services, or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are, therefore, treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the franchise, or renewal, term, which is typically 20 years.

Goodwill and Indefinite-Lived Intangible Assets, Net

Intangible assets consist primarily of goodwill and trademarks.

We do not amortize our goodwill and indefinite-lived intangible assets. We perform an annual impairment test for goodwill during the fourth fiscal quarter of each year, or more frequently if impairment indicators arise.

We perform an annual impairment test for indefinite-lived intangible assets during the fourth fiscal quarter of each year, or more frequently if impairment indicators arise. An impairment test consists of either a qualitative assessment or a comparison of the fair value of an intangible asset with its carrying amount. The excess of the carrying amount of an intangible asset over its fair value is its impairment loss.

These assumptions used in our estimates of fair value are generally consistent with past performance and are also consistent with the projections and assumptions that we use in our forward-looking operating plans. These assumptions are subject to change as a result of changing economic and competitive conditions. Changes in these estimates and assumptions could materially affect our determinations of fair value and impairment.

Upon the sale or refranchising of a restaurant, we evaluate whether there is a decrement of goodwill. The amount of goodwill included in the cost basis of the asset sold is determined based on the relative fair value of the portion of the reporting unit disposed of compared to the fair value of the reporting unit retained. The fair value of the portion of the

reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which includes a deduction for the anticipated, future royalties the franchisee will pay us associated with the franchise agreement entered into simultaneously with the refranchising transition. The fair value of the reporting unit retained is based on the price a willing buyer would pay for the reporting unit and includes the value of franchise agreements. As such, the fair value of the reporting unit retained can include expected cash flows from future royalties from those restaurants currently being refranchised, future royalties from existing franchise businesses and company restaurant operations. During fiscal 2024, we determined that there were no indicators of potential impairment of our goodwill and indefinite-lived intangible assets. Accordingly, we did not record any impairment to our goodwill or indefinite-lived intangible assets in fiscal 2024. During fiscal 2023, we determined that, in connection with the sale of 18 units, there were indicators of potential impairment of our goodwill and indefinite-lived intangible assets. After completing the impairment analysis, we did not record any decrement to goodwill related to the disposition of restaurants in fiscal 2023. During fiscal 2022, we determined that there were no indicators of potential impairment of our goodwill and indefinite-lived intangible assets. Accordingly, we did not record any impairment to our goodwill or indefinite-lived intangible assets in fiscal 2022.

Property and Equipment and ROU Assets

We state the value of our property and equipment, including primarily leasehold improvements and restaurant equipment, furniture, and fixtures, at cost, minus accumulated depreciation and amortization.

We review our property and equipment and ROU assets for impairment on a restaurant-by-restaurant basis whenever events or changes in circumstances indicate that the carrying value of certain assets may not be recoverable. We consider a triggering event to have occurred related to a specific restaurant if the restaurant's AUV for the last twelve months are less than a minimum threshold or if consistent levels of undiscounted cash flows for the remaining lease period are less than the carrying value of the restaurant's assets. If we conclude that the carrying value of certain assets will not be recovered based on expected undiscounted future cash flows, an impairment write-down is recorded to reduce the assets to their estimated fair value. The fair value is measured on a nonrecurring basis using unobservable (Level 3) inputs. There is uncertainty in the projected undiscounted future cash flows used in our impairment review analysis. Further, the projected undiscounted future cash flows require management to develop estimates and assumptions about future revenue transaction growth rates, menu pricing changes, and restaurant operating margins, which are made more uncertain by the impact of the current inflationary pressures on our business. If actual performance does not achieve the projections, we may recognize impairment charges in future periods, and such charges could be material.

Insurance Reserves

We are responsible for workers' compensation, general, and health insurance claims up to a specified amount. We maintain a reserve for estimated claims both reported and incurred but not reported, based on historical claims experience and other assumptions. In estimating our insurance accruals, we utilize independent actuarial estimates of expected losses, which are based on statistical analyses of historical data. Our actuarial assumptions are closely monitored and adjusted when warranted by changing circumstances. Should claims occur or medical costs increase in greater amounts than we have expected, accruals may not be sufficient, and we may record additional expenses.

Accounting for Lease Obligations

We lease a substantial number of our restaurant properties. At the inception of each lease, we evaluate the property and the lease to determine whether the lease is an operating lease or a finance lease. This lease accounting evaluation may require significant judgment in determining the fair value and useful life of the leased property and the appropriate lease term. The lease term used for the evaluation includes renewal option periods only in instances in which the exercise of the renewal option can be reasonably assured because failure to exercise such an option would result in an economic penalty. Such an economic penalty would typically result from our having to abandon a building or fixture with remaining economic value upon vacating a property.

We make significant assumptions and judgments related to determination of whether a contract contains a lease and the discount rate used for the lease. In determining if any of our contracts contain a lease, we make assumptions and judgments related to our ability to direct the use of any assets stated in the contract and the likelihood of renewing any short-term contracts for a period extending past twelve months. We also make significant assumptions and judgments in determining an appropriate discount rate for property leases. These include using a consistent discount rate for a

portfolio of leases entered into at varying dates, using the full 20-year term of the lease, excluding any options, and using the total minimum lease payments. We utilize a third-party valuation firm to assist in determining the discount rate, based on the above assumptions. For all other leases, we use the discount rate implicit in the lease, or the Company’s incremental borrowing rate.

Income Taxes

We use the asset and liability method of accounting for income taxes. Deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax basis of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. As of December 25, 2024, we had no federal and less than $0.1 million state net operating loss (“NOL”) carryforwards. These State NOLs expire beginning 2029.

A valuation allowance is required when there is significant uncertainty as to whether certain deferred tax assets can be realized. The ability to realize deferred tax assets is dependent upon our ability to generate sufficient taxable income within the carryforward periods provided for in the tax law for each tax jurisdiction. We have considered the following possible sources of taxable income when assessing the realization of our deferred tax assets:

- future reversals of existing taxable temporary differences;
- future taxable income or loss, exclusive of reversing temporary differences and carryforwards;
- tax-planning strategies; and
- taxable income in prior carryback years.

We will continue to reevaluate the continued need for a valuation allowance. Relevant factors include:

- current financial performance;
- our ability to meet short-term and long-term financial and taxable income projections;
- the overall market environment; and
- the volatility and trends in the industry in which we operate.

All of the factors that we consider in evaluating treatment of a deferred tax asset valuation allowance involve significant judgment. For example, there are many different interpretations of “cumulative losses in recent years” that can be used. Also, significant judgment is involved in making projections of future financial and taxable income, especially because our financial results are significantly dependent upon industry trends. Any change in our valuation allowance will significantly impact our financial results in the period of that change.

When there are uncertainties related to potential income tax benefits, in order to qualify for recognition, the position we take has to have at least a “more likely than not” chance of being sustained (based on the position’s technical merits) upon challenge by the responsible authorities. The term “more likely than not” means a likelihood of more than 50%. Otherwise, we may not recognize any of the potential tax benefits associated with that position. We recognize a benefit for a tax position that meets the “more likely than not” criterion as the largest amount of tax benefit that is greater than 50% likely to be realized upon its effective resolution. Unrecognized tax benefits involve our judgment regarding the likelihood of a benefit being sustained. The final resolutions of uncertain tax positions could result in adjustments to recorded amounts and affect our results of operations, financial position, and cash flows. However, we anticipate that any such adjustments would not materially impact our financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

On July 27, 2022, we refinanced and entered into the 2022 Credit Agreement, which provides for a $150 million five-year senior secured revolving facility. We are exposed to market risk from changes in interest rates on our debt, which bears interest at SOFR plus a margin between 1.25% and 2.25%. As of December 25, 2024, we had outstanding borrowings of $71.0 million under our 2022 Revolver, $10.3 million of letters of credit in support of our insurance programs, and the applicable margin on outstanding borrowings under 2022 Revolver was 1.5%. A 1.0% increase in the effective interest rate applied to our 2022 Revolver borrowings would result in a pre-tax interest expense increase of $0.7 million on an annualized basis.

During the year ended December 25, 2024, we borrowed $14.0 million and paid down $27.0 million on our 2022 Revolver and the outstanding balance as of December 25, 2024 was $71.0 million. Borrowings under the 2022 Credit Agreement (other than any swingline loans) bear interest, at the borrowers' option, at rates based upon either SOFR or a base rate, plus, for each rate, a margin determined in accordance with a lease-adjusted consolidated leverage ratio-based pricing grid. If future rates based upon SOFR are higher than SOFR rates as currently determined, we may experience potential increases in interest rates on our variable rate debt, which could adversely impact our interest expense, results of operations and cash flows.

Inflation

Inflation has an impact on food, paper, construction, utility, labor and benefits and general and administrative costs, as well as other costs, all of which can materially impact our operations. In general, we have been able to substantially offset cost increases thus far resulting from inflation by increasing menu prices, managing menu mix, improving productivity, or making other adjustments. We may not be able to offset cost increases in the future. In addition, we have a substantial number of hourly employees who are paid wage rates at or based on the applicable federal, state, or local minimum wage, and increases in the minimum wage will increase our labor costs.

Commodity Price Risk

We are exposed to market price fluctuation in food product prices. Given the historical volatility of certain of our food product prices, including chicken, other proteins, grains, produce, dairy products, and cooking oil, these fluctuations can materially impact our food and beverage costs. While our purchasing commitments partially mitigate the risk of such fluctuations, there is no assurance that supply and demand factors such as diseases or inclement weather will not cause the prices of the commodities used in our restaurant operations to fluctuate. In periods when the prices of commodities drop, we may pay higher prices under our purchasing commitments. In rapidly fluctuating commodities markets, it may prove difficult for us to adjust our menu prices in accordance with input price fluctuations due to trade tariffs, natural disasters and other world events. Therefore, to the extent that we do not pass along cost increases to our customers, our results of operations may be adversely affected. At this time, we do not use financial instruments to hedge our commodity risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

EL POLLO LOCO HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Audited Consolidated Financial Statements	
Report of Independent Registered Public Accounting Firm (BDO USA, P.C.; Costa Mesa, California; PCAOB ID #243)	55
Consolidated Balance Sheets – December 25, 2024 and December 27, 2023	57
Consolidated Statements of Income—For the years ended December 25, 2024, December 27, 2023, and December 28, 2022	58
Consolidated Statements of Comprehensive Income—For the years ended December 25, 2024, December 27, 2023, and December 28, 2022	59
Consolidated Statements of Changes in Stockholders' Equity—For the years ended December 25, 2024, December 27, 2023, and December 28, 2022	60
Consolidated Statements of Cash Flows—For the years ended December 25, 2024, December 27, 2023, and December 28, 2022	61
Notes to Consolidated Financial Statements	62

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
El Pollo Loco Holdings, Inc.
Costa Mesa, California

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of El Pollo Loco Holdings, Inc. (the "Company") as of December 25, 2024 and December 27, 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 25, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 25, 2024 and December 27, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 25, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 25, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and our report dated March 7, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment of Restaurant Property and Equipment

As discussed in Notes 2 and 4 to the consolidated financial statements, the Company reviews its long-lived assets related to restaurants held and used in the business, including property and equipment, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The net balance of property and equipment was $86.1 million as of December 25, 2024. For certain restaurants, indicators of impairment of the related property and equipment were present. As such, for these restaurants, management compared the projected undiscounted cash flows to the carrying value to determine whether an impairment loss should be measured.

We identified the Company's estimation of undiscounted future cash flows for certain restaurants to determine the recoverability of the carrying value of restaurant property and equipment as a critical audit matter. Auditing certain assumptions used in the estimation of the undiscounted future cash flows, including future revenue transaction growth rates, menu pricing changes, and restaurant operating margins, involved especially challenging and subjective auditor judgments due to the nature and extent of audit effort required to addresses these matters.

The primary procedures we performed to address this critical audit matter included:

- Evaluating the reasonableness of management's assumption over the future revenue transaction growth rates for certain restaurants by comparing them to historical financial information for both company-owned and franchised restaurants and industry data.
- Evaluating the reasonableness of management's assumption over the menu pricing changes for certain restaurants by comparing them to historical financial information for company-owned restaurants and industry data.
- Evaluating the reasonableness of management's assumption over the restaurant operating margins for certain restaurants by comparing them to historical financial information for those company-owned restaurants and industry data.

/s/ BDO USA, P.C.

We have served as the Company's auditor since 2011.

Costa Mesa, California
March 7, 2025

EL POLLO LOCO HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except share data)

	December 25, 2024	December 27, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 2,484	$ 7,288
Accounts and other receivables, net	9,471	10,148
Inventories	1,938	1,911
Prepaid expenses and other current assets	5,509	5,634
Income tax receivable	493	153
Total current assets	19,895	25,134
Property and equipment, net	86,149	84,027
Property and equipment held under finance lease, net	1,499	1,528
Property and equipment held under operating leases, net ("ROU asset")	170,494	168,007
Goodwill	248,674	248,674
Trademarks	61,888	61,888
Deferred tax assets	336	—
Other assets	3,079	3,043
Total assets	**$ 592,014**	**$ 592,301**
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of obligations under finance leases	$ 170	$ 140
Current portion of obligations under operating leases	19,738	19,490
Accounts payable	12,087	12,541
Accrued salaries and vacation	13,926	9,332
Accrued insurance	11,417	11,831
Accrued income taxes payable	2,105	70
Accrued interest	319	394
Current portion of income tax receivable agreement payable	—	422
Other accrued expenses and current liabilities	15,896	18,361
Total current liabilities	75,658	72,581
Revolver loan	71,000	84,000
Obligations under finance leases, net of current portion	1,583	1,617
Obligations under operating leases, net of current portion	170,529	168,084
Deferred tax liabilities, net	6,357	8,878
Other noncurrent liabilities	6,218	6,445
Total liabilities	**331,345**	**341,605**
Commitments and contingencies (Note 14)		
Stockholders' equity		
Preferred stock, $0.01 par value, 100,000,000 shares authorized; 100,000 shares designated as Series A Preferred Stock; none issued or outstanding	—	—
Common stock, $0.01 par value, 200,000,000 shares authorized; 29,839,721 and 31,353,223 shares issued and outstanding as of December 25, 2024 and December 27, 2023, respectively	298	313
Additional paid-in-capital	241,462	236,421
Retained earnings	18,909	13,962
Total stockholders' equity	260,669	250,696
Total liabilities and stockholders' equity	**$ 592,014**	**$ 592,301**

See notes to consolidated financial statements.

EL POLLO LOCO HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except share data)

	For the Fiscal Years Ended		
	December 25, 2024	December 27, 2023	December 28, 2022
Revenue			
Company-operated restaurant revenue	$ 396,260	$ 398,437	$ 403,218
Franchise revenue	45,561	41,002	38,225
Franchise advertising fee revenue	31,187	29,225	28,516
Total revenue	473,008	468,664	469,959
Cost of operations			
Food and paper cost	100,725	108,250	117,774
Labor and related expenses	127,179	127,244	130,773
Occupancy and other operating expenses	99,280	101,398	101,543
Gain on recovery of insurance proceeds, lost profits, net	—	(327)	—
Company restaurant expenses	327,184	336,565	350,090
General and administrative expenses	46,270	42,025	39,093
Franchise expenses	42,307	38,404	36,169
Depreciation and amortization	15,717	15,235	14,418
Loss on disposal of assets	221	192	165
Gain on recovery of insurance proceeds, property, equipment and expenses	(41)	(247)	—
Loss (gain) on disposition of restaurants	7	(5,034)	(848)
Impairment and closed-store reserves	175	1,732	752
Total expenses	431,840	428,872	439,839
Income from operations	41,168	39,792	30,120
Interest expense, net	5,899	4,811	1,677
Income tax receivable agreement (income) expense	(20)	103	(436)
Income before provision for income taxes	35,289	34,878	28,879
Provision for income taxes	9,605	9,324	8,078
Net income	$ 25,684	$ 25,554	$ 20,801
Net income per share			
Basic	$ 0.86	$ 0.75	$ 0.57
Diluted	$ 0.86	$ 0.74	$ 0.57
Weighted-average shares used in computing net income per share			
Basic	29,850,256	34,253,542	36,350,579
Diluted	30,034,978	34,374,706	36,575,904

See notes to consolidated financial statements.

EL POLLO LOCO HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	For the Fiscal Years Ended		
	December 25, 2024	December 27, 2023	December 28, 2022
Net income	$ 25,684	$ 25,554	$ 20,801
Other comprehensive (loss) income			
Changes in derivative instruments			
Unrealized net gains arising during the period from interest rate swap	—	—	862
Reclassifications of loss into net income	—	(170)	(296)
Income tax benefit (expenses)	—	44	(150)
Other comprehensive (loss) income, net of taxes	—	(126)	416
Comprehensive income	$ 25,684	$ 25,428	$ 21,217

See notes to consolidated financial statements.

EL POLLO LOCO HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(Amounts in thousands, except share data)

	Common Stock		Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
Balance, December 29, 2021	36,601,648	$ 365	$ 342,941	$ (32,393)	$ (290)	$ 310,623
Stock-based compensation	—	—	3,491	—	—	3,491
Issuance of common stock related to restricted shares, net	356,610	4	(4)	—	—	—
Issuance of common stock upon exercise of stock options, net	185,798	2	1,711	—	—	1,713
Shares repurchased for employee tax withholdings	(30,128)	—	(322)	—	—	(322)
Forfeiture of common stock related to restricted shares	(105,867)	(1)	1	—	—	—
Other comprehensive loss, net of income tax	—	—	—	—	416	416
Common stock cash dividends ($1.50 per share)	—	—	(55,574)	—	—	(55,574)
Net income	—	—	—	20,801	—	20,801
Balance, December 28, 2022	37,008,061	370	292,244	(11,592)	126	281,148
Stock-based compensation	—	—	2,964	—	—	2,964
Issuance of common stock related to restricted shares, net	454,081	5	(5)	—	—	—
Issuance of common stock upon exercise of stock options, net	219,960	2	1,169	—	—	1,171
Shares repurchased for employee tax withholdings	(26,344)	—	(243)	—	—	(243)
Repurchase of common stock	(6,030,850)	(61)	(59,155)	—	—	(59,216)
Repurchase of common stock - excise tax	—	—	(556)	—	—	(556)
Forfeiture of common stock related to restricted shares	(271,685)	(3)	3	—	—	—
Other comprehensive income, net of income tax	—	—	—	—	(126)	(126)
Net income	—	—	—	25,554	—	25,554
Balance, December 27, 2023	31,353,223	313	236,421	13,962	—	250,696
Stock-based compensation	—	—	3,931	—	—	3,931
Issuance of common stock related to restricted shares, net	513,723	5	(5)	—	—	—
Issuance of common stock upon exercise of stock options, net	163,696	2	1,554	—	—	1,556
Shares repurchased for employee tax withholdings	(36,689)	—	(440)	—	—	(440)
Repurchase of common stock	(2,069,931)	(21)	—	(20,563)	—	(20,584)
Repurchase of common stock - excise tax	—	—	—	(174)	—	(174)
Forfeiture of common stock related to restricted shares	(84,301)	(1)	1	—	—	—
Net income	—	—	—	25,684	—	25,684
Balance, December 25, 2024	29,839,721	$ 298	$ 241,462	$ 18,909	$ —	$ 260,669

See notes to consolidated financial statements.

EL POLLO LOCO HOLDINGS, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	For the Fiscal Years Ended		
	December 25, 2024	**December 27, 2023**	**December 28, 2022**
Cash flows from operating activities:			
Net income	$ 25,684	$ 25,554	$ 20,801
Adjustments to reconcile net income to net cash flows provided by operating activities:			
Depreciation and amortization	15,717	15,235	14,418
Stock-based compensation expense	3,931	2,964	3,491
Income tax receivable agreement (income) expense	(20)	103	(436)
Fire insurance proceeds for expenses paid and lost profit	—	327	—
Loss (gain) on disposition of restaurants	7	(5,034)	(848)
Loss on disposal of assets	221	192	165
Gain on recovery of insurance proceeds, property, equipment and expenses, net	(41)	(247)	—
Impairment of property and equipment and ROU assets	123	1,536	481
Amortization of deferred financing costs	197	201	340
Deferred income taxes, net	(2,857)	906	4,600
Changes in operating assets and liabilities:			
Accounts and other receivables	677	(216)	3,323
Inventories	(27)	531	(125)
Prepaid expenses and other current assets	125	(1,972)	71
Income taxes receivable/ payable	1,695	838	(1,657)
Operating lease assets	19,133	19,040	19,427
Other assets	(232)	(309)	(240)
Accounts payable	(544)	(3,965)	3,977
Accrued salaries and vacation	4,594	459	(2,667)
Accrued insurance	(414)	711	(73)
Payment related to tax receivable agreement	(399)	(350)	(430)
Operating lease liabilities	(19,105)	(19,120)	(19,780)
Other accrued expenses and liabilities	(1,684)	3,304	(6,289)
Net cash flows provided by operating activities	**46,781**	**40,688**	**38,549**
Cash flows from investing activities:			
Proceeds from disposition of restaurants	100	7,722	1,002
Proceeds from fire insurance for property and equipment	41	163	—
Purchase of property and equipment	(19,081)	(21,332)	(19,917)
Net cash flows used in investing activities	**(18,940)**	**(13,447)**	**(18,915)**
Cash flows from financing activities:			
Proceeds from borrowings on revolver and swingline loans	14,000	39,000	46,000
Payments on revolver and swingline loan	(27,000)	(21,000)	(20,000)
Minimum tax withholdings related to net share settlements	(440)	(243)	(322)
Common stock dividends paid	—	—	(55,574)
Proceeds from issuance of common stock upon exercise of stock options, net of expenses	1,556	1,171	1,713
Payment of obligations under finance leases	(207)	(158)	(162)
Deferred financing costs for revolver loan	—	—	(842)
Repurchases of common stock	(20,554)	(59,216)	—
Net cash flows used in financing activities	**(32,645)**	**(40,446)**	**(29,187)**
Decrease in cash and cash equivalents	**(4,804)**	**(13,205)**	**(9,553)**
Cash and cash equivalents, beginning of period	**7,288**	**20,493**	**30,046**
Cash and cash equivalents, end of period	**$ 2,484**	**$ 7,288**	**$ 20,493**

	For the Fiscal Years Ended		
	December 25, 2024	**December 27, 2023**	**December 28, 2022**
Supplemental cash flow information			
Cash paid during the period for interest	$ 5,890	$ 4,819	$ 1,450
Cash paid during the period for income taxes	$ 10,351	$ 7,721	$ 5,100
Unpaid purchases of property and equipment	$ 3,969	$ 5,098	$ 1,333
Unpaid repurchases of common stock and excise tax	$ 204	$ —	$ —

See notes to consolidated financial statements.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS

El Pollo Loco Holdings, Inc. (“Holdings”) is a Delaware corporation headquartered in Costa Mesa, California. Holdings and its direct and indirect subsidiaries are collectively referred to herein as the “Company.” The Company’s activities are conducted principally through its indirect wholly-owned subsidiary, El Pollo Loco, Inc. (“EPL”), which develops, franchises, licenses and operates quick-service restaurants under the name El Pollo Loco ®. The restaurants, which are located principally in California but also in Arizona, Nevada, Texas, Colorado, Utah and Louisiana, specialize in fire-grilling citrus-marinated chicken in a wide variety of contemporary Mexican and LA-inspired entrees, including specialty chicken burritos, chicken quesadillas, chicken tostada salads, chicken tortilla soup, variations on the Company’s Pollo Bowl®, Pollo Salads and Pollo Fit entrees. At December 25, 2024, the Company operated 173 (130 in the greater Los Angeles area) and franchised 325 (151 in the greater Los Angeles area) El Pollo Loco restaurants. In addition, as of December 25, 2024, the Company licensed 10 restaurants in the Philippines.

Holdings has no material assets or operations. Holdings and Holdings’ direct subsidiary, EPL Intermediate, Inc. (“Intermediate”), guarantee EPL’s 2022 Revolver (see Note 7 “Long-Term Debt”) on a full and unconditional basis and Intermediate has no subsidiaries other than EPL. EPL is a separate and distinct legal entity, and has no obligation to make funds available to Intermediate. EPL and Intermediate may pay dividends to Intermediate and to Holdings, respectively.

The Company operates in one operating segment. All significant revenues relate to retail sales of food and beverages through either company or franchised restaurants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Liquidity

The Company’s principal liquidity and capital requirements are new restaurants, existing restaurant capital investments (remodels and maintenance), interest payments on its debt, lease obligations and working capital and general corporate needs. At December 25, 2024, the Company’s total debt was $71.0 million. The Company’s ability to make payments on its indebtedness and to fund planned capital expenditures depends on available cash and its ability to generate adequate cash flows in the future, which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond the Company’s control. Based on current operations, the Company believes that its cash flow from operations, available cash of $2.5 million at December 25, 2024, and the outstanding borrowing availability under the 2022 Revolver (as defined in Note 7 “Long-Term Debt”) will be adequate to meet the Company’s liquidity needs for the next twelve months from the issuance of the consolidated financial statements.

Basis of Presentation

The Company uses a 52- or 53-week fiscal year ending on the last Wednesday of each calendar year. Fiscal 2024, 2023, and 2022 ended on December 25, 2024, December 27, 2023 and December 28, 2022, respectively. In a 52-week fiscal year, each quarter includes 13 weeks of operations. In a 53-week fiscal year, the first, second and third quarters each include 13 weeks of operations and the fourth quarter includes 14 weeks of operations. Approximately every six or seven years a 53-week fiscal year occurs. Fiscal 2024, 2023 and 2022 were 52-week fiscal years. 53-week years may cause revenues, expenses, and other results of operations to be higher due to the additional week of operations.

Certain prior year amounts in the accompanying consolidated financial statements have been reclassified to conform with the current year presentation.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Holdings and its wholly owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and revenue and expenses during the periods reported. Actual results could materially differ from those estimates. The Company's significant estimates include estimates for impairment of goodwill, intangible assets and property and equipment, insurance reserves, lease accounting matters, contingent liabilities and income tax valuation allowances.

Cash and Cash Equivalents

The Company considers all liquid instruments with an original maturity of three months or less at the date of purchase to be cash equivalents.

Concentration of Risk

Cash and cash equivalents are maintained at financial institutions and, at times, these balances may exceed federally-insured limits. The Company has never experienced any losses related to these balances.

The Company had one supplier for which amounts due at December 25, 2024 totaled 19.7% of the Company's accounts payable. As of December 27, 2023, the Company had one supplier for which the amount due totaled 15.1% of the Company's accounts payable. Purchases from the Company's largest supplier totaled 24.1% of the Company's purchases for fiscal 2024, 26.6% for fiscal 2023 and 28.5% for fiscal 2022 with no amounts payable at December 25, 2024 or December 27, 2023.

In fiscal 2024, 2023 and 2022, Company-operated and franchised restaurants in the greater Los Angeles area generated, in the aggregate, approximately 72.0%, 71.3%, and 71.2%, respectively, of total revenue. One franchisee accounted for 28.4% of total accounts receivable as of December 25, 2024, and one franchisee accounted for 11.4% of total accounts receivable as of December 27, 2023.

Management believes the loss of the significant supplier or franchisee could have a material adverse effect on the Company's consolidated results of operations and financial condition.

Accounts and Other Receivables, Net

Accounts and other receivables consist primarily of royalties, advertising and sublease rent and related amounts receivable from franchisees. Such receivables are due on a monthly basis, which may differ from the Company's fiscal month-end dates. Accounts and other receivables also include credit/debit card receivables. The need for an allowance for credit losses is reviewed on a specific identification basis and takes into consideration past due balances and the financial strength of the obligor.

Inventories

Inventories consist principally of food, beverages and supplies and are valued at the lower of average cost or net realizable value.

Property and Equipment, Net

Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives of the assets. Expenditures for reimbursements and improvements that significantly add to the productivity capacity or extend the useful life are capitalized, while expenditures for maintenance and repairs are expensed as incurred. Leasehold improvements and property held under finance leases are amortized over the shorter of their estimated useful lives or the remaining lease terms. For leases with renewal periods at the Company's option, the Company generally

uses the original lease term, excluding the option periods, to determine estimated useful lives; if failure to exercise a renewal option imposes an economic penalty on the Company, such that management determines at the inception of the lease that renewal is reasonably assured, the Company may include the renewal option period in the determination of appropriate estimated useful lives.

The estimated useful service lives are as follows:

Buildings	20 years
Land improvements	3—30 years
Building improvements	3—10 years
Restaurant equipment	3—10 years
Other equipment	2—10 years
Property/equipment held under finance leases	Shorter of useful life or lease term
Leasehold improvements	Shorter of useful life or lease term

The Company capitalizes certain directly attributable internal costs in conjunction with the acquisition, development and construction of future restaurants. The Company also capitalizes certain directly attributable costs, including interest, in conjunction with constructing new restaurants. These costs are included in property and amortized over the shorter of the life of the related buildings and leasehold improvements or the lease term. Costs related to abandoned sites and other site selection costs that cannot be identified with specific restaurants are charged to general and administrative expenses in the accompanying consolidated statements of income, and there were none for the year ended December 25, 2024, $0.2 million for the year ended December 27, 2023, and less than $0.1 million for the year ended December 28, 2022. The Company capitalized internal costs related to site selection and construction activities of $0.6 million, $1.8 million and $1.5 million for the years ended December 25, 2024, December 27, 2023 and December 28, 2022, respectively.

Impairment of Property and Equipment and ROU Assets

The Company reviews its property and equipment and right-of-use assets (“ROU assets”) for impairment on a restaurant-by-restaurant basis whenever events or changes in circumstances indicate that the carrying value of certain property and equipment and ROU assets may not be recoverable. The Company considers a triggering event, related to property and equipment assets or ROU assets in a net asset position, to have occurred related to a specific restaurant if the restaurant’s Average Unit Volume (“AUV”) for the last twelve months are less than a minimum threshold or if consistent levels of undiscounted cash flows for the remaining lease period are less than the carrying value of the restaurant’s assets. Additionally, the Company considers a triggering event, related to ROU assets, to have occurred related to a specific lease if the location has been closed or subleased and future estimated sublease income is less than current lease payments. As of December 25, 2024 and December 27, 2023, ROU assets related to closed or subleased restaurant locations totaled $39.1 million and $42.8 million, respectively. If the Company concludes that the carrying value of certain property and equipment and ROU assets will not be recovered based on expected undiscounted future cash flows, an impairment loss is recorded to reduce the property and equipment or ROU assets to their estimated fair value. The fair value is measured on a nonrecurring basis using unobservable (Level 3) inputs. There is uncertainty in the projected undiscounted future cash flows used in the Company’s 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, the Company may be required to recognize impairment charges in future periods, and such charges could be material. The Company determined that triggering events occurred for certain stores during the year ended December 25, 2024 that required an impairment review of the Company’s property and equipment and ROU assets. Based on the results of this analysis, the Company recorded non-cash impairment charges of $0.1 million primarily related to the property and equipment assets of two restaurants in Nevada for the year ended December 25, 2024.

In fiscal 2023, the Company recorded non-cash impairment charges of $1.5 million primarily related to the carrying value of the ROU assets of one restaurant in California and the property and equipment assets of one restaurant in Nevada. In fiscal 2022, the Company recorded a non-cash impairment charge of $0.5 million primarily related to the carrying value of the ROU assets of one restaurant in California that closed in 2021. Given the inherent uncertainty in projecting results for newer restaurants in newer markets, the Company is monitoring the recoverability of the carrying value of the assets of several restaurants on an ongoing basis. For these restaurants, if expected performance is not realized, an impairment charge may be recognized in future periods, and such charge could be material.

Closed-Store Reserves

When a restaurant is closed, the Company will evaluate the ROU asset for impairment, based on anticipated sublease recoveries. The remaining value of the ROU asset is amortized on a straight-line basis, with the expense recognized in closed-store reserves expense. Additionally, any property tax and common area maintenance ("CAM") payments relating to closed restaurants are also included within closed-store reserves expense.

During fiscal 2024, 2023 and 2022, the Company recognized $0.1 million, $0.2 million and $0.3 million, respectively, of closed-store reserves expense related to the amortization of ROU assets, property taxes and CAM payments for its closed locations.

Goodwill and Indefinite-Lived Intangible Assets

The Company's indefinite-lived intangible assets consist of trademarks. Goodwill represents the excess of cost over fair value of net identified assets acquired in business combinations accounted for under the purchase method. The Company does not amortize its goodwill and indefinite-lived intangible assets. Goodwill resulted from the acquisition of certain franchise locations.

Upon the sale or refranchising of a restaurant, the Company evaluates whether there is a decrement of goodwill. The amount of goodwill included in the cost basis of the asset sold is determined based on the relative fair value of the portion of the reporting unit disposed of compared to the fair value of the reporting unit retained. The Company reports as one reporting unit. The fair value of the portion of the reporting unit disposed of in a refranchising is determined by reference to the discounted value of the future cash flows expected to be generated by the restaurant and retained by the franchisee, which includes a deduction for the anticipated, future royalties the franchisee will pay the Company associated with the franchise agreement entered into simultaneously with the refranchising transition. The fair value of the reporting unit retained is based on the price a willing buyer would pay for the reporting unit and includes the value of franchise agreements. As such, the fair value of the reporting unit retained can include expected cash flows from future royalties from those restaurants currently being refranchised, future royalties from existing franchise businesses and company restaurant operations. The Company did not record any decrement to goodwill related to the disposition of restaurants in fiscal 2024, 2023 and 2022.

The Company performs an annual impairment test for goodwill during the fourth fiscal quarter of each year, or more frequently if impairment indicators arise.

The Company reviews goodwill for impairment utilizing either a qualitative assessment or a fair value test by comparing the fair value of a reporting unit with its carrying amount. If the Company decides that it is appropriate to perform a qualitative assessment and concludes that the fair value of a reporting unit more likely than not exceeds its carrying value, no further evaluation is necessary. If the Company performs the fair value test, the Company will compare the fair value of a reporting unit with its carrying amount, including goodwill. If the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not impaired. If the carrying amount of a reporting unit exceeds its fair value, the Company will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized cannot exceed the total amount of goodwill allocated to that reporting unit.

The Company performs an annual impairment test for indefinite-lived intangible assets during the fourth fiscal quarter of each year, or more frequently if impairment indicators arise. An impairment test consists of either a qualitative assessment or a comparison of the fair value of an intangible asset with its carrying amount. The excess of the carrying amount of an intangible asset over its fair value is recognized as an impairment loss.

The assumptions used in the estimate of fair value are generally consistent with the past performance of the Company's reporting segment and are also consistent with the projections and assumptions that are used in current operating plans. These assumptions are subject to change as a result of changing economic and competitive conditions.

The Company determined that there were no indicators of potential impairment of its goodwill and indefinite-lived intangible assets during fiscal 2024. Accordingly, the Company did not record any impairment to its goodwill or indefinite-lived intangible assets during the year ended December 25, 2024.

Deferred Financing Costs

Deferred financing costs are capitalized and amortized over the period of the loan on a straight-line basis. Included in other assets are deferred financing costs (net of accumulated amortization), related to the Company's revolving credit facility, of $0.5 million and $0.7 million as of December 25, 2024 and December 27, 2023, respectively. Amortization expense for deferred financing costs was approximately $0.2 million for both of the years ended December 25, 2024 and December 27, 2023, and $0.3 million for the year ended December 28, 2022, and is reflected as a component of interest expense in the accompanying consolidated statements of income.

Insurance Reserves

The Company is responsible for workers' compensation, general and health insurance claims up to a specified aggregate stop loss amount. The Company maintains a reserve for estimated claims both reported and incurred but not reported, based on historical claims experience and other assumptions. At December 25, 2024 and December 27, 2023, the Company had accrued $11.4 million and $11.8 million, respectively, and such amounts are reflected as accrued insurance in the accompanying consolidated balance sheets. The expense for such reserves for the years ended December 25, 2024, December 27, 2023 and December 28, 2022, totaled $9.9 million, $9.2 million, and $8.7 million, respectively. These amounts are included in labor and related expenses and general and administrative expenses on the accompanying consolidated statements of income.

Restaurant Revenue

Revenues from the operation of company-operated restaurants are recognized as food and beverage products are delivered to customers and payment is tendered at the time of sale. The Company presents revenue net of sales-related taxes and promotional allowances. Promotional allowances amounted to approximately $6.3 million, $8.7 million and $7.5 million during the years ended December 25, 2024, December 27, 2023 and December 28, 2022, respectively.

The Company offers a loyalty rewards program, which awards a customer points for dollars spent. Customers earn points for each dollar spent and points can be redeemed for multiple redemption options. If a customer does not earn or use points within a one-year period, their account is deactivated and all points expire. When a customer is part of the rewards program, the obligation to provide future discounts related to points earned is considered a separate performance obligation, to which a portion of the transaction price is allocated. The performance obligation related to loyalty points is deemed to have been satisfied, and the amount deferred in the balance sheet is recognized as revenue, when the points are transferred to a reward and redeemed, the reward or points have expired, or the likelihood of redemption is remote. A portion of the transaction price is allocated to loyalty points, if necessary, on a pro-rata basis, based on stand-alone selling price, as determined by menu pricing and loyalty points terms. As of December 25, 2024 and December 27, 2023, the revenue allocated to loyalty points that have not been redeemed was $0.8 million and $0.7 million, respectively, which is reflected in the Company's accompanying consolidated balance sheets within other accrued expenses and current liabilities. The Company expects the loyalty points to be redeemed and recognized over a one-year period.

The Company sells gift cards to its customers in the restaurants and through selected third parties. The gift cards sold to customers have no stated expiration dates and are subject to actual and/or potential escheatment rights in several of the jurisdictions in which the Company operates. Furthermore, due to these escheatment rights, the Company does not recognize breakage related to the sale of gift cards due to the immateriality of the amount remaining after escheatment. The Company recognizes income from gift cards when redeemed by the customer. Unredeemed gift card balances are deferred and recorded as other accrued expenses on the accompanying consolidated balance sheets.

Franchise Revenue

Franchise revenue consists of franchise royalties, initial franchise fees, license fees due from franchisees, sublease income and IT support services. Rental income for subleases to franchisees are outside of the scope of the revenue standard and are within the scope of lease guidance. Franchise royalties are based upon a percentage of net sales of the franchisee and are recorded as income as such sales are earned by the franchisees.

For franchise and development agreement fees, the initial franchise services, or exclusivity of the development agreements, are not distinct from the continuing rights or services offered during the term of the franchise agreement and are, therefore, treated as a single performance obligation. As such, initial franchise and development fees received, and subsequent renewal fees, are recognized over the franchise or renewal term, which is typically twenty years. As of December 25, 2024, the Company had executed development agreements that represent commitments to open 73 franchised restaurants at various dates through 2035.

This revenue stream is made up of the following performance obligations:

- Franchise License – inclusive of advertising services, development agreements, training, access to restaurant development plans and help desk services;
- Discounted renewal option; and
- Hardware services.

The Company satisfies the performance obligation related to the franchise license over the term of the franchise agreement, which is typically 20 years. Payment for the franchise license consists of three components, a fixed-fee related to the franchise/development agreement, a sales-based royalty fee and a sales-based advertising fee. The fixed fee, as determined by the signed development and/or franchise agreement, is due at the time the development agreement is entered into, and/or when the franchise agreement is signed, and does not include a finance component.

The sales-based royalty fee and sales-based advertising fee are considered variable consideration and are recognized as revenue as such sales are earned by the franchisees. Both sales-based fees qualify under the royalty constraint exception, and do not require an estimate of future transaction price. Additionally, the Company is utilizing the practical expedient available under ASC Topic 606, “Revenue from Contracts with Customers” (“Topic 606”) regarding disclosure of the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied for sales-based royalties.

In certain franchise agreements, the Company offers a discounted renewal to incentivize future renewals after the end of the initial franchise term. As this is considered a separate performance obligation, the Company allocated a portion of the initial franchise fee to this discounted renewal, on a pro-rata basis, assuming a 20 year renewal. This performance obligation is satisfied over the renewal term, which is typically 10 or 20 years, while payment is fixed and due at the time the renewal is signed.

The Company purchases hardware, such as scanners, printers, cash registers, kiosks and tablets, from third-party vendors, which it then sells to franchisees. As the Company is considered the principal in this relationship, payment received for the hardware is considered revenue, and is received upon transfer of the goods from the Company to the franchisee. As of December 25, 2024, there were no performance obligations, related to hardware services that were unsatisfied or partially satisfied.

Franchise Advertising Fee Revenue

The Company presents advertising contributions received from franchisees as franchise advertising fee revenue and records all expenses of the advertising fund within franchise expenses.

Advertising Costs

Advertising expense is recorded as the obligation to contribute to the advertising fund and is accrued, generally when the associated revenue is recognized. Advertising expense, which is a component of occupancy and other operating expenses, was $16.1 million, $16.2 million and $16.4 million for the years ended December 25, 2024, December 27, 2023 and December 28, 2022, respectively. In addition, there was $31.2 million, $29.2 million and $28.5 million for the years ended December 25, 2024, December 27, 2023 and December 28, 2022, respectively, funded by the franchisees' advertising fees.

Franchisees pay a monthly fee to the Company that ranges from 4% to 5% of their restaurants' net sales as reimbursement for advertising, public relations and promotional services the Company provides, which is included within franchise advertising fee revenue. Fees received in advance of provided services are included in other accrued expenses and current liabilities and were $1.2 million and $3.0 million at December 25, 2024 and December 27, 2023, respectively. Company-operated restaurants contribute to the advertising fund on the same basis as franchised restaurants. At December 25, 2024, the Company was obligated to spend $1.2 million more in future periods to comply with this requirement.

Production costs of commercials, programming and other marketing activities are charged to the advertising funds when the advertising is first used for its intended purpose. Total contributions and other marketing expenses are included in general and administrative expenses in the accompanying consolidated statements of income.

Preopening Costs

Preopening costs incurred in connection with the opening of new restaurants are expensed as incurred. For each of the years ended December 25, 2024, December 27, 2023, and December 28, 2022, preopening costs, which are included in general and administrative expenses on the accompanying consolidated statements of income were $0.3 million.

Leases

The Company's operations utilize property, facilities, equipment and vehicles. Buildings and facilities leased from others are primarily for restaurants and support facilities. Restaurants are operated under lease arrangements that generally provide for a fixed base rent and, in some instances, contingent rent based on a percentage of gross operating profit or net revenues more than a defined amount. Initial terms of land and restaurant building leases generally have terms of 20 years, exclusive of options to renew. ROU assets and operating and finance lease liabilities are recognized at the lease commencement date, which is the date the Company takes possession of the property. Operating and finance lease liabilities represent the present value of lease payments not yet paid. ROU assets represent the Company's right to use an underlying asset and are based upon the operating and finance lease liabilities adjusted for prepayments or accrued lease payments, lease incentives, and impairment of ROU assets. To determine the present value of lease payments not yet paid, the Company estimates incremental borrowing rates corresponding to the lease term including reasonably certain renewal periods.

The Company's leases generally have escalating rents over the term of the lease, and are recorded on a straight-line basis over the expected lease term. Additionally, tenant incentives used to fund leasehold improvements are recognized when earned and reduce the right-of-use asset related to the lease. These are amortized through the operating lease asset as reductions of expense over the lease term.

Operating and finance lease liabilities that are based on an index or rate are calculated using the prevailing index or rate at lease commencement. Subsequent escalations in the index or rate and contingent rental payments are recognized as variable lease expenses. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Leases of equipment primarily consist of restaurant equipment, computer systems and vehicles. The Company subleases facilities to certain franchisees and other non-related parties which are recorded on a straight-line basis.

Gain on Recovery of Insurance Proceeds, Lost Profits, Net and Gain on Recovery of Insurance Proceeds, Property, Equipment and Expenses

During fiscal 2023 and fiscal 2022, two of the Company's restaurants incurred damage resulting from a fire. In fiscal 2023, the Company incurred costs directly related to the fire of less than $0.1 million. In fiscal 2023, the Company recognized gains of $0.2 million, related to the reimbursement of property and equipment and expenses incurred and $0.3 million related to the reimbursement of lost profits and in fiscal 2024, the Company recognized gains of less than $0.1 million related to the reimbursement of property and equipment and expenses. The gain on recovery of insurance proceeds and reimbursement of lost profits, net of the related costs, is included in the accompanying consolidated statements of income, for the year ended December 27, 2023, as a reduction of Company restaurant expenses. The Company received from the insurance company cash of $0.5 million, net of the insurance deductible, during fiscal 2023.

Loss (Gain) on Disposition of Restaurants

During fiscal 2024, the Company completed the sale of one restaurant within California to an existing franchisee due to an expiring lease term on April 30, 2024. During fiscal 2023, the Company completed the sale of 18 restaurants within California, Utah and Texas to existing franchisees. During fiscal 2022, the Company completed the sale of three company-operated restaurants within the Orange County area to an existing franchisee.

The Company determined that these restaurant dispositions represented multiple element arrangements, and as a result, the cash consideration received was allocated to the separate elements based on their relative standalone selling price. Cash proceeds included upfront consideration for the sale of the restaurants and franchise fees, as well as future cash consideration for royalties. The cash consideration per restaurant related to franchise fees is consistent with the amounts stated in the related franchise agreements, which are charged for separate standalone arrangements. The Company initially defers and subsequently recognizes the franchise fees over the term of the franchise agreement. Future royalty income is also recognized in revenue as earned. During 2024, the sale resulted in cash proceeds of $0.1 million and a net loss on sale of restaurant of less than $0.1 million. During 2023, these sales resulted in cash proceeds of $7.7 million and a net gain on sale of restaurant of $5.0 million. The Orange County sale during 2022 resulted in cash proceeds of $1.0 million and a net gain on sale of restaurants of $0.8 million for the year ended December 28, 2022. Since the date of sale, these restaurants are now included in the total number of franchised El Pollo Loco restaurants.

Derivative Financial Instruments

The Company used an interest rate swap, a derivative instrument, to hedge interest rate risk and not for trading purposes. The derivative contract was entered into with a financial institution. In connection with the Company's entry into the 2022 Credit Agreement (as defined in Note 7 "Long-Term Debt"), it terminated the interest rate swap on July 28, 2022. The Company recorded the derivative instrument on its consolidated balance sheets at fair value. The derivative instrument qualified as a hedging instrument in a qualifying cash flow hedge relationship, and the gain or loss on the derivative instrument was reported as a component of Accumulated Other Comprehensive Income ("AOCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. For any derivative instruments not designated as hedging instruments, the gain or loss will be recognized in earnings immediately.

Income Taxes

The provision for income taxes, income taxes payable and deferred income taxes is determined using the asset and liability method. Deferred tax assets and liabilities are determined based on temporary differences between the financial carrying amounts and the tax bases of assets and liabilities using enacted tax rates in effect in the years in which the temporary differences are expected to reverse. On a periodic basis, the Company assesses the probability that its net deferred tax assets, if any, will be recovered. If, after evaluating all of the positive and negative evidence, a conclusion is made that it is more likely than not that some portion or all of the net deferred tax assets will not be recovered, a valuation allowance is provided by charging to tax expense a reserve for the portion of deferred tax assets which are not expected to be realized.

The Company reviews its filing positions for all open tax years in all U.S. federal and state jurisdictions where it is required to file.

When there are uncertainties related to potential income tax benefits, in order to qualify for recognition, the position the Company takes has to have at least a "more likely than not" chance of being sustained (based on the position's technical merits) upon challenge by the respective authorities. The term "more likely than not" means a likelihood of more than 50%. Otherwise, the Company may not recognize any of the potential tax benefit associated with the position. The Company recognizes a benefit for a tax position that meets the "more likely than not" criterion as the largest amount of tax benefit that is greater than 50% likely of being realized upon its effective resolution. Unrecognized tax benefits involve management's judgment regarding the likelihood of the benefit being sustained. The final resolution of uncertain tax positions could result in adjustments to recorded amounts and may affect the Company's results of operations, financial position and cash flows.

The Company's policy is to recognize interest or penalties related to income tax matters in income tax expense. The Company had no accrual for interest or penalties at December 25, 2024 or December 27, 2023. During fiscal 2024, fiscal 2023 and fiscal 2022, there were no material unrecognized tax benefits. Management believes no significant change to the amount of unrecognized tax benefits will occur within the next twelve months.

On July 30, 2014, the Company entered into the income tax receivable agreement (the "TRA"), which calls for the Company to pay to its pre-IPO stockholders 85% of the savings in cash that the Company realizes in its income taxes as a result of utilizing its net operating losses ("NOLs") and other tax attributes attributable to preceding periods. For the years ended December 25, 2024, December 27, 2023 and December 28, 2022, income tax receivable agreement (income) expense consisted of the amortization of interest expense and changes in estimates for actual tax returns filed, related to the Company total expected TRA payments. On May 29, 2024, the Company terminated most of the obligations under the TRA, with respect to any payments or obligations owed to the FS Equity Partners V, L.P. and FS Affiliates V, L.P. (together, the "Sellers") thereunder in exchange for a payment to the Sellers of $0.4 million. As of December 25, 2024, there was no remaining obligations owed on the Company's consolidated balance sheets.

Additionally, the Company assessed its eligibility for the business relief provision under the CARES Act known as the Employee Retention Credit ("ERC"), a refundable payroll tax credit for 50% of qualified wages paid during 2020. The American Rescue Plan passed into law on March 11, 2021 extended the ERC through September 30, 2021, and the credit was increased to 70% of qualified wages paid from January 1, 2021 through September 30, 2021. During fiscal 2022, the Company received $3.1 million in ERC and the remaining $0.3 million was received and recorded during fiscal 2023.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Observable prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs or significant value drivers are observable.
- Level 3: Unobservable inputs used when little or no market data is available.

Certain assets and liabilities are measured at fair value on a nonrecurring basis. In other words, they are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances (for example, when there is evidence of impairment).

For the year ended December 25, 2024, the Company recorded non-cash impairment charges $0.1 million for certain property and equipment, which were measured at fair value on a nonrecurring basis.

The following non-financial assets were measured at fair value, on a nonrecurring basis, as of and for the year ended December 27, 2023 reflecting certain property and equipment and ROU assets for which an impairment loss was recognized during the corresponding periods, as discussed above under "Impairment of Property and Equipment and ROU Assets" (in thousands):

	Total	Level 1	Level 2	Level 3	Impairment Losses
Certain property and equipment, net	$ —	$ —	$ —	$ —	$ 1,497
Certain ROU assets, net	$ 244	$ —	$ —	$ 244	$ 39

The following non-financial assets were measured at fair value, on a nonrecurring basis, as of and for the year ended December 28, 2022 for which an impairment loss was recognized during the corresponding periods, as discussed above under "Impairment of Property and Equipment and ROU Assets" (in thousands):

	Total	Level 1	Level 2	Level 3	Impairment Losses
Certain property and equipment, net	$ —	$ —	$ —	$ —	$ 442
Certain ROU assets, net	$ 327	$ —	$ —	$ 327	$ 39

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and certain accrued expenses approximate fair value due to their short-term maturities. The recorded value of the prior years' TRA approximates fair value, based on borrowing rates currently available to the Company for debts with similar terms and remaining maturities (Level 3 measurement).

Stock-Based Compensation

Stock-based compensation expense is recognized using a fair-value based method for costs related to all share-based payments including stock options, restricted stock and performance-based stock units issued under the Company's employee stock plans. The fair value of stock option awards is estimated on the date of grant using an option pricing model, which require the input of subjective assumptions. The Company is required to use judgment in estimating the amount of stock-based awards that are expected to be forfeited. If actual forfeitures differ significantly from the original estimate, stock-based compensation expense and the results of operations could be affected. The cost is recognized on a straight-line basis over the period during which an employee is required to provide service, usually the vesting period. For performance-based stock units, the Company estimates the probability that performance conditions will be achieved.

Earnings per Share

Earnings per share ("EPS") is calculated using the weighted average number of common shares outstanding during each period. Diluted EPS assumes the conversion, exercise or issuance of all potential common stock equivalents unless the effect is to reduce a loss or increase the income per share. For purposes of this calculation, options and restricted stock awards are considered to be common stock equivalents and are only included in the calculation of diluted earnings per share when their effect is dilutive. The shares used to compute basic and diluted net income per share represent the weighted-average common shares outstanding.

Recently Issued Accounting Pronouncements

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosure." The ASU updates reportable segment disclosure requirements, primarily through requiring enhanced disclosures about significant segment expenses and information used to assess segment performance. These disclosures are required quarterly. The ASU is effective for fiscal years beginning after December 15, 2023 and interim periods beginning after December 15, 2024, with early adoption permitted. It is required to be adopted retrospectively for all prior periods presented in the financial statements. The Company adopted this standard during the year ended December 25, 2024. See Note 17 below for the Company's updated segment disclosures.

In December 2023, the FASB issued ASU No. 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures.” The ASU includes amendments requiring enhanced income tax disclosures, primarily related to standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The guidance is effective for fiscal years beginning after December 15, 2024, with early adoption permitted, and should be applied prospectively with the option of retrospective application. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

In November 2024, the FASB issued ASU No. 2024-03, “Income Statement Reporting Comprehensive Income/Expense Disaggregation Disclosures”. The ASU requires disaggregated disclosure of income statement expenses at interim and annual reporting periods. The ASU is effective for fiscal year beginning after December 15, 2026, and interim periods beginning after December 15, 2027, with early adoption permitted. The ASU can be adopted prospectively or retrospectively at the option of the Company. The Company is currently evaluating the impact of adopting this ASU on its disclosures.

The Company reviewed all other recently issued accounting pronouncements and concluded that they were either not applicable or not expected to have a significant impact to the consolidated financial statements.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following (in thousands):

	December 25, 2024	December 27, 2023
Prepaid insurance	$ 2,574	$ 2,574
Prepaid service fees	2,255	2,764
Other current assets	680	296
Total prepaid expenses and other current assets	$ 5,509	$ 5,634

4. PROPERTY AND EQUIPMENT

The costs and related accumulated depreciation and amortization of major classes of property are as follows (in thousands):

	December 25, 2024	December 27, 2023
Land	$ 12,323	$ 12,323
Buildings and improvements	152,410	148,259
Other property and equipment	91,352	86,423
Construction in progress	9,882	7,270
	265,967	254,275
Less: accumulated depreciation and amortization	(179,818)	(170,248)
	$ 86,149	$ 84,027

Depreciation and amortization expense was $15.7 million, $15.2 million and $14.4 million for the years ended December 25, 2024, December 27, 2023, and December 28, 2022, respectively.

Based on the Company’s review of its property and equipment assets for impairment, the Company recorded non-cash impairment charges of $0.1 million, $1.5 million and $0.4 million for the years ended December 25, 2024, December 27, 2023, and December 28, 2022, respectively. See “Impairment of Property and Equipment and ROU Assets” in Note 2 “Summary of Significant Accounting Policies” for additional information.

5. TRADEMARKS AND OTHER INTANGIBLE ASSETS

Domestic trademarks consist of the following (in thousands):

	December 25, 2024	December 27, 2023
Cost	$ 120,700	$ 120,700
Accumulated impairment charges	(58,812)	(58,812)
Trademarks, net	$ 61,888	$ 61,888

6. LEASES

Nature of leases

The Company's operations utilize property, facilities, equipment and vehicles leased from others. Additionally, the Company has various contracts with vendors that have been determined to contain an embedded lease in accordance with Topic 842.

As of December 25, 2024, the Company had no leases that it had entered into, but had not yet commenced.

Building and facility leases

The majority of the Company's building and facilities leases are classified as operating leases; however, the Company currently has one facility and 24 equipment leases that are classified as finance leases.

Restaurants are operated under lease arrangements that generally provide for a fixed base rent and, in some instances, contingent rent based on a percentage of gross operating profit or net revenues in excess of a defined amount. Additionally, a number of the Company's leases have payments, which increase at pre-determined dates based on the change in the consumer price index. For all leases, the Company also reimburses the landlord for non-lease components, or items that are not considered components of a contract, such as CAM, property tax and insurance costs. While the Company determined not to separate lease and non-lease components, these payments are based on actual costs, making them variable consideration and excluding them from the calculations of the ROU asset and lease liability.

The initial terms of land and restaurant building leases are generally 20 years, exclusive of options to renew. These leases typically have four 5-year renewal options, which have generally been excluded in the calculation of the ROU asset and lease liability, as they are not considered reasonably certain to be exercised, unless there have been significant leasehold improvements that have a useful life that extend past the original lease term. Furthermore, there are no residual value guarantees and no restrictions imposed by the lease.

During the year ended December 25, 2024 and December 27, 2023, the Company reassessed the lease terms on 28 and 36 restaurants, respectively, due to certain triggering events, such as the addition of significant leasehold improvements with useful lives that extend past the current lease expiration, the decision to terminate a lease, or the decision to renew. As a result of the reassessment, an additional $20.5 million and $21.5 million, respectively, of ROU asset and lease liabilities were recognized for the year ended December 25, 2024 and December 27, 2023, and will be amortized over the new lease term.

There were no reassessments that impacted the original lease classification during the year ended December 25, 2024 or December 27, 2023. Additionally, as the Company adopted all practical expedients available under Topic 842, no reallocation between lease and non-lease components was necessary.

The Company also subleases facilities to certain franchisees and other non-related parties which are also considered operating leases. Sublease income also includes contingent rental income based on net revenues. The vast majority of these leases have rights to extend terms via fixed rental increases. However, none of these leases have early termination rights, the right to purchase the premises or any residual value guarantees. The Company does not have any related party leases.

During fiscal 2024, the Company did not record any non-cash impairment charges. During fiscal 2023, the Company determined that the carrying value of an ROU assets at one restaurant was not recoverable. As a result, the Company recorded a less than $0.1 million non-cash impairment charge for the year ended December 27, 2023 related to one restaurant in California. During fiscal 2022, the Company determined that the carrying value of ROU assets at one restaurant were not recoverable. As a result, the Company recorded a less than $0.1 million non-cash impairment charge for the year ended December 28, 2022 related to one restaurant closed in California.

Equipment

Leases of equipment primarily consist of restaurant equipment, copiers and vehicles. These leases are fixed payments with no variable component. Additionally, no optional renewal periods have been included in the calculation of the ROU asset, there are no residual value guarantees and no restrictions imposed.

Significant Assumptions and Judgments

In applying the requirements of Topic 842, the Company made significant assumptions and judgments related to determination of whether a contract contains a lease and the discount rate used for the lease.

In determining if any of the Company's contracts contain a lease, the Company made assumptions and judgments related to its ability to direct the use of any assets stated in the contract and the likelihood of renewing any short-term contracts for a period extending past twelve months.

The Company also made significant assumptions and judgments in determining an appropriate discount rate for property leases. These included using a consistent discount rate for a portfolio of leases entered into at varying dates, using the full 20-year term of the lease, excluding any options, and using the total minimum lease payments. The Company utilizes a third-party valuation firm in determining the discount rate, based on the above assumptions. For all other leases, the Company uses the discount rate implicit in the lease, or the Company's incremental borrowing rate.

As the Company has adopted the practical expedient not to separate lease and non-lease components, no significant assumptions or judgments were necessary in allocating consideration between these components, for all classes of underlying assets.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the Company's total lease cost, disaggregated by underlying asset (in thousands):

	December 25, 2024			December 27, 2023			December 28, 2022		
	Property Leases	Equipment Leases	Total	Property Leases	Equipment Leases	Total	Property Leases	Equipment Leases	Total
Finance lease cost:									
Amortization of right-of-use assets	$ 76	$ 100	$ 176	$ 73	$ 2	$ 75	$ 73	$ 2	$ 75
Interest on lease liabilities	36	18	54	40	5	45	42	3	45
Operating lease cost:									
Fixed rent cost	28,287	332	28,619	27,597	387	27,984	26,537	1,005	27,542
Short-term lease cost	—	1	1	—	8	8	—	18	18
Variable lease cost	553	1,344	1,897	546	1,279	1,825	597	677	1,274
Sublease income	(7,053)	—	(7,053)	(5,570)	—	(5,570)	(4,555)	—	(4,555)
Total lease cost	$ 21,899	$ 1,795	$ 23,694	$ 22,686	$ 1,681	$ 24,367	$ 22,694	$ 1,705	$ 24,399

The following table presents the Company's total lease cost on the consolidated statement of income (in thousands):

	December 25, 2024	December 27, 2023	December 28, 2022
Lease cost – Occupancy and other operating expenses	$ 23,046	$ 23,736	$ 23,730
Lease cost – General & administrative	418	492	465
Lease cost – Depreciation and amortization	176	75	73
Lease cost – Interest expense	54	45	45
Lease cost – Closed-store reserve	—	19	86
Total lease cost	$ 23,694	$ 24,367	$ 24,399

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company had the following cash and non-cash activities associated with its leases (dollar amounts in thousands):

	December 25, 2024			December 27, 2023			December 28, 2022		
	Property Leases	Equipment Leases	Total	Property Leases	Equipment Leases	Total	Property Leases	Equipment Leases	Total
Cash paid for amounts included in the measurement of lease liabilities									
Operating cash flows used for operating leases	$ 28,376	$ 310	$ 28,686	$ 27,835	$ 321	$ 28,156	$ 27,221	$ 953	$ 28,174
Financing cash flows used for finance leases	$ 93	$ 114	$ 207	$ 93	$ 65	$ 158	$ 106	$ 56	$ 162
Non-cash investing and financing activities:									
Operating lease ROU assets obtained in exchange for lease liabilities:									
Operating lease ROU assets	$ 20,504	$ 1,294	$ 21,798	$ 21,448	$ 54	$ 21,502	$ 12,978	$ 92	$ 13,070
Finance lease ROU assets obtained in exchange for lease liabilities:									
Finance lease ROU assets	$ —	$ 148	$ 148	$ —	$ 135	$ 135	$ —	$ 28	$ 28
Derecognition of ROU assets due to terminations, impairment or modifications	$ —	$ —	$ —	$ (40)	$ (4)	$ (44)	$ (39)	$ (35)	$ (74)
Other Information									
Weighted-average remaining years in lease term—finance leases	15.88	3.24		16.87	3.15		17.87	3.19	
Weighted-average remaining years in lease term—operating leases	10.13	3.78		10.42	3.33		10.73	1.73	
Weighted-average discount rate—finance leases	2.57 %	6.49 %		2.57 %	5.68 %		2.57 %	1.53 %	
Weighted-average discount rate—operating leases	5.31 %	6.73 %		5.00 %	4.52 %		4.54 %	3.80 %	

Information regarding the Company's minimum future lease obligations at December 25, 2024 is as follows (in thousands):

	Finance Leases	Operating Leases	
For the Years Ending	Minimum Lease Payments	Minimum Lease Payments	Minimum Sublease Income
December 31, 2025	$ 224	$ 29,262	$ 5,033
December 30, 2026	191	28,160	4,728
December 29, 2027	180	26,846	4,676
December 27, 2028	134	24,917	4,387
December 26, 2029	118	21,820	3,743
Thereafter	1,274	118,874	23,053
Total	$ 2,121	$ 249,879	$ 45,620
Less: imputed interest (2.57% - 6.73%)	(368)	(59,612)	
Present value of lease obligations	1,753	190,267	
Less: current maturities	(170)	(19,738)	
Noncurrent portion	$ 1,583	$ 170,529	

Short-Term Leases

The Company has multiple short-term leases, which have terms of less than 12 months, and thus were excluded from the recognition requirements of Topic 842. The Company has recognized these lease payments in its consolidated statement of income on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred.

Lessor

The Company is a lessor for certain property, facilities and equipment owned by the Company and leased to others, principally franchisees, under non-cancelable leases with initial terms ranging from 3 to 20 years. These lease agreements generally provide for a fixed base rent and, in some instances, contingent rent based on a percentage of gross operating profit or net revenues. All leases are considered operating leases.

For the leases in which the Company is the lessor, there are options to extend the lease. However, there are no terms and conditions to terminate the lease, no right to purchase premises and no residual value guarantees. Additionally, there are no related party leases.

For the years ended December 25, 2024, December 27, 2023, and December 28, 2022, the Company received $0.4 million, $0.3 million and $0.4 million, respectively, of lease income from company-owned locations.

7. LONG-TERM DEBT

On July 27, 2022, the Company refinanced pursuant to a credit agreement (the "2022 Credit Agreement") among EPL, as borrower, the Company and Intermediate, as guarantors, Bank of America, N.A., as administrative agent, swingline lender, and letter of credit issuer, the lenders party thereto, and the other parties thereto, which provides for a $150.0 million five-year senior secured revolving credit facility (the "2022 Revolver").

The 2022 Revolver includes a sub limit of $15.0 million for letters of credit and a sub limit of $15.0 million for swingline loans. The obligations under the 2022 Credit Agreement and related loan documents are guaranteed by Holdings and Intermediate. The obligations of Holdings, EPL and Intermediate under the 2022 Credit Agreement and related loan documents are secured by a first priority lien on substantially all of their respective assets subject to certain customary exceptions.

The special dividend announced by the Company's Board of Directors on October 11, 2022 was permitted under the terms of 2022 Revolver pursuant to both subclause (iii)(d) and (iii)(e) of the following sentence. Under the 2022 Revolver, Holdings is restricted from making certain payments such as cash dividends, except that it may, inter alia, (i) pay up to $1.0 million per year to repurchase or redeem qualified equity interests of Holdings held by past or present officers, directors, or employees (or their estates) of the Company upon death, disability, or termination of employment, (ii) pay under its TRA, and (iii) so long as no default or event of default has occurred and is continuing, (a) make non-cash repurchases of equity interests in connection with the exercise of stock options by directors, officers and management, provided that those equity interests represent a portion of the consideration of the exercise price of those stock options, (b) pay up to $0.5 million in any 12 month consecutive period to redeem, repurchase or otherwise acquire equity interests of any subsidiary that is not a wholly-owned subsidiary from any holder of equity interest in such subsidiary, (c) pay up to $2.5 million per year pursuant to stock option plans, employment agreements, or incentive plans, (d) make up to $5.0 million in other restricted payments per year, and (e) make other restricted payments, subject to its compliance, on a pro forma basis, with (x) a lease-adjusted consolidated leverage ratio not to exceed 4.25 times and (y) the financial covenants applicable to the 2022 Revolver.

Borrowings under the 2022 Credit Agreement (other than any swingline loans) bear interest, at the borrower's option, at rates based upon either the secured overnight financing rate ("SOFR") or a base rate, plus, for each rate, a margin determined in accordance with a lease-adjusted consolidated leverage ratio-based pricing grid. The base rate is calculated as the highest of (a) the federal funds rate plus 0.50%, (b) the published Bank of America prime rate, or (c) Term SOFR with a term of one-month SOFR plus 1.00%. For Term SOFR loans, the margin is in the range of 1.25% to 2.25%, and for base rate loans the margin is in a range of 0.25% to 1.25%. Borrowings under the 2022 Revolver may be repaid and reborrowed. For borrowings under the 2022 Revolver during fiscal 2024, the interest rate range was 5.7% to 7.0%. For borrowings under the 2022 Revolver during fiscal 2023, the interest rate range was 5.7% to 7.0%. The interest rate under the 2022 Revolver was 5.7% at December 25, 2024 and 7.0% at December 27, 2023. For the years ended December 25, 2024, December 27, 2023 and December 28, 2022, the Company had interest expense of $5.4 million, $4.4 million and $0.9 million, respectively, under the 2022 Revolver.

The 2022 Credit Agreement contains certain financial covenants. The Company was in compliance with all such covenants at December 25, 2024.

At December 25, 2024, $10.3 million of letters of credit and $71.0 million of borrowings were outstanding under the 2022 Revolver. The amount available under the 2022 Revolver was $68.7 million at December 25, 2024. At December 27, 2023, $9.8 million of letters of credit and $84.0 million of borrowings were outstanding under the 2022 Revolver.

Maturities

The 2022 Revolver and 2022 Credit Agreement will mature on July 27, 2027. During the year ended December 25, 2024, the Company borrowed $14.0 million and paid down $27.0 million on its 2022 Revolver. During the year ended December 27, 2023, the Company borrowed $39.0 million and paid down $21.0 million on its 2022 Revolver. There are no required principal payments prior to maturity for the 2022 Revolver.

Interest Rate Swap

During the year ended December 25, 2019, the Company entered into a variable-to-fixed interest rate swap agreement with a notional amount of $40.0 million that matures in June 2023. The objective of the interest rate swap was to reduce the Company's exposure to interest rate risk for a portion of its variable-rate interest payments on its borrowings under the previous credit agreement. The interest rate swap was designated as a cash flow hedge, as the changes in the future cash flows of the swap were expected to offset changes in expected future interest payments on the related variable-rate debt, in accordance with Accounting Standards Codification ("ASC") 815 "Derivatives and Hedging."

In connection with the Company's entry into the 2022 Credit Agreement, on July 28, 2022, the Company terminated the interest rate swap, which was previously used to hedge interest rate risk. Prior to the interest rate swap termination, the swap was a highly effective cash flow hedge. In settlement of this swap, the Company received approximately $0.6 million and derecognized the corresponding interest rate swap asset. The remaining amount in AOCI related to the hedging relationship was reclassified into earnings when the hedged forecasted transaction was reported in earnings.

The following table summarizes the effect of the Company's cash flow hedge accounting on the consolidated statements of income (in thousands):

	December 27, 2023	December 28, 2022
Interest expense on hedged portion of debt	$ —	$ 439
Interest income on interest rate swap	(170)	(296)
Interest (income) expenses on debt and derivatives, net	$ (170)	$ 143

The following table summarizes the effect of the Company's cash flow hedge accounting on AOCI for the years ended December 27, 2023 and December 28, 2022 (in thousands):

	Net Gain Recognized in OCI		Gain Reclassified from AOCI into Interest Income	
	December 27, 2023	December 28, 2022	December 27, 2023	December 28, 2022
Interest rate swap	$ —	$ 862	$ (170)	$ (296)

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER ACCRUED EXPENSES AND CURRENT LIABILITIES

Other accrued expenses and current liabilities consist of the following (in thousands):

	December 25, 2024	December 27, 2023
Accrued sales and property taxes	$ 5,349	$ 5,229
Gift card liability	5,100	4,877
Loyalty rewards program liability	844	687
Accrued advertising	1,194	3,010
Accrued legal settlements and professional fees	463	720
Deferred franchise and development fees	539	586
Other	2,407	3,252
Total other accrued expenses and current liabilities	$ 15,896	$ 18,361

9. OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities consist of the following (in thousands):

	December 25, 2024	December 27, 2023
Deferred franchise and development fees	$ 6,191	$ 6,411
Other	27	34
Total other noncurrent liabilities	$ 6,218	$ 6,445

10. INCOME TAXES

The provision for income taxes is based on the following components (in thousands):

For the Years Ended	December 25, 2024	December 27, 2023	December 28, 2022
Current income taxes:			
Federal	$ 8,945	$ 6,572	$ 2,366
State	3,517	1,846	1,112
Total current	12,462	8,418	3,478
Deferred income taxes:			
Federal	(2,105)	(29)	2,958
State	(752)	935	1,642
Total deferred	(2,857)	906	4,600
Tax provision for income taxes	$ 9,605	$ 9,324	$ 8,078

The provision for income taxes differs from the amount computed by applying the federal income tax rate of 21.0% for fiscal 2024, 2023 and 2022 as follows:

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended	December 25, 2024	December 27, 2023	December 28, 2022
Statutory federal income tax rate applied to earnings before income taxes and extraordinary items	21.0 %	21.0 %	21.0 %
State income tax expense (net of federal benefit)	6.1	6.4	7.7
Change in valuation allowance	—	(19.3)	—
State credit expiration	—	19.1	—
TRA expense (income)	—	0.1	(0.3)
162(m)	0.7	0.6	0.5
WOTC Credit	(0.4)	(0.7)	(0.9)
Stock option exercises	0.1	0.1	0.3
Deferred tax liability true up	—	(1.1)	—
Other	(0.3)	0.5	(0.3)
Total	27.2 %	26.7 %	28.0 %

As of December 25, 2024, the Company had no federal and less than $0.1 million state NOL carryforwards. These State NOLs expire beginning 2029. The utilization of NOL carryforwards and state enterprise zone credits may be subject to limitation under section 382 of the Internal Revenue Code of 1986 (the “Code”) and similar state law provisions.

Deferred income tax assets and liabilities are recorded for differences between the financial statement and tax basis of the assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

The Company has evaluated the available evidence supporting the realization of its gross deferred tax assets. After evaluating all of the positive and negative evidence, including the Company’s continued income from operations, the Company concluded that it is more likely than not that its deferred tax assets except for certain state credits will be realized. As of December 25, 2024, the Company had no valuation allowance. During fiscal 2023, the Company released the corresponding valuation allowance since the ten-year carryover period for California Enterprise Zone credits expired at the end of fiscal 2023. In fiscal 2022, the Company recorded a valuation allowance of approximately $0.5 million, against its deferred tax asset resulting from certain tax credits that may not be realizable prior to the time the credits expire.

On July 30, 2014, the Company entered into the TRA. The TRA calls for the Company to pay its pre-IPO stockholders 85% of the cash savings that the Company realizes in its taxes as a result of utilizing its NOLs and other tax attributes attributable to preceding periods. The TRA charge expense (benefit) is a permanent add-back to the Company’s taxable income. In fiscal 2024, 2023 and 2022, TRA resulted in less than $0.1 million of income, $0.1 million of expense and $0.4 million of income, respectively, in each case as a result of the amortization of interest expense related to the total expected TRA payments and changes in estimates for actual tax returns filed and future forecasted taxable income. In fiscal 2023 and 2022, the Company paid $0.3 million and $0.4 million, respectively, to its pre-IPO stockholders under the TRA.

Further, on May 29, 2024, the Company terminated most of the obligations under the TRA, with respect to any payments or obligations owed to the FS Equity Partners V, L.P. and FS Affiliates V, L.P. (together, the “Sellers”) thereunder in exchange for a payment to the Sellers of $0.4 million. As of December 25, 2024, there was no remaining obligations owed on the Company’s consolidated balance sheets.

The Company's deferred tax assets and liabilities as of December 25, 2024 and December 27, 2023 are summarized below.

	December 25, 2024	December 27, 2023
Deferred assets:		
Capital leases	$ 69	$ 62
Accrued vacation	466	470
Accrued workers' compensation	2,099	2,352
Accrued payroll	5	—
Net operating losses	5	5
Fixed assets	2,981	2,705
ROU liabilities	51,160	50,735
Other	7,893	5,560
Total deferred tax assets	64,678	61,889
Deferred liabilities:		
Goodwill	(5,961)	(5,938)
Trademark	(16,808)	(16,740)
Prepaid expense	(1,012)	(1,128)
ROU assets	(45,790)	(45,445)
Fixed assets	(1,128)	(1,470)
Other	—	(46)
Total deferred tax liabilities	(70,699)	(70,767)
Net deferred tax liability	$ (6,021)	$ (8,878)

The net deferred tax asset/(liability) amounts above as of December 25, 2024 and December 27, 2023 have been classified in the accompanying consolidated balance sheets as noncurrent assets/(liabilities) and are as follows (in thousands):

	December 25, 2024	December 27, 2023
Noncurrent:		
Assets (Liabilities) - state	$ 336	$ (416)
Liabilities - federal	(6,357)	(8,462)

As of December 25, 2024 and December 27, 2023, the Company had no accrual for unrecognized tax benefits. Consequently, no interest or penalties have been accrued by the Company. The Company believes that no significant changes to the amount of unrecognized tax benefits will occur within the next twelve months. The Company is subject to taxation in the United States and in various state jurisdictions.

The Company is no longer subject to U.S. examination for years before 2021 by the federal taxing authority, and for years before 2020 by state taxing authorities.

11. EMPLOYEE BENEFIT PLANS

The Company sponsors a defined contribution employee benefit plan that permits its employees, subject to certain eligibility requirements, to contribute up to 25% of their qualified compensation to the plan. The Company matches 100% of the employees' contributions of the first 3% of the employees' annual qualified compensation, and 50% of the employees' contributions of the next 2% of the employees' annual qualified compensation. The Company's matching contribution immediately fully vests. The Company's contributions to the plan were $0.8 million for the years ended December 25, 2024, December 27, 2023 and December 28, 2022.

12. STOCK-BASED COMPENSATION

Pursuant to the 2018 Omnibus Equity Incentive Plan the Company grants stock options ("options"), restricted stock units, performance-based stock units and restricted stock. The Company has authorized 5,652,240 shares of common stock for issuance in connection with stock awards. On May 28, 2024, the Company's stockholders approved amending the Equity Incentive Plan, formerly the 2018 Omnibus Equity Incentive Plan, under which the new aggregate share limit was increased by 1,250,000 shares. As of December 25, 2024, 1,011,980 shares were available for grant.

During the years ended December 25, 2024, December 27, 2023 and December 28, 2022, the Company recognized stock-based compensation expense of $3.9 million, $3.0 million and $3.5 million, respectively. These expenses were included in general and administrative expenses consistent with the salary expense for the related optionees in the accompanying consolidated statements of income.

Stock Options

At December 25, 2024, options to purchase 1,098,320 shares of common stock of the Company were outstanding, including 319,049 vested and 779,271 unvested. Unvested options vest over time, or upon the Company's achievement of annual financial goals. However, the compensation committee of the board of directors, as administrator of the Company's Equity Incentive Plan, has the power to accelerate the vesting schedule of stock-based compensation, and, generally, in the event of an employee termination in connection with a change in control of the Company, any unvested portion of an award under the plan shall become fully vested. At December 25, 2024, there were no premium options that were granted above the stock price at date of grant. In fiscal 2024, the Company granted 578,473 options, with an exercise price equal to the fair market value of the common stock on the date of grant. The options granted in fiscal 2024 had a four year vesting period. Stock options generally expire ten years from the date of grant. In fiscal 2023, the Company granted 562,344 options, with an exercise price equal to the fair market value of the common stock on the date of grant. The options granted in fiscal 2023 had a four year vesting period. Stock options generally expire 10 years from the date of grant. Changes in options for the years ended December 25, 2024 and December 27, 2023, are as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Contractual Life Life (Years)	Aggregate Intrinsic Value (in thousands)
Outstanding - December 28, 2022	1,068,179	$ 9.92		
Grants	562,344	9.15		
Exercised	(219,960)	5.32		
Forfeited, cancelled or expired	(567,243)	10.63		
Outstanding – December 27, 2023	843,320	$ 10.13		
Grants	578,473	10.53		
Exercised	(163,696)	9.50		
Forfeited, cancelled or expired	(159,777)	10.66		
Outstanding – December 25, 2024	1,098,320	$ 10.36	7.72	$ 1,774
Vested and expected to vest at December 25, 2024	1,084,553	$ 10.36	7.70	$ 1,753
Exercisable at December 25, 2024	319,049	$ 10.78	4.23	$ 485

The intrinsic value of options exercised, calculated as the difference between the market value on the date of exercise and the exercise price, was $0.3 million, $0.9 million and $0.8 million for fiscal years 2024, 2023 and 2022, respectively.

The Company measures and recognizes compensation expense for the estimated fair value of stock options for employees and non-employee directors and similar awards based on the grant-date fair value of the award. For options that are based on a service requirement, the cost is recognized on a straight-line basis over the requisite service period, usually the vesting period. For options that were based on performance requirements, costs were recognized over periods to which the performance criteria related. In order to calculate the Company's stock options' fair values and the associated compensation costs for share-based awards, the Company utilizes the Black–Scholes option pricing model and has developed estimates of various inputs including forfeiture rate, expected term, expected volatility, and risk-free

interest rate. The forfeiture rate is based on historical rates and reduces the compensation expense recognized. The expected term for options granted is derived using the “simplified” method, in accordance with SEC guidance. The Company calculates the risk-free interest rate using the implied yield for a U.S. Treasury security with constant maturity and a remaining term equal to the expected term of the Company’s employee stock options. The Company does not anticipate paying any cash dividends for the foreseeable future and therefore uses an expected dividend yield of zero for option valuation purposes. Expected volatility is based on the Company’s historical data. Volatility is calculated by taking the historical daily closing equity prices of the Company, prior to the grant date, over a period equal to the expected term.

The weighted-average estimated fair value of employee stock options granted in fiscal 2024 and 2023 was $5.28 and $4.41 per share, respectively, using the Black–Scholes model with the following weighted-average assumptions used to value the option grants:

	December 25, 2024	December 27, 2023
Expected volatility	44.1 %	43.8 %
Risk-free interest rate	4.6 %	3.7 %
Expected term (years)	6.25	6.20
Expected dividends	—	—

As of December 25, 2024, the Company had total unrecognized compensation expense of $3.3 million related to unvested stock options, which the Company expects to recognize over a weighted average period of 3.2 years.

The above assumptions generally require judgment. If in the future the Company determines that another method is more reasonable, or if another method for calculating these input assumptions is prescribed by authoritative guidance, and, therefore, should be used to estimate volatility or expected term, the fair value calculated for the Company’s stock options could change significantly. Higher volatility and longer expected lives result in an increase to stock-based compensation expense determined at the date of grant.

The Company estimates its forfeiture rate based on an analysis of its actual forfeitures and will continue to evaluate the appropriateness of the forfeiture rate based on actual forfeiture experience, analysis of employee turnover behavior, and other factors. Changes in the estimated forfeiture rate can have a significant effect on reported stock-based compensation expense, as the cumulative effect of adjusting the rate for all expense amortization is recognized in the period the forfeiture estimate is changed. If a revised forfeiture rate is higher than the previously-estimated forfeiture rate, an adjustment is made that will result in a decrease to the stock-based compensation expense recognized in the financial statements. If a revised forfeiture rate is lower than the previously-estimated forfeiture rate, an adjustment is made that will result in an increase to the stock-based compensation expense recognized in the financial statements. The effect of forfeiture adjustments was insignificant in fiscal 2024, 2023 and 2022. The Company will continue to use judgment in evaluating the expected term, volatility, and forfeiture rate related to its stock-based compensation.

Restricted Shares

In fiscal 2024 and 2023, 513,723 and 454,081 restricted share awards were granted, respectively, at the fair market value on the date of grant. These grants vest based on continued service over one year for directors and four years for employees.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Changes in restricted shares for the years ended December 25, 2024 and December 27, 2023, are as follows:

	Shares	Weighted-Average Fair Value
Unvested shares at December 28, 2022	545,480	$ 12.02
Granted	454,081	$ 9.08
Released	(190,415)	$ 12.25
Forfeited, cancelled, or expired	(271,685)	$ 11.06
Unvested shares at December 27, 2023	537,461	$ 9.94
Granted	513,723	$ 10.36
Released	(258,506)	$ 9.86
Forfeited and cancelled	(84,301)	$ 10.91
Unvested shares at December 25, 2024	708,377	$ 10.16

As of December 25, 2024, there was total unrecognized compensation expense of $5.2 million related to unvested restricted share awards, which the Company expects to recognize over a weighted-average period of 2.77 years.

During fiscal 2024, the Company granted 41,537 restricted stock units subject to performance-based vesting conditions based on Adjusted EBITDA and restaurant contribution margin to certain officers. Each performance-based restricted stock unit ("PSU") has a grant date fair value of $9.63 and a vesting period from the grant date through the date the audit of the Company's fiscal 2024 financial results is expected to be completed. The fair value of each PSU is expensed based on management's current estimate of the level that the performance goal will be achieved. As of December 25, 2024, based on the target level of performance, the total unrecognized compensation expense related to unvested performance stock units was $0.3 million, which is expected to be recognized over a weighted-average period of 2.01 years.

13. EARNINGS PER SHARE

Basic EPS is calculated using the weighted-average number of shares of common stock outstanding during the years ended December 25, 2024, December 27, 2023, and December 28, 2022. Diluted EPS is calculated using the weighted-average number of shares of common stock outstanding and potentially dilutive during the period, using the treasury stock method.

Below are basic and diluted EPS data for the periods indicated, which are in thousands except for per share data.

	For the Years Ended		
	December 25, 2024	December 27, 2023	December 28, 2022
Numerator:			
Net income	$ 25,684	$ 25,554	$ 20,801
Denominator:			
Weighted-average shares outstanding—basic	29,850,256	34,253,542	36,350,579
Weighted-average shares outstanding—diluted	30,034,978	34,374,706	36,575,904
Net income per share—basic	$ 0.86	$ 0.75	$ 0.57
Net income per share—diluted	$ 0.86	$ 0.74	$ 0.57
Anti-dilutive securities not considered in diluted EPS calculation	742,663	972,181	535,574

Below is a reconciliation of basic and diluted share counts.

	For the Years Ended		
	December 25, 2024	December 27, 2023	December 28, 2022
Weighted-average shares outstanding—basic	29,850,256	34,253,542	36,350,579
Dilutive effect of stock options and restricted shares	184,722	121,164	225,325
Weighted-average shares outstanding—diluted	30,034,978	34,374,706	36,575,904

Share Repurchases

Share Repurchase Program

On November 2, 2023, the Company announced that the Board approved a share repurchase program ("Share Repurchase Program") under which the Company is authorized to repurchase up to $20,000,000 of shares of the Company's common stock. Under the Share Repurchase Program, the Company is permitted to repurchase its common stock from time to time, in amounts and at prices that the Company deemed appropriate, subject to market conditions and other considerations. Pursuant to the Share Repurchase Program, the Company is authorized to effect repurchases using open market purchases, including pursuant to Rule 10b5-1 trading plans, and/or through privately negotiated transactions. The repurchase program does not obligate the Company to acquire any particular number of shares. The repurchase program will terminate on March 31, 2025.

Further, on December 4, 2023, the Company repurchased 1.5 million shares for a total purchase price of $12.6 million under the Stock Repurchase Agreement with the Sellers. Following completion of this repurchase, approximately $7.4 million of the Company's common stock remained available for repurchase under the Share Repurchase Program at December 27, 2023.

For the year ended December 25, 2024, the Company repurchased 535,628 shares of common stock under the Share Repurchase Program, using open market purchases, for total consideration of approximately $5.6 million. Following the completion of these repurchases, approximately $1.8 million of our common stock remained available for repurchases under the Share Repurchase Program.

Other Share Repurchases

On August 7, 2023, the Company entered into a Stock Repurchase Agreement with the Sellers, as amended on August 4, 2024, pursuant to which the Company agreed to purchase an aggregate of 2,500,000 shares of the Company's common stock from the Sellers at a price of $10.63 per share, representing the closing price of such shares as listed on Nasdaq on August 7, 2023, for a total purchase price of $26.6 million. The repurchase was completed in August 2023.

Further, on May 23, 2024, the Company entered into a new Stock Repurchase Agreement with the Sellers, pursuant to which the Company agreed to purchase an aggregate of 1,534,303 shares of its common stock from the Sellers at a price of $9.785 per share for a total purchase price of $15.0 million. The repurchase was completed in May 2024.

Prior to the repurchase, Freeman Spogli & Co. ("Freeman Spogli"), collectively with the Sellers and certain other funds managed by Freeman Spogli, was the Company's largest stockholder. In addition, John Roth, a director of the Company until his resignation on August 16, 2023, is a general partner of Freeman Spogli and its chief executive officer.

14. COMMITMENTS AND CONTINGENCIES

Legal Matters

From time to time, the Company is involved in various claims such as wage and hour and other legal actions that arise in the ordinary course of business. The outcomes of these actions are not predictable but the Company does not believe that the ultimate resolution of these other actions will have a material adverse effect on its financial position, results of operations, liquidity, or capital resources. A significant increase in the number of claims, or an increase in amounts owing under successful claims, could materially and adversely affect its business, consolidated financial condition, results of operations, and cash flows.

Purchase Commitments

The Company has long-term beverage supply agreements with certain major beverage vendors. Pursuant to the terms of these arrangements, marketing rebates are provided to the Company and its franchisees from the beverage vendors based upon the dollar volume of purchases for system-wide restaurants which will vary according to their demand for beverage

syrup and fluctuations in the market rates for beverage syrup. These contracts have terms extending through the end of 2025.

At December 25, 2024, the Company's total estimated commitment to purchase chicken was $25.6 million.

Contingent Lease Obligations

As a result of assigning the Company's interest in obligations under real estate leases in connection with the sale of company-operated restaurants to some of the Company's franchisees, the Company is contingently liable on three lease agreements. These leases have various terms, the latest of which expires in 2038. As of December 25, 2024, the potential amount of undiscounted payments the Company could be required to make in the event of non-payment by the primary lessee was $3.5 million. The present value of these potential payments discounted at the Company's estimated pre-tax cost of debt at December 25, 2024 was $2.4 million. The Company's franchisees are primarily liable on the leases. The Company has cross-default provisions with these franchisees that would put them in default of their franchise agreements in the event of non-payment under the leases. The Company believes that these cross-default provisions reduce the risk that payments will be required to be made under these leases.

Employment Agreements

As of December 25, 2024, the Company had employment agreements with three of the officers of the Company. These agreements provide for minimum salary levels, possible annual adjustments for cost-of-living changes, and incentive bonuses that are payable under certain business conditions.

Indemnification Agreements

The Company has entered into indemnification agreements with each of its current directors and officers. These agreements require the Company to indemnify these individuals to the fullest extent permitted under Delaware law against liabilities that may arise by reason of their service to the Company and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. The Company also intends to enter into indemnification agreements with future directors and officers.

15. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue Recognition

Nature of products and services

The Company has two revenue streams, company-operated restaurant revenue and franchise related revenue. See Note 2 "Summary of Significant Accounting Policies" for a description of the revenue recognition policies.

Franchise and franchise advertising fee revenue

Franchise revenue consists of franchise royalties, initial franchise fees, license fees due from franchisees, IT support services, and rental income for subleases to franchisees. Franchise advertising fee revenue consists of advertising contributions received from franchisees.

EL POLLO LOCO HOLDINGS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Disaggregated revenue

The following table presents the Company's revenues disaggregated by geographic market for the years ended December 25, 2024, December 27, 2023 and December 28, 2022:

	December 25, 2024	December 27, 2023	December 28, 2022
Greater Los Angeles area market	72.0 %	71.3 %	71.2 %
Other markets	28.0 %	28.7 %	28.8 %
Total	**100 %**	**100 %**	**100 %**

Contract balances

The following table provides information about the change in the franchise contract liability balances during the year ended December 25, 2024 and December 27, 2023 (in thousands):

December 28, 2022	$	6,377
Revenue recognized - beginning balance		(791)
Additional contract liability		1,411
December 27, 2023	$	6,997
Revenue recognized - beginning balance		(625)
Additional contract liability		358
December 25, 2024	**$**	**6,730**

The Company's franchise contract liability includes development fees, initial franchise and license fees, franchise renewal fees, lease subsidies and royalty discounts and is included within other accrued expenses and current liabilities and other noncurrent liabilities within the accompanying consolidated balance sheets. The Company receives area development fees from franchisees when they execute multi-unit area development agreements. Initial franchise and license fees, or franchise renewal fees, are received from franchisees upon the execution of, or renewal of, a franchise agreement. Revenue is recognized from these agreements as the underlying performance obligation is satisfied, which is over the term of the agreement.

For the year ended December 27, 2023, there was an increase to the contract liability balance due to the Company's completion of the sale of 18 company-operated restaurants within the California, Utah and Texas to an existing franchisee. This resulted in a net gain on sale of restaurant of $5.0 million including an additional contract liability of $0.3 million, relating to allocation of the transaction price to various performance obligations under the applicable contracts of the sale.

The following table illustrates the estimated revenue to be recognized in the future related to performance obligations that are unsatisfied as of December 25, 2024 (in thousands):

Franchise revenues:		
2025	$	549
2026		527
2027		518
2028		491
2029		464
Thereafter		4,181
Total	**$**	**6,730**

Changes in the loyalty rewards program liability included in other accrued expenses and current liabilities on the consolidated balance sheets were as follows (in thousands):

	December 25, 2024	December 27, 2023
Loyalty rewards liability, beginning balance	$ 687	$ 526
Revenue deferred	2,181	2,065
Revenue recognized	(2,024)	(1,904)
Loyalty rewards liability, ending balance	**$ 844**	**$ 687**

The Company expects all loyalty points revenue related to performance obligations unsatisfied as of December 25, 2024 to be recognized within one year.

Gift Cards

The gift card liability included in other accrued expenses and current liabilities on the consolidated balance sheets was as follows (in thousands):

	December 25, 2024	December 27, 2023
Gift card liability	$ 5,100	$ 4,877

Revenue recognized from the redemption of gift cards that was included in other accrued expenses and current liabilities at the beginning of the year was as follows (in thousands):

	December 25, 2024	December 27, 2023	December 28, 2022
Revenue recognized from gift card liability balance at the beginning of the year	$ 1,059	$ 1,064	$ 1,145

Contract Costs

The Company does not currently incur costs to obtain or fulfill a contract that would be considered contract assets under Topic 606.

16. SHAREHOLDER RIGHTS AGREEMENT

On August 8, 2023, the Board declared a dividend of one preferred share purchase right (a “Right”) for each share of common stock, par value $0.01 per share, of the Company (the “Common Shares”) outstanding on August 18, 2023 to the stockholders of record on that date. In connection with the distribution of the Rights, the Company entered into a Rights Agreement (the “Rights Agreement”), dated as of August 8, 2023, between the Company and Equiniti Trust Company, LLC, as rights agent. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series A Preferred Stock, par value $0.01 per share, of the Company (the “Preferred Shares”) at a price of $53.75 per one one-thousandth of a Preferred Share represented by a Right, subject to adjustment.

On August 4, 2024, the Board approved and entered into an Amendment (the “Amendment”) to the Rights Agreement (together with the Agreement, the “Amended Rights Agreement”). Pursuant to the Amendment, the expiration date of the Rights has been extended until 11:59 p.m., Pacific Time, on the date that the votes of the stockholders of the Company with respect to the Company’s next annual meeting of stockholders in 2025 are certified, unless stockholders approve the further extension of the Amended Rights Agreement beyond that date.

The Rights Agreement was initially adopted in August 2023 (as initially adopted, the “Rights Agreement”) in response to a rapid and significant accumulation of Company stock by Biglari Capital Corp. (together with its affiliates, “Biglari Capital”). In adopting the original Rights Agreement, the Board noted that Biglari Capital has a track record of acquiring

substantial and sometimes controlling interests in public restaurant companies. Since that time, members of the Board and leadership team have met with Biglari Capital on multiple occasions. In approving the Amendment to extend the Rights Agreement, the Board considered, among other things, that during a recent meeting, a representative of Biglari Capital stated a desire to make substantial additional share accumulations in the public market if the Board terminated the Rights Agreement or allowed it to expire at the end of its initial term in August 2024.

The Amendment also amends the Rights Agreement to increase the Beneficial Ownership (as defined in the Amended Rights Agreement) triggering threshold for being deemed an Acquiring Person (as defined below), unless one of the enumerated exceptions is applicable, from 12.5% to 15.0%. In all other respects, the terms of the Rights Agreement remain unmodified and in full force and effect.

Under the Amended Rights Agreement, the Rights will generally be exercisable only in the event that a person or group of affiliated or associated persons (such person or group being an "Acquiring Person"), other than certain exempt persons, acquires (or commences a tender offer or exchange offer the consummation of which would result in) beneficial ownership of 15.0% or more of the outstanding Common Shares. In such case (with certain limited exceptions), each holder of a Right (other than the Acquiring Person, whose Rights shall become void) will have the right to receive, upon exercise at the then current exercise price of the Right, Common Shares (or, if the Board so elects, cash, securities, or other property) having a value equal to two times (2x) the exercise price of the Right.

Right to Exchange

At any time after any person or group becomes an Acquiring Person, the Board may exchange the Rights at an exchange ratio of one Common Share per Right (subject to adjustment).

Flip-over Event

If, at any time after a person or group becomes an Acquiring Person, (i) the Company engages in a consolidation or merger and, in connection there with all or part of the Common Shares are or will be changed into or exchanged for stock or other securities of any other person or cash or any other property; or (ii) 50% or more of the Company's consolidated assets or earning power are sold, then each holder of a Right will thereafter have the right to receive, upon exercise at the then current exercise price of the Right, that number of shares of common stock of the acquiring company having a market value of two times the exercise price of the Right.

Redemption

At any time prior to the time any person or group becomes an Acquiring Person, the Board may redeem the Rights at a price of $0.001 per Right (the "Redemption Price"). Immediately upon any redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

Rights of Holders

Until a Right is exercised, the holder thereof, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

17. SEGMENT REPORTING

Operating segments are defined as components of a company that engage in business activities from which it may earn revenue and incur expenses, and for which separate financial information is available and is regularly reviewed by the chief operating decision maker ("CODM") to assess the performance of the individual segments and make decisions about company resources such as personnel and working capital to be allocated to the segments.

The Company derives revenue from three primary sources: (1) company-operated restaurant revenue, (2) franchise revenue, which is comprised primarily of franchise royalties and, to a lesser extent, franchise fees and sublease rental

income, and (3) franchise advertising fee revenue. All significant revenues relate to retail sales of food and beverages through either company-operated or franchised restaurants.

The Company determined that it has one operating segment and one reportable segment which is reflected in the Company's current organizational and management structure. The accounting policies of the segment are the same as those described in Note 2 "Summary of Significant Accounting Policies."

The Company's CODM is the Chief Executive Officer who manages the Company's operations on a reportable segment basis. The Company's CODM reviews its operations and financial performance at a consolidated level by comparing actual results to budgeted figures and prior year results. This approach allows the CODM to assess whether the Company's operating segment is meeting its financial goals, identify trends and make more informed decisions about resource allocation and performance targets.

When evaluating the Company's financial performance, the CODM regularly reviews total revenues, segment expenses and consolidated net income as reported on the Consolidated Statements of Operations as well as non-GAAP measures such as restaurant contribution margin and Adjusted EBITDA to allocate Company resources and assess the performance of the Company. Segment asset information is not used by the CODM to assess performance and allocate resources.

The table below is a summary of the segment net income, including significant segment expenses for the years ended December 25, 2024, December 27, 2023 and December 28, 2022 (in thousands):

	December 25, 2024	December 27, 2023	December 28, 2022
Total revenue	$ 473,008	$ 468,664	$ 469,959
Less:			
Food and paper costs	100,725	108,250	117,774
Labor and related expenses	127,179	127,244	130,773
General and administrative expenses	46,270	42,025	39,093
Franchise expenses	42,307	38,404	36,169
Occupancy expenses	30,792	31,318	30,579
Other operating expenses[(1)]	68,488	69,753	70,964
Depreciation and amortization	15,717	15,235	14,418
Other segment expenses[(2)]	362	(3,357)	69
Total operating expenses	431,840	428,872	439,839
Income from operations	41,168	39,792	30,120
Interest expenses, net	5,899	4,811	1,677
Provision for income taxes	9,605	9,324	8,078
Income tax receivable agreement (income) expenses	(20)	103	(436)
Total segment net income	$ 25,684	$ 25,554	$ 20,801

(1) Other operating expenses are comprised of utilities, repairs and maintenance, advertising, credit card processing fees, delivery service provider fees, restaurant supplies and other restaurant operating costs.

(2) Other segment expenses include loss (gain) on disposal of assets, gain on recovery of insurance proceeds, property, equipment and expenses, (gain) loss on disposition of restaurants and impairment and closed-store reserves.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15 (e) of the Exchange Act) that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the required time periods, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Our disclosure controls and procedures are based on assumptions about the likelihood of future events, and even effective disclosure controls and procedures can only provide reasonable assurance of achieving their objectives. Because of their inherent limitations, we cannot guarantee that our disclosure controls and procedures will succeed in achieving their stated objectives in all cases, that they will be complied with in all cases, or that they will prevent or detect all misstatements.

Our management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures, as of the end of the period covered by this Annual Report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of December 25, 2024.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. As defined in Exchange Act Rule 13a-15(f), internal control over financial reporting is a process designed by, or under the supervision of, our principal executive officer and principal financial officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes those policies and procedures that (i) pertain to the maintenance of records that in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements. The design of any system of control is based upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated objectives under all future events, no matter how remote, or that the degree of compliance with the policies or procedures may not deteriorate. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Accordingly, even effective internal control over financial reporting can only provide reasonable assurance of achieving their control objectives. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we carried out an evaluation of the effectiveness of our internal control over financial reporting as of December 25, 2024 based on the criteria in Internal Control — Integrated Framework ("2013 Framework") issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this evaluation, our management concluded that our internal control over financial reporting was effective as of December 25, 2024 based on the criteria established in the 2013 Framework.

The effectiveness of our internal control over financial reporting as of December 25, 2024 has been audited by BDO USA, P.C., the independent registered public accounting firm that audited the financial statements included in this Annual Report on Form 10-K, as stated in their report included herein.

Changes in Internal Control over Financial Reporting

No changes in our internal control over financial reporting occurred during the quarter ended December 25, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

Shareholders and Board of Directors
El Pollo Loco Holdings, Inc.
Costa Mesa, California

Opinion on Internal Control over Financial Reporting

We have audited El Pollo Loco Holdings, Inc.'s (the "Company's") internal control over financial reporting as of December 25, 2024, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO criteria"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 25, 2024, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 25, 2024 and December 27, 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 25, 2024, and the related notes and our report dated March 7, 2025 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Item 9A, Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ BDO USA, P.C.
Costa Mesa, California
March 7, 2025

ITEM 9B. OTHER INFORMATION

On November 21, 2024, Mr. Mark Buller, a member of our Board of Directors, entered into a Rule 10b5-1 trading agreement. The 10b5-1 Plan provides for the sale of up to 12,271 shares of the Company's common stock, subject to certain conditions. This trading plan was adopted during an open trading window and has an expiration date of December 31, 2025.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference from our definitive proxy statement to be filed not later than 120 days after the end of our 2024 fiscal year. In addition, our Board of Directors has adopted a Code of Business Conduct and Ethics that applies to all of our directors, employees and officers, including our principal executive officer, principal financial officer, principal accounting officer, controller, and any persons performing similar functions. The current version of the Code of Business Conduct and Ethics is available on our website under the Corporate Governance section at *www.elpolloloco.com*. To the extent required by rules adopted by the SEC and The Nasdaq Stock Market LLC, we intend to promptly disclose future amendments to certain provisions of the Code of Business Conduct and Ethics, or waivers of such provisions granted to executive officers and directors, on our website under the Corporate Governance section at *www.elpolloloco.com*.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference from our definitive proxy statement to be filed not later than 120 days after the end of our 2024 fiscal year.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference from our definitive proxy statement to be filed not later than 120 days after the end of our 2024 fiscal year.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated by reference from our definitive proxy statement to be filed not later than 120 days after the end of our 2024 fiscal year.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated by reference from our definitive proxy statement to be filed not later than 120 days after the end of our 2024 fiscal year.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed as a part of this Annual Report:

(1) Financial Statements: Consolidated financial statements filed as part of this Annual Report are listed under Item 8. Financial Statements and Supplementary Data.

(2) Financial Statement Schedules: None.

(3) Exhibits:

			Incorporated by Reference				
Number	Description	Filed Herewith	Form	Period Ended	Exhibit	Filing Date	SEC File Number
3.1	Amended and Restated Certificate of Incorporation of El Pollo Loco Holdings, Inc.		8-K	N/A	3.1	6/3/2024	001-36556
3.2	Certificate of Designations of Series A Preferred Stock of El Pollo Loco Holdings, Inc., as filed with the Secretary of State of the State of Delaware on August 9, 2023		8-K	N/A	3.1	8/9/2023	001-36556
3.3	Amended and Restated By-Laws of El Pollo Loco Holdings, Inc.		8-K	N/A	3.1	2/2/2024	001-36556
4.1	Description of El Pollo Loco Holdings, Inc. Capital Stock						
4.2	Rights Agreement, dated as of August 8, 2023, between El Pollo Loco Holdings, Inc. and Equiniti Trust Company, LLC, as rights agent		8-K	N/A	4.1	8/9/2023	001-36556
4.3	Amendment No. 1 to Rights Agreement, dated as of August 4, 2024, between El Pollo Loco Holdings, Inc. and Equiniti Trust Company, LLC, as rights agent		8-K	N/A	4.1	8/5/2024	001-36556
10.1	Form of Franchise Agreement		S-1	N/A	10.12	6/24/2014	333-197001
10.2	Form of Franchise Development Agreement		S-1	N/A	10.13	6/24/2014	333-197001
10.3	Form of Franchise Agreement (2019)		10-K	12/25/2019	10.15	3/6/2020	001-36556
10.4	Form of Franchise Development Agreement (2019)		10-K	12/25/2019	10.16	3/6/2020	001-36556
10.5	Form of Franchise Agreement (2021)		10-K	N/A	10.17	3/11/2022	001-36556
10.6	Form of Franchise Development Agreement (2021)		10-K	N/A	10.18	3/11/2022	001-36556

10.7	Form of Franchise Agreement (2022)		10-K	N/A	10.37	3/8/2024	001-36556
10.8	Form of Franchise Development Agreement (2022)		10-K	N/A	10.37	3/8/2024	001-36556
10.9	Form of Franchise Agreement (2023)	X					
10.10	Form of Franchise Development Agreement (2023)	X					
10.11	Credit Agreement, dated as of July 27, 2022, among El Pollo Loco, Inc., as borrower, El Pollo Loco Holdings, Inc., as guarantor, the other guarantors party thereto, the lenders party thereto and Bank of America, as administrative agent, swingline lender and letter of credit issuer		8-K	N/A	10.1	8/2/2022	001-36556
10.12*	Form of Indemnification Agreement between El Pollo Loco Holdings, Inc. and each of its directors and executive officers	X					
10.13*	2014 Omnibus Equity Incentive Plan		S-1/A	N/A	10.22	7/22/2014	333-197001
10.14*	Form of Option Award Agreement (Fair Market Value Options) under 2014 Omnibus Equity Incentive Plan		S-1/A	N/A	10.25	7/22/2014	333-197001
10.15*	Form of Non-Officer Director Restricted Share Agreement under 2014 Omnibus Equity Incentive Plan		S-1/A	N/A	10.26	7/22/2014	333-197001
10.16*	Form of Option Award Agreement (Fair Market Value Options) under 2014 Omnibus Equity Incentive Plan (Time Vesting Only)		10-Q	6/29/2016	10.27	8/5/2016	001-36556
10.17*	Form of Employee Restricted Share Agreement under 2014 Omnibus Equity Incentive Plan		10-Q	9/28/2016	10.28	11/4/2016	001-36556
10.18*	2018 Omnibus Equity Incentive Plan		S-8	N/A	4.3	8/6/2018	333-226621
10.19*	Form of Restricted Stock Agreement under 2018 Omnibus Equity Incentive Plan		10-K	12/25/2019	10.24	3/6/2020	001-36556
10.20*	Form of Restricted Stock Agreement under 2018 Omnibus Equity Incentive Plan (Non-Employee Directors)		10-K	12/25/2019	10.25	3/6/2020	001-36556
10.21*	Form of Restricted Stock Unit Agreement under 2018 Omnibus Equity Incentive Plan		10-K	12/25/2019	10.26	3/6/2020	001-36556

10.22*	Form of Stock Option Awards Agreement under 2018 Omnibus Equity Incentive Plan		10-K	12/25/2019	10.27	3/6/2020	001-36556
10.23*	El Pollo Loco Holdings, Inc. Equity Incentive Plan, as amended		8-K	N/A	10.1	6/3/2024	001-36556
10.24*	Form of Stock Option Awards Agreement under 2021 Equity Incentive Plan		10-K	N/A	10.31	3/11/2022	001-36556
10.25*	Form of Restricted Share Agreement under 2021 Equity Incentive Plan		10-K	N/A	10.32	3/11/2022	001-36556
10.26*	Form of Restricted Stock Agreement under 2021 Equity Incentive Plan (Non-Employee Directors)		10-K	N/A	10.33	3/11/2022	001-36556
10.27*	Form of Restricted Stock Agreement under 2023 Equity Incentive Plan (Non-Employee Directors)		10-K	N/A	10.37	3/8/2024	001-36556
10.28*	Form of Performance Stock Agreement under 2024 Equity Incentive Plan	X					
10.29*	Form of Post-Termination Benefits Agreements for Executives	X					
10.30*	Employment Agreement, dated June 28, 2022, between El Pollo Loco Holdings, Inc. and Ira Fils		8-K	N/A	10.1	7/1/2022	001-36556
10.31*	Employment Agreement, dated November 1, 2023, between El Pollo Loco Holdings, Inc and Maria Hollandsworth		8-K	N/A	10.1	11/2/2023	001-36556
10.32*	Employment Agreement, dated February 8, 2024, between El Pollo Loco Holdings, Inc and Elizabeth Williams		8-K	N/A	10.1	2/13/2024	001-36556
10.33*	Retention Award Agreement, dated November 2, 2023, between El Pollo Loco Holdings, Inc. and Ira Fils		8-K	N/A	10.3	11/2/2023	001-36556
10.34	Stock Repurchase Agreement, dated May 23, 2024, between El Pollo Loco Holdings, Inc., FS Equity Partners V, L.P. and FS Affiliates V, L.P.		8-K	N/A	99.1	5/29/2024	001-36556
19.1	El Pollo Loco Insider Trading Policy	X					
21.1	Subsidiaries of El Pollo Loco Holdings, Inc.		S-1	N/A	21.1	6/24/2014	333-197001
23.1	Consent of BDO USA, P.C.	X					

31.1	Certification of Chief Executive Officer under section 302 of the Sarbanes–Oxley Act of 2002	X					
31.2	Certification of Chief Financial Officer under section 302 of the Sarbanes–Oxley Act of 2002	X					
32.1	Certification of Chief Executive Officer and Chief Financial Officer under 18 U.S.C. section 1350, adopted by section 906 of the Sarbanes–Oxley Act of 2002	**					
97.1	El Pollo Loco Holdings, Inc. Clawback Policy		10-K	N/A	97.1	3/8/2024	001-36556
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document	X					
101.SCH	XBRL Taxonomy Extension Schema Document	X					
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document	X					
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	X					
101.LAB	XBRL Taxonomy Extension Label Linkbase Document	X					
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document	X					
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL Document						

* This exhibit is a management contract or a compensatory plan or arrangement.
** Furnished herewith.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

EL POLLO LOCO HOLDINGS, INC.

By: /s/ Elizabeth Williams
Elizabeth Williams
Chief Executive Officer
Date: March 7, 2025

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Title	Date
/s/ Elizabeth Williams Elizabeth Williams	Chief Executive Officer (principal executive officer)	March 7, 2025
/s/ Ira Fils Ira Fils	Chief Financial Officer (principal financial and accounting officer)	March 7, 2025
/s/ William R. Floyd William R. Floyd	Chairman and Director	March 7, 2025
/s/ Douglas J. Babb Douglas J. Babb	Director	March 7, 2025
/s/ Samuel N. Borgese Samuel N. Borgese	Director	March 7, 2025
/s/ Mark Buller Mark Buller	Director	March 7, 2025
/s/ Nancy Faginas-Cody Nancy Faginas-Cody	Director	March 7, 2025
/s/ Deborah Gonzalez Deborah Gonzalez	Director	March 7, 2025
/s/ Joe Taylor Joe Taylor	Director	March 7, 2025

EL POLLO LOCO® FRANCHISE AGREEMENT

Dated: ____________________

Location:
Franchisee:
Franchisee Notice Address:
Franchisee Notice Facsimile Number:

(Disclosure Document Control No. 032724)

TABLE OF CONTENTS:

1. Scope And Purpose Of Agreement 4
2. The El Pollo Loco® Marks & System 5
3. Term 7
4. Site Development 7
5. Improvements, Fixtures And Equipment 8
6. Fees, Taxes And Other Charges 11
7. Financial Reporting, Billing And Payment 14
8. Advertising And Marketing 20
9. Insurance And Indemnification 23
10. Vending Machines 26
11. Compliance With Manual And With System Standards 26
12. Restaurant Maintenance And Repair 30
13. Hours Of Operation 31
14. Personnel Standards 32
15. Inspections 33
16. Training 34
17. Assignment 36
18. Default And Termination 44
19. Rights And Obligations Upon Termination 47
20. Rights To A Successor Franchise 49
21. Proprietary Rights And Unfair Competition 50
22. Dispute Resolution 56
23. Miscellaneous Provisions 57
24. Effective Date 62
25. Acknowledgments 62
26. Anti-Terrorism Law 63
27. Signatures 64

Exbibits and Schedules:

Exhibit 1: Memorandum Of Opening Date 65
Exhibit 2: Personal Guarantee Of El Pollo Loco® Franchise Agreement 66
Exhibit 3: Investor Covenants Regarding Confidentiality And Non-Competition 70
Exhibit 4: Authorization Agreement For Prearranged Payments (Ach) 73
Exhibit 5: Advertising Association Documents 75
Exhibit 6: El Pollo Loco® Financial Reporting Form 96
Exhibit 7: IT Support Services Agreement 97
Exhibit 8: General Release 111
Exhibit 9: Consent To And Assignment Of Franchise Rights 113
Exhibit 10: Amendment To El Pollo Loco® Franchise Agreement To Apply Development Fee 124
Exhibit 11: Amendment To El Pollo Loco® Successor Franchise Agreement 126
Exhibit 12: Remodel Schedule Participation Agreement 129
El Pollo Loco® Franchise Agreement Schedule 1: Statement Of Ownership Of Franchisee 133

EL POLLO LOCO® FRANCHISE AGREEMENT

This El Pollo Loco® Franchise Agreement (this "**Agreement**"), dated for identification purposes only as of_____, 20__, is made and entered into by and between **El Pollo Loco, Inc**., a Delaware corporation (the "**Franchisor**"), and ______________________________, a___________("**Franchisee**" or "**you**").

A. Franchisor operates and franchises others to operate a number of retail outlets for the sale of fire-grilled food items and related products, in connection with the "**El Pollo Loco**" name and Franchisor's distinctive plan of food service operation (each, an "**EPL Restaurant**").

B. Franchisee desires to operate a restaurant under Franchisor's name and to utilize Franchisor's plan of food service operation, all in accordance with the terms, covenants and conditions of this Agreement.

C. Franchisor and Franchisee (as Developer) entered into an El Pollo Loco® Franchise Development Agreement dated _________________ ("**Development Agreement**") for the Territory set forth on Exhibit A of the Development Agreement, and for restaurants to be developed per the Development Schedule set forth on Exhibit B of the Development Agreement.

1. SCOPE AND PURPOSE OF AGREEMENT

1.1. Franchisee desires and agrees to operate and manage an "**El Pollo Loco**" restaurant to be located at ______________________________ City of _______, County of ___________, State of _______ (the "**Location**"). Franchisor owns certain proprietary and other property rights and interests in and to the "El Pollo Loco" trademark and service mark, and such other trademarks, service marks, logo types, insignias, trade dress designs and commercial symbols as Franchisor may from time to time authorize or direct Franchisee to use in connection with the operation of a EPL Restaurant (the "**El Pollo Loco® Marks**"). Franchisor has a distinctive plan for the operation of retail outlets for the sale of fire-grilled food items and related products, which plan includes but is not limited to the El Pollo Loco® Marks and the El Pollo Loco® Operations Manual (the "**Manual**"), policies, standards, procedures, recipes, signs (including traditional or digital menu boards) and related items, and the reputation and goodwill of Franchisor's chain of restaurants (collectively, the "**El Pollo Loco® System**") which may be periodically modified from time to time, and as provided in this Agreement. Therefore, in entering into this Agreement, Franchisee fully understands and agrees that this Agreement is conditioned upon the continued strict adherence by Franchisee to, and Franchisee agrees to comply with, all standards, policies, procedures and requirements published or which may from time to time be published or otherwise brought to Franchisee's attention by Franchisor for the operation, maintenance or improvement of EPL Restaurants under the El Pollo Loco® System and the El Pollo Loco® Marks. Franchisee understands and agrees that strict adherence to these standards, policies, procedures and requirements is essential to the value of the El Pollo Loco® System and the El Pollo Loco® Marks.

1.2. In consideration of the foregoing representations and agreements of Franchisee and other consideration as set forth herein, and subject to all of the terms, covenants and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee hereby accepts from Franchisor, the right and franchise to operate a EPL Restaurant under the El Pollo Loco® Marks and in accordance with the El Pollo Loco® System (the "**Restaurant**") at the Location.

1.3. Except as otherwise provided in this Agreement, after the date of this Agreement and during the term of this Agreement, and so long as Franchisee is in compliance with its obligations under this Agreement, Franchisor shall not, without Franchisee's prior written consent, establish or franchise any other person to establish, a standalone or traditional inline El Pollo Loco restaurant at any location within the "**Protected Area**" of one-half (0.5) mile radiating from your Restaurant. No Protected Area exists with respect to "**Ghost kitchens**" which we define as a professional food preparation and cooking facility set up for the preparation of delivery-only meals whether or not the facility produces menu items for multiple brands or just for EPL Restaurants. Additionally, no Protected Area exists for EPL Restaurants located in "**Non-Traditional Venues**," which we define as any of the following types of venues: regional shopping malls, airports, mass transit stations, professional sports stadiums and arenas, hotels and other types of lodging facilities, military bases, entertainment centers, amusement parks, casinos, universities and other types of schools, hospitals and other types of health care

institutions, and similar types of captive market locations that we may designate. We will determine and designate those shopping malls that in our judgment qualify as a regional shopping mall based on the size of the shopping complex, number of anchor tenants, existence of dedicated parking space, existence of unrelated merchandisers, and prevailing consumer and industry perceptions. Franchisor and Franchisee retain all other rights and obligations in this Agreement including Franchisor's absolute right to establish or franchise any other person to establish and operate El Pollo Loco restaurants at any location outside the Protected Territory. Franchisor expressly retains all other rights and may, among other things, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any right therein:

a. Merchandise and distribute goods and services identified by the El Pollo Loco® Marks (including the same or similar products as sold by Franchisee at the Restaurant) to customers at any retail location, regardless of its proximity to the Location, through any method or channel of distribution, including, without limitation, at retail locations such as grocery or convenience stores and via the Internet, telemarketing, and direct marketing means, or through other non-El Pollo Loco restaurants having the same or similar menu items or through any other distribution channel; and

b. Establish and operate and franchise other restaurants (not using the Marks) having the same or similar menu items, whether within or outside of the Protected Area.

1.4. It is expressly understood and agreed by the parties that Franchisee is and shall be an independent contractor, that Franchisee is not for any purpose an employee or agent of Franchisor, and that all of the personnel employed by Franchisee at the Restaurant will be employees or agents of Franchisee and will not be employees or agents of Franchisor. Franchisee understands and agrees that, as an independent contractor, it does not have the authority to do anything for or on behalf of Franchisor including, but not limited to, holding itself out as Franchisor; signing contracts, notes or other instruments; purchasing, acquiring or disposing of any property; or incurring any other obligation or liability. It is further understood and agreed by the parties hereto that no fiduciary relationship is intended or created by this Agreement.

2. THE EL POLLO LOCO® MARKS & SYSTEM

2.1. Upon the terms, covenants and conditions contained herein and during the term hereof, Franchisee shall have the right to display and use the El Pollo Loco® Marks, but only for use in connection with retail sales and service of certain food products which Franchisee is required to prepare and sell to the general public in and at the Restaurant.

2.2. Nothing contained herein shall be construed as authorizing or permitting Franchisee to use the El Pollo Loco® Marks or the El Pollo Loco® System at any location other than the Location or for any purpose or in any manner other than that authorized herein; or in connection with the sale of any products for resale, or any products not required or approved by Franchisor, or any products prepared at any place other than at

the Location; provided, however, that catering and special event sales may be undertaken by Franchisee in strict adherence with the limitations and procedures set forth in the Manual. Notwithstanding anything to the contrary contained herein, Franchisor may require Franchisee to discontinue the preparation, offer or sale of any product or item which, in the opinion of Franchisor or any of its representatives, does not conform to the quality standards or image of Franchisor and its products.

2.3. Nothing contained herein shall give Franchisee any right, title or interest in or to any of the El Pollo Loco® Marks excepting only the privilege and license, during the term hereof, to display and use the same according to the foregoing limitations. Any and all goodwill arising in connection with Franchisee's use of the El Pollo Loco® Marks and the El Pollo Loco® System shall belong to Franchisor.

2.4. The business franchised hereunder shall be named "**El Pollo Loco**" without any suffix or prefix attached thereto. Franchisee shall use signs (including traditional or digital menu boards) ("**Signs**") and other advertising which denote that the Restaurant is named "**El Pollo Loco**" and which are approved by Franchisor in advance. If Franchisee is an entity or if Agreement is transferred to an entity, the name of such entity shall not contain any of the El Pollo Loco® Marks.

2.5. Except as Franchisor may otherwise permit in writing, Franchisee shall not display or use the trademark, trade name, service mark, logo types, label, design or other identifying symbol or name of any other person, or entity in, on or at the Restaurant or the Location.

2.6. In all public records, in Franchisee's relationship with other persons or companies, and in any offering document, prospectus or similar document, Franchisee shall indicate clearly that Franchisee's business is independently owned and that the operations of said business are separate and distinct from the operation of Franchisor's business. Franchisee shall display at the Restaurant, in such locations as may be specified by Franchisor and in all correspondence and forms, a notification that the Restaurant is operated by an independent operator and not by Franchisor.

2.7. Franchisee shall not develop, create, generate, own, license, lease or use in any manner any computer medium or electronic medium (including, without limitation, any Internet home page, e-mail address, website, domain name, bulletin board, newsgroup or other Internet-related medium) which in any way uses or displays, in whole or in part, the El Pollo Loco® Marks, or any of them, or any words, symbols or terms confusingly similar thereto without Franchisor's express written consent, and then only in such manner and in accordance with such procedures, policies, standards and specifications as Franchisor may establish from time to time.

2.8. Franchisor is the owner of, and will retain all right, title and interest in and to:

a. the domain names "**elpolloloco**" and "**crazychicken**;"

b. the URLs and/or websites:

www.elpolloloco.com	www.eplmarketing.com
www.elpolloloco.net	www.eplportal.com
www.elpolloloco.org	www.eplfranchisee.com
www.myepl.net	www . orderelpolloloco . com

c. all existing and future domain names, URLs, websites, future addresses and subaddresses using the El Pollo Loco® Marks in any manner;

d. all software; all content prepared for, or used on, the above Websites; and

e. all intellectual property rights in and to any of them.

2.9. Franchisor reserves all rights to use the El Pollo Loco ® Marks in any manner.

3. TERM

3.1. The term of this Agreement shall commence on the date Franchisee first opens the Restaurant to the public (the "**Opening Date**") and shall end one day prior to the date which is the 20th anniversary of the Opening Date, unless sooner terminated as provided herein ("**Initial Term**"). Should Franchisee lease the site of the Restaurant, the lease or sublease must be for a term which with renewal options is not less than the Initial Term of this Agreement, and contain the provisions required in Section 2 of the Development Agreement. Should Franchisee be unable to lease the site of the Restaurant for a term equal to the Initial Term, then as our sole and absolute right to determine, the Initial Term of this Agreement may be reduced to match the term of the lease or sublease and the initial franchise fee ("**IFF**") will be appropriately pro-rated. Promptly following the Opening Date, the parties shall execute a Memorandum of Opening Date attached as Exhibit 1 which shall confirm the Opening Date; provided, however, if the parties fail to execute such Memorandum of Opening Date, the Opening Date shall be as determined in good faith by Franchisor. Upon the expiration or earlier termination of this Agreement, Franchisee shall have no right or option to extend the term of this Agreement. The sole conditions under which Franchisee will have the opportunity to obtain a successor franchise agreement upon the expiration of the term of this Agreement are set forth at Section 20.

4. SITE DEVELOPMENT

4.1. After execution of this Agreement, Franchisee will be required to achieve certain milestones to assure the timely development of the Restaurant

a. Within 6 months following the date of Franchisor's execution of this Agreement, Franchisee must have completed all of the site development work (including, but not limited to, engineering, architectural/design, entitlements, and permitting) and

commence construction of the Restaurant; and

b. Within twelve (12) months following the date of Franchisor's execution of this Agreement, or the date specified in the Development Agreement, if earlier, Franchisee must have completed construction of the Restaurant at the Location and the Restaurant shall be open to the public.

4.2. Franchisee understands and acknowledges that in accepting Franchisee's Location, or by granting a franchise for a Location (whether or not formerly operated as a Franchisor or franchisee-owned Restaurant), Franchisor does not in any way endorse, warrant or guarantee either directly or indirectly the suitability of such Location or the success of the franchise business to be operated by Franchisee at such Location. The suitability of the Location and the success of the franchise business depends upon a number of factors outside of Franchisor's control including, but not limited to, Franchisee's operational abilities, site location, consumer trends and such other factors that are within the direct control of Franchisee. Franchisor may require, as a condition to its approval of a site, a "**Market Study**", which shall include a site description and analysis, traffic and other demographic information and an analysis of the impact of the proposed site on other franchise restaurants surrounding or within the vicinity of such proposed site all in such format as the Franchisor may require. All such analyses, information and studies shall be prepared at the sole cost and expense of Franchisee.

4.3. If Franchisee purchases a currently operating Restaurant from Franchisor (a "**Turnkey Restaurant**"), then Franchisee shall begin operation of the Restaurant on the date possession of the Restaurant is transferred to Franchisee pursuant to the agreement entered into between Franchisee and Franchisor for the purchase of the Restaurant. Failure to do so shall constitute a material default hereunder. With respect to non-Turnkey Restaurants, failure to reach each milestone described in Section 4.1 above within the specified time frames shall constitute a material default hereunder. Prior to opening the Restaurant, Franchisee shall obtain and thereafter maintain throughout the term of this Agreement all necessary business licenses, permits and other documentation necessary for the operation of an El Pollo Loco® restaurant.

5. IMPROVEMENTS, FIXTURES AND EQUIPMENT

5.1. If the Location is other than a Turnkey Restaurant, then this Section 5 will apply to the building, reconstruction, remodeling, or other changes necessary to conform the Location to the requirements set forth in this Section or as provided and updated by Franchisor from time to time in accordance with this Section.

5.2. Franchisee, at its sole expense, shall construct or, in the case of an existing building, remodel the Location and install such Signs, fixtures, furniture and equipment at the Location as are required in accordance with Franchisor's current requirements and specifications for same. Franchisee shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations. Franchisee shall obtain from applicable governmental authorities all

permits, licenses and certifications required for lawful construction or remodeling work and for the operation of the Restaurant. If requested by Franchisor, Franchisee shall submit to Franchisor a copy of all such required permits, licenses and certifications for the construction or remodeling work prior to commencing the construction or remodeling of the Location.

5.3. Franchisor shall provide Franchisee with standard plans and a sample layout for a typical El Pollo Loco® restaurant and a set of typical construction, equipment and decor specifications (the "**Plans**"). At all times, Franchisee shall use its best efforts to treat and keep the Plans and the information contained therein as confidential as possible and limit access to the Plans to employees and independent contractors of Franchisee on a need to know basis only (including preferred development professionals). Franchisee acknowledges that the unauthorized use or disclosure of Franchisor's Plans and the confidential information contained therein will cause irreparable injury to Franchisor and that damages are not an adequate remedy. Franchisee accordingly covenants that without Franchisor's prior written consent, Franchisee shall not disclose (except to such employees, agents, contractors or subcontractors who must have access to such Plans in order to construct the Restaurant at the Location) or use or permit the use of such Plans (except as may be required by applicable law or authorized by this Agreement), or copy, duplicate, record or otherwise reproduce such Plans, in whole or in part, or otherwise make the same available to any person or source not authorized in writing by Franchisor to receive such Plans or the information contained therein at any time during the term of this Agreement or thereafter.

5.4. Franchisee, at its sole expense, shall employ licensed architects, designers, engineers, development consultants or others as may be necessary to complete, substitute, adapt or modify the Plans for the Restaurant so as to create a set of final plans and specifications. Creating a set of final plans and specifications may include, but is not limited to, adapting plans for structural engineering, architectural requirements, interior and exterior materials, locally available building materials, local weather requirements and federal, state and local code requirements. In some cases, these can lead to substantial changes and costs in the provided plans. FRANCHISEE SHALL SUBMIT TO FRANCHISOR A COMPLETE SET OF FINAL PLANS AND SPECIFICATIONS, INCLUDING A SITE PLAN, AND OBTAIN FRANCHISOR'S WRITTEN APPROVAL OF SUCH PLANS AND SPECIFICATIONS PRIOR TO COMMENCING THE CONSTRUCTION OF THE RESTAURANT OR, IN THE CASE OF AN EXISTING BUILDING, THE REMODELING WORK FOR THE RESTAURANT. Franchisor shall review such final plans and specifications promptly and approve or disapprove the same, and Franchisor may provide comments on the plans and specifications to Franchisee. Such review and approval by Franchisor will be limited to items and issues relating to the El Pollo Loco® System only and is not intended to be a verification or approval of the structure of the building, mechanical systems or document accuracy. Examples of conceptual areas related to the El Pollo Loco® System include Signs, logos, finishes, decor and aesthetics, guest comfort, and ability to serve food within Franchisor's standards for quality, timeliness and cleanliness.

5.5. Franchisee shall use a qualified licensed general contractor to perform the construction or remodeling work at the Restaurant. Franchisees general contractor shall provide a schedule to Franchisor before the start of construction. Franchisor shall not be responsible for delays in the construction, equipping or decoration of the Restaurant or for any loss resulting from the Restaurant design or construction. All changes in the Restaurant plans relating to the El Pollo Loco® System, as described in Section 5.4 above, to the construction or remodeling of the Restaurant or the implementation of such changes are subject to Franchisor's prior written approval. FRANCHISEE SHALL PROVIDE WRITTEN NOTICE TO FRANCHISOR OF THE DATE UPON WHICH CONSTRUCTION OF THE RESTAURANT COMMENCED WITHIN 7 DAYS AFTER COMMENCEMENT AND THEREAFTER SHALL PROVIDE TO FRANCHISOR MONTHLY PROGRESS REPORTS OF THE STATUS OF THE CONSTRUCTION WORK SIGNED BY FRANCHISEE'S ARCHITECT OR GENERAL CONTRACTOR. Franchisee's failure to commence the design, construction or remodeling, equipping and opening of the Restaurant promptly and with due diligence shall be grounds for the termination of this Agreement. Franchisor shall make a final inspection of the completed Restaurant and Location and may require such corrections and modifications as it deems necessary to bring the Restaurant and the Location into compliance with approved final plans and specifications. FRANCHISEE SHALL NOTIFY FRANCHISOR OF THE DATE OF COMPLETION OF CONSTRUCTION AND, WITHIN A REASONABLE TIME THEREAFTER, FRANCHISOR SHALL CONDUCT THE FINAL INSPECTION OF THE RESTAURANT AND ITS PREMISES. Franchisee acknowledges and agrees that Franchisee shall not open the Restaurant for business without the express written authorization of Franchisor and that Franchisor's authorization to open shall be conditioned upon Franchisee's furnishing to Franchisor:

a. A letter from the general contractor responsible for the construction or remodeling of the Restaurant indicating that the Restaurant has been constructed or remodeled in substantial conformance with the approved final plans and specifications, including any changes thereto approved by Franchisor, and in accordance with all applicable state and local governmental laws, statutes and ordinances regulating such construction including, without limitation, building, fire, health and safety codes; and

b. A temporary or final Certificate of Occupancy issued by the applicable local governmental entity.

5.6. Franchisee shall, at its sole expense, purchase all required Signs, fixtures, furniture and equipment for the Restaurant and Location from a distributor listed on the Approved Brands and Distributors List (as defined below) or another distributor approved pursuant to Section 11.4. The items purchased shall be installed in strict accordance with the specifications of Franchisor and erected and displayed in the manner and at such locations as are approved and authorized by Franchisor in writing. Franchisee shall maintain and display Signs which reflect the current image of El Pollo Loco® restaurants and shall not place additional Signs at the Restaurant without the prior written consent of Franchisor. Franchisee shall discontinue the use of and remove, or modify, as applicable, such Signs that are declared obsolete by Franchisor within 30 days after Franchisee's

receipt of Franchisor's written request, subject to reasonable extension if Franchisee is unable after using reasonable diligence to obtain required governmental approvals for modification of such Signs. Proper signage is fundamental to the El Pollo Loco® System and Franchisee hereby grants to Franchisor the right to enter the Location, including the Restaurant and any nearby areas where Signs are displayed, in order to remove and de-identify any unapproved or obsolete Signs in the event Franchisee has failed to do so within the above-specified time frame.

5.7. Franchisee is solely responsible for the acts or omissions of its contractors regarding compliance with all of the provisions of this Section 5, and Franchisor shall have no responsibility for such acts or omissions. Franchisor shall not be liable for any loss or damage arising from the design or plan of the Restaurant by reason of its approval of plans and specifications, or otherwise. Franchisee shall indemnify Franchisor for any loss, cost or expense, including attorneys' fees, that may be sustained by Franchisor because of the acts or omissions of Franchisee's contractors or arising out of the design, construction or remodeling of the Restaurant, except to the extent that any such loss, cost or expense arises as a result of the grossly negligent acts or omissions of Franchisor, its employees and/or agents.

5.8. Franchisee shall give to Franchisor at least 30 days prior written notice of the anticipated Opening Date. Franchisee shall not open the Restaurant to the public until it has received written approval from Franchisor to open. If Franchisee did not deliver to Franchisor a final Certificate of Occupancy prior to the Opening Date, Franchisee shall deliver to Franchisor a copy of an unconditional final Certificate of Occupancy issued by the applicable local governmental entity no later than 90 days following the Opening Date.

6. FEES, TAXES AND OTHER CHARGES

6.1. Franchisee shall pay to Franchisor during the term of this Agreement the following nonrefundable fees:

a. An IFF of $40,000.00, in full within 30 days of delivery of execution copies of this Agreement to Franchisee; provided, however, if the Restaurant is a Turnkey Restaurant the IFF shall be payable upon execution of this Agreement. As our sole and absolute right to determine, you may be offered an Initial Term of less than 20 years and as such, the IFF will be appropriately pro-rated. All such payments shall be made by cashier's check or other form of payment acceptable to Franchisor. Franchisee hereby acknowledges and agrees that the grant of this franchise constitutes the sole and only consideration for the payment of the IFF and the IFF shall be fully earned by Franchisor upon execution of this Agreement. In that regard, upon the payment of any portion of the IFF, the entire IFF shall be deemed fully earned and non-refundable in consideration of the administrative and other expenses incurred by Franchisor in granting this franchise and for Franchisor's lost or deferred opportunity to franchise to others.

b. A monthly royalty fee equal to 5% of Franchisee's immediately prior month's Net Sales (as defined in Section 7.1).

c. A monthly advertising fee, which shall be used in accordance with Section 8, for advertising, public relations and promotion and for the creation and development of advertising, public relations and promotional campaigns ("**Advertising Fee**"), in the amount of: (i) 5% of Franchisee's immediately prior month's Net Sales, as defined in Section 7.1 if the Restaurant is located outside of the Los Angeles ("**LA**") Designated Market Area ("**DMA**") or (ii) 4% of Franchisee's immediately prior month's Net Sales, as defined in Section 7.1 if the Restaurant is located within the LA DMA. If the Restaurant is located within the LA DMA, the Advertising Fee may be increased, as our sole and absolute right to determine, to not more than 1% above your original Advertising Fee during the Initial Term of this Agreement and upon 90 days written notice to you. Some existing franchisees may pay a lower Advertising Fee. Restaurants owned and operated by us will contribute on the same basis as those existing franchisees within the same DMA. Franchisor also reserves the right to increase the Advertising Fee in the future by a voting mechanism. Except as otherwise provided in existing franchise agreements, each operating restaurant (both company-owned and franchised restaurants) located in the geographical area that would be affected by such an increase in the Advertising Fee shall be entitled to one vote. Franchisor must gain an approval vote of 51% of all such operating restaurants within the applicable geographical area. The minimum geographical area that would be affected by such an increase would be no smaller than a local DMA, although, multiple local DMAs may be involved.

d. The amount of all sales taxes, use taxes and similar taxes imposed upon or required to be collected or paid by Franchisor on account of goods or services furnished to Franchisee by Franchisor, whether such goods or services are furnished by sale, lease or otherwise. Franchisee shall reimburse Franchisor for the invoice amount within 7 days after the invoice has been delivered to Franchisee.

e. Monthly "**POP Fees**" for in-restaurant and drive-thru point-of-purchase materials.

f. Monthly "**Gift Card Discount Fees**" associated with the sale of gift cards (charged to the restaurant that redeemed the gift cards and earned the sales revenue)

g. Franchisee's pro-rata share of costs for the Customer Feedback Program(s) ("**Customer Feedback Costs**").

h. "**Re-inspection Fees**" per re-inspection of Franchisee's Restaurant (required if a deficiency or unsatisfactory condition is noted and a subsequent re-inspection is necessary to determine if the deficiency or unsatisfactory condition has been cured) and "**Coaching Fees**" (required if coaching sessions are required as determined by Franchisor in our sole and absolute right in certain circumstances).

i. A surcharge for each case of chicken (Whole Birds and Saddles) ordered by franchise and company operators as contributions to the obsolete inventory

fund (the "**Obsolete Inventory Fund**") used to pay for pertinent, unsold inventory of qualified suppliers at the conclusion of limited time promotions and to expedite the delivery of products for situations in which sales exceed prior forecasts. We periodically review the added cost per case and as our sole and absolute right, determine whether to increase or decrease the cost per case.

j. **Training fees**, beyond the initial training provided, shall be due and payable upon receipt of invoice.

k. Monthly "**Learning Management System Fees"**, associated with Pollo Zone, shall be due and payable on the tenth (10th) day after the close of the sales month.

l. **Assignment Fees.** Should Franchisee wish to transfer this Agreement with Franchisor's consent, Franchisee will pay the appropriate fee described below (each, an "**Assignment Fee**"):

i. **New Franchisee Transfer Administration Fee.** Transfer fee equal to 40% of the then-current IFF for transfers to new franchisees ("**New Franchisee Transfer Administration Fee**") due before transfer or within 7 days of receipt of bill, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

ii. **Existing Franchisee Transfer Administration Fee.** Transfer fee equal to 25% of the then-current IFF for transfers to existing franchisees ("**Existing Franchisee Transfer Administration Fee**") due before transfer or within 7 days of receipt of bill, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

iii. **Entity Administration Fee.** $500 administrative fee for either a change of form of entity or entity name change, with no change in principals ("**Entity Administration Fee**") due with Franchisee's transfer request plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

iv. **Trust Transfer Administration Fee.** $500 a transfer of franchise ownership to a revocable family trust ("**Trust Transfer Administration Fee**") due with Franchisee's transfer request, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

v. **New Principal Administration Fee.** $2,500 per new principal administrative fee for when Franchisee desires to add new principals to the Franchisee or any Franchisee entity ("**New Principal Administration Fee**") due with Franchisee's

transfer request, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the assignment documentation or (ii) upon receipt of invoice.

m. Successor Fees. Should Franchisee exercise the right to renew this Agreement, Franchisee will pay the renewal fee described in Section 20 of this Agreement to be fully paid upon Franchisee's signing of the successor franchise agreement plus Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Franchisee's signing of the successor franchise agreement documentation or (ii) upon receipt of invoice.

n. "**New Restaurant Opening Support Fees**" as described in Section 16(h) of this Agreement, payable in full within 7 days of invoice to Franchisee.

o. Computer-based Cash Control System and Restaurant Management/Point of Sale System to be paid in full within 7 days of invoice by Franchisor to Franchisee.

p. Digital Communication Board to be paid in full within 7 days of invoice by Franchisor to Franchisee.

6.2. Franchisee shall pay interest to Franchisor on any amounts which may become due to Franchisor from Franchisee, if such are not paid when due, at the rate of 15% per annum (pro-rated) or the maximum interest rate permitted by law, whichever is less.

7. FINANCIAL REPORTING, BILLING AND PAYMENT

7.1. The term "**Net Sales**" as used in this Agreement shall mean the total revenues derived by Franchisee in and from the Restaurant from all sales of food, goods, wares, merchandise and all services, rights, and anything else of value, made in, upon, or from the Restaurant, whether for cash, check, credit or otherwise, without reserve or deduction for inability or failure to collect the same, including, without limitation, all revenues derived from delivery, curbside pickup orders, catering, and special event sales, such sales and services where the orders therefor originate at and are accepted by Franchisee into the Restaurant but delivery or performance thereof is made from or at any other place, or other similar orders are received or billed at or from the Restaurant, and any sums or receipts derived from the sale of meals to employees of the Restaurant. Net Sales is calculated after any rebates, discounts, coupons or refunds to customers, any employee meal discounts; any Loyalty Reward points or discounts. Net Sales do not include any sales taxes or other similar taxes that Franchisee collects from customers and pay to any federal, state or local taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from "Net Sales" as circumstances, business practices, and technology change.

7.2. Franchisee shall deliver to Franchisor on or before the sixth (6th) calendar day after each close of the sales month, a monthly Net Sales statement ("**Monthly T-Sheet**"), in the form specified by Franchisor, setting forth the amount of Net Sales for the preceding month and a calculation of the monthly fees payable on such sales. Monthly fees, such as Royalty Fees and Advertising Fees, in addition to other fees such as POP Fees, Gift Card Discount Fees, Customer Feedback Costs, Re-Inspection Fees and Coaching Fees (hereinafter collectively will be referred to as "**Fees**") shall be due and payable on the tenth (10th) day after the close of the sales month, which closing shall be designated by El Pollo Loco® as its sole and absolute right upon 10 days advance written notice to Franchisee ("**Sales Month Closing**"). Franchisee shall make all payments due hereunder by pre-arranged draft or sweep of Franchisee's business bank operating account ("**ACH**"). Franchisee will give Franchisor authorization in the format set forth in the Authorization Agreement for Prearranged Payments, Exhibit 4 attached hereto for direct debits from Franchisee's business bank operating account (the "**Operating Account**"). Franchisee acknowledges it is Franchisee's responsibility to notify Franchisor of any changes to the bank operating account in a timely fashion. Franchisor may choose, as its sole and absolute right, to accept other forms of payment including check, cashier's check and Electronic Funds Transfer ("**EFT**"). Franchisee will contribute to the Obsolete Inventory Fund as described above. Contributions are payable to the vendor at the time of inventory purchase.

7.3. If Franchisee is delinquent in any payment of such Fees, or if Franchisee has not submitted the Monthly T-Sheet for more than a two-month period when due, Franchisor may, as its sole and absolute right initiate an ACH or/and EFT transfer from the Operating Account an estimated amount of Fees due Franchisor for such period which shall be based on the average of the immediately preceding 3 months' Net Sales. If, at any time, Franchisor determines that Franchisee has under-reported the monthly Net Sales of the Restaurant, or underpaid the monthly Royalty Fees, Advertising Fees, or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor may, in addition to exercising all other rights and remedies available to it under this Agreement, initiate an immediate transfer from the Operating Account in the amount equal to the unpaid Fees in accordance with the foregoing procedure, including interest as provided in Section 6.2 above. Any overpayment of Fees will be credited to the Operating Account effective as of the first due date after Franchisor and Franchisee determine that such credit is due.

7.4. In connection with payment of the monthly Fees by ACH or EFT, Franchisee shall: (1) comply with procedures specified by Franchisor relating to ACH or EFT transfers; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by ACH or EFT as described in Sections 7.2 and 7.4; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Operating Account for payments of the monthly Royalty Fees and Advertising Fees, or other amounts due to Franchisor under this Agreement, or any other agreement, including any interest charges; and (4) make sufficient funds available in the Operating Account for withdrawal by ACH or EFT of Fees due no later than each applicable due date.

7.5. In addition to the sales data required to be provided in the Monthly T-Sheet to be delivered pursuant to Section 7.2, Franchisee shall deliver (in the manner prescribed by Franchisor) to Franchisor, on or before the 10th day after the end of each sales month during the term of this Agreement, any other sales and menu mix data reasonably requested by Franchisor with respect to the preceding sales month, whether specified in the Manual or otherwise.

7.6. Within 30 days after the end of each calendar quarter and within 120 days after the end of each calendar year during the term of this Agreement, Franchisee shall provide to Franchisor a financial statement of the franchise business which shall include such information and data as specified in the financial reporting format set forth in Exhibit 6 attached hereto or in such other format reasonably approved by Franchisor. Such fiscal year-end financial statements must be signed by Franchisee, Franchisee's treasurer or Franchisee's chief financial officer and contain a representation that the financial statements present fairly the financial position of Franchisee and the results of operations of the franchise business during the period covered.

7.7. Franchisee shall make all payments when due to third parties for obligations arising out of or in any way connected with the existence, operation or maintenance of the Restaurant, including, but not limited to, rental and mortgage payments and payments for utilities, services, products, equipment, supplies, goods, inventory, materials, taxes, labor and other matters. In the event that Franchisee fails to make any such payment in accordance with the foregoing and the nonpayment results or may reasonably result in a condition or event which threatens public safety or health or which may materially and adversely affect the ownership, condition or operation of the Restaurant, in either case in the reasonable judgment of Franchisor, Franchisor shall have the sole and absolute right, after 5 days written notice to Franchisee, but not the obligation, to make such payment on behalf of Franchisee. Such payment shall be without prejudice and in addition to all other available rights and remedies. Any payment made by Franchisor pursuant to this Section shall be paid by Franchisee to Franchisor as an additional amount for the monthly billing period in which such payment is made by Franchisor.

7.8. Franchisee shall maintain accurate and complete books and records pertaining to the operation and maintenance of the Restaurant as required by the standards, policies and procedures established by Franchisor in accordance with the Manual. Franchisee shall be solely responsible for performing all record keeping duties, and the cost for all such services shall be borne solely by Franchisee.

7.9. Franchisee shall obtain, install, and use the computer system that Franchisor requires or approves in writing. The term "**Computer System**" means communications, computer systems, and hardware to be used by the Restaurant, including (a) back office and point of sale systems, (b) cash register systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode (for example, Franchisee's telecommunications connection). In connection with the Computer System:

a. Franchisee must obtain, install, and use the computer software programs required by Franchisor (the "**Required Software**") from time to time. Franchisee must utilize any proprietary software program that Franchisor has developed or may develop, internally or with the assistance of outside suppliers or consultants, or that Franchisor may license for use by the El Pollo Loco® System.

b. Franchisor may modify specifications for and components of the Computer System and Required Software. The Computer System and Required Software must be purchased or leased from Franchisor or from suppliers approved by Franchisor and must be installed by Franchisor or by suppliers approved by Franchisor solely at Franchisee's expense. Franchisor may be the only approved supplier of the Computer System and Required Software. Franchisee is responsible, at Franchisee's expense, to ensure that all Computer System components and Required Software are: (i) installed in accordance with Franchisor's standards and procedures; (ii) functioning properly with timely upgrades, updates, modifications, and maintenance; and (iii) can interface with Franchisor's computer system. Franchisee has sole and complete responsibility for any and all consequences if the Computer System and Required Software is not properly operated, maintained, updated, modified, and upgraded. Franchisor's modification of specifications for the Computer System and Required Software may require Franchisee, at Franchisee's expense, to purchase, lease, and/or license new or modified computer hardware and/or software and/or communications capabilities and to obtain service and support for such modifications. Franchisee shall be required to enter into an El Pollo Loco® IT Support Services Agreement (a "**Support Agreement**") in connection with the operation of the Computer System. The Support Agreement is attached to this Agreement as Exhibit 7. Franchisee agrees that Franchisor may condition any license of proprietary software to Franchisee, or your use of technology that Franchisor develops or maintains, on you signing the software license agreement or similar document Franchisor provides to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. Franchisor may charge Franchisee up-front and ongoing weekly or monthly fees for any proprietary software or technology Franchisor licenses to Franchisee and for other maintenance and support services provided during this Agreement's term.

c. The Computer System is for use by Franchisee only in connection with operational and management tasks of the Restaurant. Franchisee may not use the Computer System for email, word processing, spreadsheets, web surfing, or any other personal application or purpose not approved in writing by Franchisor ("**Personal Applications**"). However, Franchisee may run such Personal Applications on a separate personal computer and network provided by Franchisee, but the personal computer and network must run in "**stand alone, isolated mode**" and Franchisee must not interconnect such computer(s) with the Computer System. Franchisor reserves the right to require Franchisee to shut down Personal Applications interfaces if Franchisor determines that such interfaces interfere with the Computer System operations, or the operation of the Restaurant. In addition, Franchisee will only install Franchisor approved Wi-Fi hardware to ensure security and controls are in place to protect and segment networks.

d. Franchisor shall have the right from time to time, and at any time, to retrieve data and information from Franchisee's Computer System, by modem or other means, and use it for any reasonable business purpose both during and after the term of this Agreement. Franchisor may, from time to time, specify in the Manual or otherwise in writing the information that Franchisee shall collect and maintain on the Computer System, and Franchisee shall provide to Franchisor such reports as Franchisor may reasonably request from the data so collected and maintained.

7.10. All of the accounts, books, records and federal, state and local tax returns and reports of Franchisee, so far as they pertain to the business transacted under this Agreement, shall be open to inspection, examination and audit by Franchisor and its authorized representatives at any and all times, and copies thereof may be made by Franchisor and retained for its own use. All of such records shall be maintained and retained by Franchisee for 7 years, and following the termination or expiration of this Agreement, the books and records for the preceding 7 years shall be maintained and retained by Franchisee for 5 years. Franchisor may inspect, examine audit and copy any and all books and records of the Franchisee's business. Any such inspection, examination and audit shall be at Franchisee's cost and expense as a result of Franchisee's failure to prepare and deliver its transmittal reports to Franchisor as required herein, or to maintain books and records as hereinabove provided, or if any such transmittal report is determined to be in error to an extent of 2% or more for the period audited. Any such cost and expense shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within 7 days after the invoice has been delivered to Franchisee.

7.11. Franchisee shall sell or otherwise issue the stored value cards or gift cards and certificates (together "**Gift Cards**") that have been prepared utilizing the standard form of Gift Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Manual or otherwise in writing. Franchisee shall fully honor all Gift Cards that are in the form provided or approved by Franchisor regardless of whether a Gift Card was issued by Franchisee or another EPL Restaurant or purchased at any other location including without limitation, retail stores, internet sales or other means of distribution. Franchisee shall sell, issue, and redeem (without any offset against any royalty fees) Gift Cards in accordance with procedures and policies specified by Franchisor in the Manual or otherwise in writing (the "**Gift Card Program**"), including those relating to procedures by which Franchisee shall request reimbursement for Gift Cards issued by other EPL Restaurants and for making timely payment to Franchisor, other operators of EPL Restaurants, or a third-party service provider for Gift Cards issued from the EPL Restaurant that are honored by Franchisee, Franchisor or other EPL Restaurant operators. Franchisee acknowledges and agrees that, in connection with the Gift Card Program, Franchisee may be required to:

a. Enter into a separate agreement with a third-party provider of Gift Card services under the terms and conditions as may reasonably be required by such third party for participation in the Gift Card Program;

b. Purchase and maintain a sufficient number of Gift Cards, in a form approved by Franchisor, as may reasonably be required for participation in the Gift Card Program;

c. Purchase or upgrade, as applicable, such hardware, software and equipment as shall be necessary to participate in the Gift Card Program;

d. Promote and sell the Gift Cards in Franchisee's Restaurant using only marketing methods and materials approved by Franchisor;

e. Comply in all material respects with all applicable laws, statutes and regulations in performing Franchisee's obligations under this Agreement and otherwise in connection with Franchisee's participation in the Gift Card Program; and

f. Execute such forms or documents or take such other actions reasonably necessary or requested by Franchisor to effectuate Franchisee's participation in the Gift Card Program.

7.12. Franchisee acknowledges and agrees that Franchisor reserves the right to discontinue or modify the Gift Card Program at any time, as its sole and absolute right. Upon receipt of written notice from Franchisor of its intent to discontinue or modify the Gift Card Program, Franchisee shall, as applicable, immediately cease offering and accepting Gift Cards and/or make such modifications as Franchisor shall require.

7.13. Franchisee shall participate in the Remote Ordering System (including, but not limited to, website and mobile application ordering and payment), Loyalty Program, Third Party Delivery Program, and Digital Menu Boards Program (collectively referred to as "**Programs**"). Franchisee shall comply with procedures and policies of the Programs specified by Franchisor in the Manual or otherwise in writing, including those relating to making timely payment to third-party service providers for such Programs. Franchisee acknowledges and agrees that, in connection with the Programs, Franchisee may be required to:

a. Enter into a separate agreement with third party service providers of the Programs under the terms and conditions as may reasonably be required by such third parties for participation in the Programs;

b. Purchase or upgrade, as applicable, such hardware, software and equipment as shall be necessary to participate in the Programs;

c. Comply in all material respects with all applicable laws, statutes and regulations in performing Franchisee's obligations under this Agreement and otherwise in connection with Franchisee's participation in the Programs; and

d. Execute such forms or documents or take such other actions

reasonably necessary or requested by Franchisor to effectuate Franchisee's participation in the Programs; and

e. Accept credit cards and mobile payments for orders made through these and other programs or product distribution channels, not imposing any minimum amount for the acceptance of any payment method.

7.14. We may discontinue or modify the Programs at any time, and upon receiving notice from us that we intend to do so, you must immediately cease the Programs or make the modifications that we require.

7.15. Franchisee acknowledges and agrees that it is in the best interest of the business conducted at the Restaurant and the System as a whole, to participate in the Payment Card Industry ("**PCI**") Data Security Standard ("**DSS**") Program offered through a third party vendor. This is a set of security requirements that uses current technology and physical security best practices to protect credit cardholder data. The size of Franchisee's business and the number of transactions processed by Franchisee will determine Franchisee's specific requirements for achieving PCI compliance. Currently, the monthly cost of quarterly firewall scans is included with the Micros Platinum service monthly fees; however, such monthly cost may increase as detailed in the El Pollo Loco® IT Support Services Agreement, attached and incorporated herein as Exhibit 7. If Franchisee is found to be non-compliant with the PCI/DSS and remediation is required, a third party vendor will work directly with Franchisee to resolve any outstanding issues and Franchisee may have to pay additional fees. All franchisees are required to participate in this program from a third party vendor as to which we, as our sole and absolute right, may require approval. Franchisee further promises that the results of the PCI review of Franchisee's operations, in so far as they pertain to the business transacted under this Agreement, shall be open to inspection, examination and audit by Franchisor and its authorized representatives at any and all times, and copies thereof may be made by Franchisor and retained for its own use. All of such records shall be maintained and retained by Franchisee as required by the PCI DSS. Franchisee understands and agrees that Franchisee is solely responsible for meeting the requirements for the PCI DSS Program. Failure to do so shall be considered grounds for termination of this Agreement as provided in Section 18 hereof.

8. ADVERTISING AND MARKETING

8.1. Recognizing the value of marketing and advertising to the goodwill and public image of the El Pollo Loco® System, Franchisor administers funds for advertising, public relations, marketing research and promotion into which franchisees contribute an Advertising Fee. El Pollo Loco® restaurants owned and operated by Franchisor contribute on the same basis as franchisees within the same DMA.

8.2. The entire Advertising Fee will be deposited into the "**Advertising Fund**" to be allocated as Franchisor's sole and absolute right.

8.3. Franchisor shall have the sole and absolute right to determine the expenditures, investments and all aspects of activities funded by the Advertising Fund, including media plans and buying, creative concepts, materials, endorsements and agency relationships. The Advertising Fund may be used to pay for production costs for materials and programs Franchisor chooses, including advertising agency fees, market research, concept development, design development (store prototypes and advertising), product research and development, video, audio, electronic, written advertising materials, media and public relations programs, reimbursement for Franchisor's direct overhead and personnel costs to fulfill our obligations to Franchisee in connection to the Advertising Fund and other uses that Franchisor determine to be appropriate and beneficial for some or all EPL Restaurants. The Advertising Fund will be accounted for separately from Franchisor's other funds. Although it has been Franchisor's practice to spend all advertising funds in the fiscal year in which they are collected, Franchisor reserves the right to spend such advertising funds in the next fiscal year to the extent Franchisor deems appropriate. Franchisor may spend in any fiscal year an amount greater or less than the aggregate contributions made by EPL Restaurants to the Advertising Fund in that year, and the Advertising Fund may borrow from Franchisor or from other lenders to cover deficits in the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. Upon request, but not more frequently than annually, Franchisor will provide Franchisee with a written description of the expenditures made by the Advertising Fund during the fiscal year immediately preceding the request of the advertising fees received from franchisees. The statement of expenditures is not required to be audited.

8.4. If Franchisee's Restaurant is located outside the LA DMA, Franchisor may allocate a portion of Franchisee's Advertising Fee, in the amount that we determine in our discretion, to a Local Advertising Fund ("**LAF**") and control all decisions regarding the use of the LAF. Franchisee will be required to pay the Advertising Fee to Franchisor at the same time as Franchisee's royalty payments pursuant to the Authorization Agreement for Prearranged Payments (Exhibit 4 to this Agreement). Franchisee must use current approved vendors for Franchisee's advertising order, and Franchisor will pay the approved vendor directly upon approval of the order and confirmation of receipt of the order with Franchisee. The LAF monies will also be used to reimburse Franchisee for the cost of implementing local marketing plans developed by Franchisee and approved in writing by Franchisor (up to an amount not to exceed the LAF contributions collected). For these purposes, qualifying LAF expenditures include, but are not limited to: (a) amounts contributed to Advertising Associations (defined below); and (b) amounts spent for advertising media, such as television, radio, newspaper, billboards, posters, direct mail, collateral and promotional items, advertising on vehicles (excluding the cost of any vehicle), and, if not provided by Franchisor, the cost of producing approved materials necessary to participate in such media. Non-qualifying LAF expenditures include amounts spent for items which Franchisor, in its reasonable judgment, deems inappropriate for meeting the minimum advertising requirement, including, but not limited to: permanent on-premises Signs and traditional or digital menu boards, transportation vehicles, marketing personnel salaries, public relations or advertising agency retainer, highway signs or any other signage for directional purposes only, store labor costs associated with

the execution of any marketing program, lighting, administrative costs, Yellow Pages advertising, discounts/coupons offers, free offers, employee incentive programs, and any unapproved marketing or advertising materials.

8.5. Franchisee shall not engage in any advertising activities without Franchisor's prior written consent. Should Franchisee submit advertising that is not approved by Franchisor, Franchisee will be required to revise and resubmit such advertising again for written approval, *prior to use* of such advertising. Franchisee shall submit to Franchisor for Franchisor's prior approval, at least 30 days prior to the beginning of each fiscal year, a marketing plan for Franchisee's DMA. This marketing plan may be submitted by all franchisees in Franchisee's DMA through an area advertising association. If Franchisee is using materials not prepared by Franchisor and which vary from Franchisor's standard advertising and promotional materials, such materials must be submitted to Franchisor for approval no less than 45 days prior to the beginning of such promotion or program. Franchisor will review any materials submitted for Franchisor's approval within 10 business days of receipt of such materials. Franchisee shall not use any advertising or promotional materials that Franchisor has disapproved, or that Franchisor has not approved.

8.6. Franchisor shall have the right to establish local and/or regional advertising associations ("**Advertising Associations**") for El Pollo Loco® restaurants in Franchisee's local or regional area, covering the geographic areas Franchisor may designate from time to time. Franchisor has the right to form, change, dissolve or merge the Advertising Associations. If Franchisor has established an Advertising Association in Franchisee's DMA, Franchisee must participate in the Advertising Association and its programs and abide by its by-laws. Each EPL Restaurant located within the area governed by the Advertising Association will have a vote. Franchisee must contribute the amounts to the Advertising Association(s) as determined by the Advertising Association members from time to time in accordance with their bylaws. Any EPL Restaurant owned by Franchisor in Franchisee's DMA or regional market area(s) will contribute to the Advertising Association on the same basis as Franchisee contributes for its Restaurant. Contributions to the local and regional Advertising Associations are credited toward the LAF advertising expenditures required pursuant to Section 8.4 above; however, if Franchisor provides Franchisee and Franchisee's Advertising Association 90 days' notice of a special promotion, including, but not limited to, any regional promotions, Franchisee must participate in the promotion and also pay Franchisor any special promotion advertising fees assessed in connection with the program, beginning on the effective date of the notice and continuing until the special promotion is concluded. Any special promotion advertising fees will be in addition to, and not credited towards, the LAF advertising expenditure required pursuant to Section 8.4 above. The Advertising Association Membership Agreement is attached to this Agreement as Exhibit 5. Franchisor may administer the Advertising Associations and collect Franchisee's Advertising Association contributions by automatic electronic withdrawal.

8.7. Franchisor shall be under no obligation to use the Advertising Fund to advertise equally for all markets or for all DMAs. All advertising fee contributions from

Franchisor-operated restaurants shall be deposited in the Advertising Fund. Franchisor shall be under no obligation to determine the incremental cost of franchise sales advertising and investor relations sections of any internet web sites established by Franchisor and funded in whole or in part by the Advertising Fund.

8.8. In addition to Advertising Fees payable pursuant to Section 6.1 of this Agreement, Franchisee shall expend $5,000 to conduct grand opening advertising and local store marketing and promotion programs for Franchisee's Restaurant, utilizing advertising and promotional materials approved by Franchisor. Such grand opening advertising shall be conducted in accordance with Franchisor's specifications and standards and in accordance with a grand opening plan (which will cover advertising and promotion for the 15 days prior to the Opening Date and 45 days following the Opening Date) which Franchisee prepares and submits to Franchisor for approval at least 30 days prior to the anticipated Opening Date. Franchisee shall submit to Franchisor, not later than 15 days following the conclusion of such grand opening promotion, written receipts and other evidence reasonably satisfactory to Franchisor evidencing all amounts spent by Franchisee to conduct the grand opening promotion.

9. INSURANCE AND INDEMNIFICATION

9.1. Throughout the term hereof, Franchisee shall obtain and maintain insurance coverage with insurance carriers acceptable to Franchisor in accordance with Franchisor's current insurance requirements as modified from time to time as communicated by Franchisor. The coverage shall commence when the Location is secured by Franchisee by executed deed or (sub)lease. As proof of such insurance, a certificate of insurance shall be submitted by Franchisee for Franchisor's approval prior to Franchisee's commencement of any activities or services to be performed under this Agreement. Franchisee shall deliver a complete copy of Franchisee's then-prevailing policies of insurance to Franchisor within 30 days following the delivery of the certificate of insurance. The coverage shall include the following:

a. Full compliance with the insurance requirements of Franchisee's (sub)lease, if any; and

b. Commercial general and product liability insurance written on an occurrence form that includes but is not limited to, premises-operations, property damage (including fire and extended coverage, vandalism and malicious mischief insurance for replacement value of the restaurant and its contents), products/completed operations, contractual liability, independent contractors, personal injury and advertising injury and liability assumed under an insured contract with coverage no less than a minimum $1,000,000 per occurrence and $2,000,000 general aggregate; and

c. Automobile liability with at least $1,000,000 combined single limit; and

d. Umbrella excess liability insurance with a minimum limit of

$5,000,000 limit per occurrence; and

e. Property and extended coverage insurance with a maximum deductible of $10,000 and with endorsements for vandalism and malicious mischief, covering the building, structures, equipment, improvements and the contents thereof in and at the Restaurant, on a full replacement cost basis, insuring against all risks of direct physical loss (except for unusual perils such as nuclear attack, earth movement and war), and business interruption insurance sustained form covering the rental of the Location, previous profit margins, maintenance of competent personnel and other fixed expenses; and

f. Such worker's compensation insurance as may be required by applicable workers compensation and/or occupational disease law; and

g. In connection with and prior to commencing any construction, reimage or remodeling of the Restaurant, Franchisee shall maintain Builder's All Risks Insurance in forms and amounts, and written by a carrier or carriers, acceptable to Franchisor; and

h. An additional insured endorsement naming Franchisor. The endorsement shall state the above-described insurance shall be primary and not contributory, as to Franchisor; and with a waiver of subrogation in favor of Franchisor. All policies must contain provisions waiving rights of recovery against any named insured by subrogation and an endorsement under the commercial property policy naming Franchisor as a loss payee; and

i. Commercial liability and umbrella/excess policies shall not contain: (i) mold, fungi, viruses, or bacteria exclusions applying to a good or product intended for consumption, or (ii) property damage or bodily injury caused by the ingestion of food. There may be other insurance policies (not mentioned here) required to cover potential losses due to your particular business operations.

j. All public liability and property damage policies shall contain a provision that Franchisor, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to it, its affiliates, officers, agents and employees by reason of the negligence of Franchisor, Franchisee, or their respective principals, contractors, agents or employees. "**Affiliate**" is defined as any person or legal entity that directly or indirectly controls, is controlled by, or is under common control with the specified person or legal entity; and

k. All policies shall extend to and provide indemnity for all obligations assumed by Franchisee hereunder and all other items for which Franchisee is required to indemnify Franchisor under the provisions of this Agreement, whether or not the liability arose from the negligence of Franchisor, its principals, contractors, agents or employees, and shall provide Franchisor with at least 30 days prior written notice of cancellation, termination or material reduction of coverage.

9.2. Franchisor shall be named as an additional insured on all of such policies referenced in Section 9.1 above as well as loss payee on the commercial property policy to the extent of its interests and shall be provided by Franchisee with certificates of insurance evidencing such coverage prior to the Opening Date and promptly following the date any policy of insurance is renewed, modified or replaced during the term of this Agreement. All coverages shall be placed with a financially stable insurer with a minimum AM Best Ratings of A-VII. Franchisor reserves the right to specify reasonable changes (which may include increases) in the types and amounts of insurance coverage required by this Section 9. Should Franchisee fail or refuse to procure the required insurance coverage from an insurance carrier acceptable to Franchisor or to maintain it throughout the term of this Agreement, Franchisor may as its sole and absolute right, but without any obligation to do so, obtain such coverage for Franchisee, in which event Franchisee shall pay on demand the required premiums and any related fees or costs (such as, but not limited to, broker's fees, taxes or service fees) or reimburse Franchisor therefore. The amount of such premiums and any related fees or costs shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within 7 days after the invoice has been delivered to Franchisee pursuant to Section 23.3 of this Agreement. Failure to maintain the required insurance or to promptly reimburse Franchisor for any premiums and any related fees or costs paid on behalf of Franchisee by Franchisor shall constitute a default hereunder. Should Franchisor elect to obtain such coverage for Franchisee, then Franchisee will assist Franchisor by providing the necessary information and access to enable Franchisor to obtain coverage for Franchisee. In the event of any claim, lawsuit, complaint, cross complaint, arbitration, demand, allegation, or liens and damages (collectively "**Claim**"), Franchisee shall immediately notify Franchisor in writing of the Claim and the facts surrounding such Claim pursuant to Section 23.3 of this Agreement.

9.3. Franchisee shall defend immediately upon tender of defense, at its own cost, Franchisor, its subsidiaries, parent and affiliates, shareholders, directors, officers, employees and agents (collectively referred to, for this Sections 9.3 and 9.4 only, as "**Franchisor**"), from and against any and all claims, lawsuits, complaints, cross complaints, arbitrations, demands, allegations, costs embraced by indemnity, loss, costs, expenses (including attorneys' fees), liens and damages (collectively referred to, for Sections 9.3 and 9.4 only, as "**Losses**"), however caused, and reimburse Franchisor for all costs and expenses (including attorneys' fees) incurred by Franchisor in defense of any Losses, resulting directly or indirectly from or pertaining to or arising out of, or alleged to arise out of, or in connection with the restaurant or operation of the restaurant, including, without limitation any labor or employee-related claims whatsoever (including claims made by an employee of Franchisee resulting from the employee's training in a Franchisor operated facility or restaurant), and Franchisee's failure for any reason to fully inform any third party of Franchisee's lack of authority to bind Franchisor for any purpose. Such Losses shall include, without limitation, (a) those arising from latent or other defects in the Restaurant whether or not discoverable by Franchisor, (b) those arising from the death of or injury to any person and (c) those arising from damage to the property of Franchisee or Franchisor, or any third party, whether or not any of the foregoing is a result

of any strict liability imposed on Franchisor by fact, law, statute, or ordinance. Franchisee further agrees that Franchisee's duty to defend Franchisor is separate from, independent of and free-standing of Franchisee's duty to indemnify Franchisor and applies whether the issue of Franchisee's negligence, breach of contract, or other fault or obligation has been determined. Franchisee's duty to defend is regardless of the outcome of liability even if Franchisee is ultimately found not negligent and not dependent on the ultimate resolution of issues arising out of any.

9.4. Franchisee shall indemnify and hold harmless Franchisor from and against any and all Losses, however caused, resulting directly or indirectly from or pertaining to or arising out of or in connection with the Restaurant or operation of the Restaurant, including, without limitation, any labor or employee-related claims whatsoever, including any claims made by an employee of Franchisee resulting from the employee's training in a Franchisor operated facility or restaurant, and Franchisee's failure for any reason to fully inform any third party of Franchisee's lack of authority to bind Franchisor for any purpose. Such Losses shall include, without limitation, (a) those arising from latent or other defects in the Restaurant whether or not discoverable by Franchisor, (b) those arising from the death of or injury to any person and (c) those arising from damage to the property of Franchisee or Franchisor, or any third party, whether or not any of the foregoing is a result of any strict liability imposed on the Franchisor by fact, law, statute, or ordinance. Franchisee further shall indemnify and hold harmless Franchisor from all said Losses and shall pay for and be responsible for all said Losses, however caused, whether by any individual, employee, third person or party, vendor, visitor, invitee, trespasser or any firm or corporation whatsoever, whether caused by or contributed to by Franchisor, the combined conduct of Franchisee and Franchisor, or active or passive negligence of Franchisor, but for the sole negligence or willful misconduct of Franchisor.

10. VENDING MACHINES

10.1. Franchisee shall not install a video game machine, juke box, cigarette machine, public telephone or other type of vending machine or device, whether or not coin operated in the Restaurant, or on its premises, without prior written approval of Franchisor, which approval will be granted or denied as Franchisor's sole and absolute right. The revenues received by Franchisee from any approved machines shall be included in Franchisee's Net Sales.

11. COMPLIANCE WITH MANUAL AND WITH SYSTEM STANDARDS

11.1. Franchisee acknowledges and agrees that strict and continued adherence by Franchisee to Franchisor's standards, policies, specifications, procedures, requirements, menu items policies, and the Manual comprising the El Pollo Loco® System (collectively, the "**System Standards**"), as set forth in this Section 11, in the Manual, and in other standards, policies, and procedures documents created or modified by Franchisor from time to time, is required and that failure on the part of Franchisee to so adhere will be grounds for termination of this Agreement as provided in Section 18 hereof. Franchisee acknowledges that changes, modifications, deletions and additions to the

System Standards may be necessary and desirable from time to time. Franchisor may make such modifications, revisions, deletions and additions, including without limitation, modifications, revisions, deletions and additions to the Manual and to the menu items required to be offered by Franchisee, which Franchisor, in good faith and exercising its judgment believes to be desirable. Franchisee agrees to comply with any such modification, revision, deletion or addition as of the date that such modification, revision, deletion or addition becomes effective, whether they involve refurbishing or remodeling the Restaurant, buying new operating assets, adding new menu items and services, initiating new programs, or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date. Franchisee acknowledges that it shall receive a copy of the Manual for the Restaurant on loan from Franchisor and that the Manual shall at all times remain the sole property of Franchisor. Franchisee understands that Franchisor has entered into this Agreement in reliance upon Franchisee's representation that it will strictly comply with all the provisions of the Manual. For purposes of this Agreement, the Manual shall be deemed to include all written directions delivered to Franchisee by Franchisor from time to time setting forth standards, specifications and procedures for the operation of Franchisee's Restaurant.

11.2. Franchisee acknowledges and agrees that it is in the best interest of the business conducted at the Restaurant to prepare and serve food in the Restaurant only from ingredients which meet the product specifications as communicated by Franchisor to Franchisee from time to time (the "**Specifications**"), and Franchisee further promises that all products, equipment, goods, inventory and supplies used in connection with the Restaurant will comply with the Specifications. Furthermore, Franchisee shall not offer or sell any product, service or other item at the Restaurant except those prior approved in writing by Franchisor.

a. All menu items shall be made in strict compliance with Franchisor's written recipes and requirements, which Franchisor may change from time to time by amendments to the Manual.

b. Franchisee acknowledges and agrees that all proprietary El Pollo Loco® marinades, marinade mixes and marinated ingredients used in the preparation of the required and approved El Pollo Loco® food products are unique. Their formulae and the process of their manufacture constitute trade secrets. Franchisee shall purchase such marinades, marinade mixes and marinated ingredients exclusively from Franchisor or, as Franchisor's sole and absolute right to determine, from Franchisor's designated distributor. The right to purchase and use such marinades, marinade mixes and marinated ingredients is licensed to Franchisee pursuant to this Agreement, and such right is restricted to use in the franchise business at the Restaurant and solely for the term of this Agreement.

11.3. Throughout the term of this Agreement, Franchisee shall be actively engaged in the management and day-to-day operation of the Restaurant. Franchisee must appoint a Designated Operator who will devote his or her full time to the supervision of the business, operations of the Restaurant, all franchise activities, and any other El

Pollo Loco® Restaurant owned by Franchisee. The appointment of the Designated Operator is subject to Franchisor's prior written approval. The Designated Operator must satisfactorily complete Franchisor's Designated Operator Training Program ("**DOTP**") and become certified in the Food Protection Management Training Program ("**FPMTP**"). If at any time, for any reason, the Designated Operator ceases to perform those duties on behalf of the Restaurant(s), (a) Franchisee shall appoint a new Designated Operator within 90 days subject to Franchisor's prior written approval, and the newly appointed Designated Operator must, within 150 days of appointment, satisfactorily complete Franchisor's DOTP and have become certified in the FPMTP, all at Franchisee's expense; or (b) Franchisee shall assume the duties of the Designated Operator and complete Franchisor's DOTP and become certified in the FPMTP within 240 days if not previously completed/certified within the last 36 months.

11.4. Franchisee acknowledges that it has received a copy of Franchisor's list of approved brands and distributors (the "**Approved Brands and Distributors List**"). Franchisor has consulted with the distributors set forth on such list and each distributor has agreed to offer products, services, equipment, goods, inventory, supplies or paper products which will comply with Franchisor's Specifications. Such Approved Brands and Distributors List is furnished to Franchisee and Franchisee must purchase only those products, equipment, goods, inventory, supplies and paper products that comply with the Specifications and only those brands, and only from those distributors, which are on the Approved Brands and Distributors List. If Franchisee desires to purchase any brands and/or products from any distributor not named on the Approved Brands and Distributors List (or any brand and/or product not on the Approved Brands and Distributors List from a distributor on that list), Franchisee shall first submit to Franchisor a written request for approval of any such brand, product and/or distributor whichever is applicable, prior to Franchisee's purchase of such product from such distributor. Franchisor shall have the right to require that its representatives be permitted to inspect the distributor's facilities and that samples from the distributor be delivered either to Franchisor or to an independent laboratory designated by Franchisor for testing. Upon completion of Franchisor's inspection or evaluation of the proposed distributor (including samples provided by such distributor), and upon submission of any additional information or data required by Franchisor, Franchisor shall promptly approve or reject such proposed distributor or services and goods. Franchisor reserves the right, at its option, to re-inspect the facilities and products of any such approved distributor or of any distributor on Franchisor's Approved Brands and Distributors List and to revoke its approval upon the distributor's failure to continue to meet any of Franchisor's then-current Specifications and criteria. Nothing in the foregoing shall require Franchisor to approve any distributor. Franchisor agrees to evaluate any item which Franchisee is considering procuring to determine whether such item complies with the Specifications. No charge shall be made by Franchisor for the services of Franchisor's employees in connection with such evaluation; however, Franchisee shall reimburse Franchisor for its reasonable cost and expenses in connection with such evaluation, including any amounts paid to independent laboratories or consultants chosen by Franchisor as its sole and absolute right to assist in such evaluation. All such amounts shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount

within 7 days after the invoice has been delivered to Franchisee pursuant to Section 23.3 of this Agreement. The Approved Brands and Distributors List and any guide containing such list are proprietary information of El Pollo Loco® and must be kept strictly confidential by Franchisee. Franchisee shall not copy, distribute, release or otherwise provide any third party with all or any part of the information contained in the Approved Brands and Distributors List or guide without first obtaining the prior written approval of Franchisor, which approval may be withheld as Franchisor's sole and absolute right. (Notwithstanding anything in this Agreement to the contrary, Franchisor may designate itself the only approved distributor of some or all of the brands and/or products. Franchisor's proprietary products must be purchased from Franchisor or its designated distributor pursuant to Section 11.2.b.

11.5. As uniformity of appearance and public recognition are important to the El Pollo Loco® brand recognition and success of Franchisee and Franchisor hereunder, Franchisee shall:

a. Use only uniforms, Signs, cards, posters, notices, displays, decorations, table tents and other such advertising materials which are identical in appearance and quality to those furnished or approved by Franchisor. Franchisor may make available its menu-stock (pre-printed as to all matters other than menu prices), including specials and featured items, to Franchisee for printing in the event that Franchisee elects to charge prices not provided for in Franchisor's menu codes. Notwithstanding anything in this Agreement to the contrary, Franchisor reserves the right, to the fullest extent allowed by applicable law, to: establish maximum, minimum or other pricing requirements with respect to the prices Franchisee may charge; recommend retail prices; advertise specific retail prices for some or all products sold by Franchisee, which prices Franchisee will be compelled to observe; engage in marketing, promotional and related campaigns, which Franchisee must participate in and which may directly or indirectly impact Franchisee's retail prices; and otherwise mandate, directly or indirectly, the prices which Franchisee may charge.) Franchisee agrees that all specials or featured items designated by Franchisor shall be included as part of the menu and shall be made available on the days and times designated by Franchisor; and

b. Not authorize or permit in the Restaurant, or on behalf of the Restaurant, any advertising, Signs, cards, posters, notices, displays, decorations or table tents other than those described in Section 11.5(a), nor authorize or permit in or around the Restaurant any products or services which are not authorized by Franchisor, without the prior written consent of Franchisor.

c. Receive written approval from Franchisor's Marketing Department to employ delivery companies as described in the Manual. Notwithstanding the foregoing, under the System, and as described in Section 7.13 above, Franchisor requires Franchisee's participation in the Remote Ordering System, Loyalty Program and Third-Party Delivery Program. Franchisee shall be required to participate, offer and conduct such programs.

d. Comply with our customer complaint resolution procedures and our commitment to customer satisfaction policy. Franchisee must reimburse Franchisor promptly if Franchisor resolves a customer complaint because you fail to resolve the matter as or when required.

e. Cooperate with Franchisor to maintain a single voice for the El Pollo Loco® brand across all social media platforms, including your agreement to refrain from creating, posting, or maintaining your own social media pages related to the El Pollo Loco® brand.

11.6. Franchisor shall have the right to remove any unauthorized material at Franchisee's expense.

11.7. At all times during this Agreement's term, Franchisee must secure and maintain all licenses, permits, and certificates required for the Restaurant's operation and operate the Restaurant in full compliance with all applicable laws, ordinances, and regulations, including, but not limited to those relating to occupational hazards, health, environment, employment, workers' compensation and unemployment insurance, and withholding and payment of taxes. Your advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. The Restaurant must in all dealings with customers, suppliers, Franchisor, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. Franchisee agrees not to engage in any business or advertising practice that could injure El Pollo Loco® Restaurants. Franchise must notify us in writing immediately if (a) any legal charge is asserted against Franchisee or the Restaurant (even if there is no formal proceeding), (b) any action, suit, or proceeding is commenced against Franchisee or the Restaurant, (c) you receive any report, citation, or notice regarding the Restaurant's failure to comply with any licensing, health, cleanliness, or safety standard, or (d) any bankruptcy or insolvency proceeding or an assignment for the benefit of creditors is commenced by or against Franchise, your owners, or the Restaurant. Franchisee shall submit copies of all government health inspections and food borne illness investigation reports of the Restaurant to Franchisor, or Franchisor's designated agent. Additionally, should Franchisee be subject to Restaurant closure by health officials or receive a "**B**" or equivalent restaurant rating, Franchisee will immediately notify Franchisor by the fastest means available.

12. RESTAURANT MAINTENANCE AND REPAIR

12.1. Maintenance and repair of the Restaurant are the sole responsibility and shall be done at the expense of Franchisee. For the term of this Agreement, Franchisee, at its sole cost and expense, shall maintain the Restaurant and the Location, including, but not limited to, the Restaurant building, the Location and parking lot, equipment, decor, furnishings, fixtures, wares, utensils, supplies, and inventory, in good working order and condition and in compliance with all laws. Franchisee shall make all repairs within a reasonable time period not to exceed 30 days of the date such repairs are identified as needed to bring the Restaurant into a first-class condition. Franchisee shall replace any of the Restaurant's equipment, furnishings and fixtures and repaint the Restaurant as

necessary to satisfy this Section 12. Without limiting the generality of the foregoing, upon notice from Franchisor of any change required or recommended by applicable law, rule or regulation, or if Franchisor discovers any circumstance which is or may result in a danger to public health, Franchisee shall promptly, remove, repair, replace or modify any equipment or fixtures used in the Restaurant necessary to satisfy or rectify the same. All replacement equipment, furnishings and fixtures shall comply with Franchisor's then-current requirements and specifications.

12.2. Franchisee shall not make any addition to or change in the physical appearance, decor, characteristics or style of the Restaurant without the prior written consent of Franchisor which consent may be withheld or granted as Franchisor's sole and absolute right.

12.3. During the term of this Agreement, Franchisor may require Franchisee, at Franchisee's expense, to remodel the Restaurant to then current El Pollo Loco® standards, format, design and image, as designated pursuant to plans and specifications provided by Franchisor; provided however, Franchisee shall not be required to undertake such remodeling more than once every 7 years during the term of this Agreement, except if such remodeling is required in connection with a transfer of the Restaurant under Section 17.6.c of this Agreement or granting of a successor franchise under Section 20 below.

12.4. All Signs to be used in connection with the Restaurant, both exterior and interior, must conform to Franchisor's Sign criteria as to type, color, design and location and be approved in writing by Franchisor prior to installation or display. Franchisee shall change its Signs to conform with updated or revised requirements of Franchisor when Franchisor commits to implementing such revisions at 25% of the Franchisor's then-operated El Pollo Loco® restaurants and at such times as Franchisee is required to perform remodeling work pursuant to Section 12.3.

12.5. Franchisee shall at all times operate its Restaurant as a clean, safe, sanitary, orderly, legal and respectable place of business in accordance with the Manual, the lease or sublease, if any, for the Location and all applicable federal, state or local laws, rules, or regulations, including, but not limited to, OSHA related safety training and compliance. Franchisee shall not cause or allow any part of its Location to be used for any immoral or illegal purpose. Any citations or penalties issued shall be the sole responsibility of Franchisee.

13. HOURS OF OPERATION

13.1. Franchisee shall keep the Restaurant fully operational and open to the public upon such days and during such minimum number of hours as Franchisor shall prescribe from time to time in the Manual. Franchisee shall supply to Franchisor prior to the commencement of the construction or remodeling work of the Restaurant proof that the Restaurant is allowed to be open to the public during such required hours and days by the applicable local governmental authorities and by the landlord under the lease for

the Location. In the event that the Restaurant is closed for reasons beyond Franchisee's control, Franchisee will immediately notify Franchisor by the fastest means available of the closing.

14. PERSONNEL STANDARDS

14.1. Subject to Section 14.5 below, Franchisee shall hire, train and supervise Restaurant employees in accordance with the applicable provisions of the Manual. Franchisee shall do everything necessary to ensure that all employees are, at all times during employment in the Restaurant, neat, clean and adequately trained and supervised in connection with the performance of their duties.

14.2. Franchisee acknowledges that adequate training and supervision are necessary in order to ensure that the Restaurant personnel provide service to the public in a courteous, efficient and skilled manner and in accordance with the standards set forth in the Manual. Franchisee understands and agrees that Franchisee is solely responsible for the performance of its Operations Director(s), General Manager(s), Assistant Manager(s), Shift Leader(s) and all other of its employees and that the acts and omissions of such employees which are inconsistent with the provisions of this Agreement shall be considered grounds for termination of this Agreement as provided in Section 18 hereof.

14.3. Franchisee shall maintain wages, hours, working conditions and other benefits for all of its employees in accordance with all federal, state and local laws and regulations.

14.4. Franchisee shall maintain all employee time, payroll and tax records and to file required reports thereon in accordance with all federal, state and local laws and regulations.

14.5. It is mutually understood and agreed by the parties that Franchisee retains the responsibility and independent authority, notwithstanding any provision of this Agreement, to establish, maintain and enforce all personnel policies and procedures. Franchisee is solely responsible for, and solely in control of, all employment matters, decisions and functions of Franchisee’s employees, including but not limited to those related to (a) wages, benefits, and other compensation; (b) hours of work and scheduling; (c) the assignment of duties to be performed; (d) the supervision of the performance of duties; (e) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (f) the tenure of employment, including hiring and discharge; and (g) working conditions related to the safety and health of employees. Franchisee further acknowledges and agrees that any personnel policies or procedures in the Manual or other written information from Franchisor are for Franchisee’s optional use and are not mandatory provisions. It is Franchisee’s sole responsibility to determine to what extent, if any, any such policies and procedures described in the Manual or otherwise might be applicable to operations at Franchisee’s Store. Franchisor and Franchisee agree that neither is, nor will be deemed to be, a joint employer with the other and Franchisee will defend, indemnify and hold harmless

Franchisor with respect to any such or similar claims.

15. INSPECTIONS

15.1. Franchisor and its authorized representatives shall have the right to inspect the Restaurant and the supplies and inventory of Franchisee. Franchisor's personnel and representatives shall have the right to enter the Restaurant at any reasonable time, and from time to time, with or without notice, for the purposes of examination, conferences with Franchisee and personnel of Franchisee, observation and evaluation of the operations being conducted at the Restaurant.

15.2. Franchisor may conduct quality control and evaluation programs, as Franchisor shall determine (including a "**accuracy guarantee**" program, social media monitoring, or other similar programs). Franchisee shall allow and participate in such program(s), as required by Franchisor. Franchisor shall have the right to require Franchisee to pay its pro-rata share of the costs incurred in establishing and maintaining such program(s) and Franchisee shall promptly pay such charges. Franchisee acknowledges that Franchisor shall have the right, in any manner Franchisor may deem appropriate, to publish or disclose any information that is collected, produced or maintained under any program(s) implemented pursuant to this Section to other franchisees under the El Pollo Loco® System on a named basis, or to third parties outside the El Pollo Loco® System on an anonymous basis.

15.3. In connection with inspections conducted pursuant to Sections 15.1 and 15.2 above, Franchisor and its authorized representatives may deliver to Franchisee an inspection report in such form(s) as may be adopted by Franchisor from time to time (the "**Inspection Report(s)**"). The Inspection Report(s) shall indicate the principal items inspected, observed and evaluated.

15.4. In the event that any such Inspection Report indicates a deficiency or unsatisfactory condition with respect to any item listed thereon, Franchisee shall promptly commence to correct or repair such deficiency or unsatisfactory condition and thereafter diligently pursue the same to completion. In the event of a failure by Franchisee to comply with the foregoing obligation to correct or repair, Franchisor, in addition to all other available rights and remedies, including the right to terminate this Agreement pursuant to Section 18 below, shall have the sole and absolute right, but not the obligation, to forthwith make or cause to be made such correction or repair, and the expenses thereof, including, without limitation, meals, lodging, wages and transportation for Franchisor's personnel, if so utilized as Franchisor's sole and absolute right to determine, shall be promptly reimbursed by Franchisee. Should any deficiency or unsatisfactory condition be reported more than once within any 30 day period, Franchisor shall have the right, in addition to all other available rights and remedies, to place a Franchisor representative in charge of the Restaurant for a period of up to 30 days in each such instance, and the wages and expenses of meals, lodging and transportation of said representative, which shall be commensurate with that provided for managers of other Franchisor-owned El Pollo Loco® restaurants, shall promptly be reimbursed by Franchisee. All such expenses incurred by

Franchisor pursuant to this Section shall be set forth in a written invoice delivered to Franchisee by Franchisor. Franchisee shall reimburse Franchisor for the invoice amount within 7 days after the invoice has been delivered to Franchisee.

15.5. Notwithstanding Section 15.4 above, should the Inspection Report indicate a deficiency or unsatisfactory condition with respect to any item listed thereon, and Franchisor or Franchisor's agent are required to return to the Restaurant to re-inspect the Restaurant, Franchisor will charge Franchisee a Re-Inspection Fee for each subsequent visit to Franchisee's restaurant after the initial inspection. Franchisee will give Franchisor authorization to pay the Re-Inspection Fee as a direct debit from Franchisee's Operating Account. Should there be 2 consecutive Inspection Reports both indicating a deficiency or unsatisfactory condition with respect to any item listed thereon, and Franchisor or Franchisor's agent return to the Restaurant to provide a coaching session to Franchisee; or should Franchisor determine in our sole and absolute right that a coaching session is required at the Restaurant due to certain circumstances, Franchisor will charge Franchisee a Coaching Fee for each Coaching session at Franchisee's restaurant. Franchisee will give Franchisor authorization to pay each Coaching session visit charge as a direct debit from Franchisee's Operating Account.

15.6. In the event that the Restaurant operations threatened health or public safety or materially adversely affected the ownership, condition or operation of the Restaurant or adversely affect the El Pollo Loco® brand or goodwill, Franchisee must (i) immediately report such issue to Franchisor by immediately contacting the assigned Director, Franchise Business (or equivalent) and if unable to speak directly with the assigned Director, by immediately contacting the Support Center and (ii) compensate Franchisor, or reimburse Franchisor for all fees, costs or expenses, use of internal and external resources, taxes or other types of charges which Franchisor pays on Franchisee's behalf to third parties or that Franchisor directly incurs, including payments to taxing authorities, governmental agencies, suppliers, contractors and insurance carriers, for products, services, loss in sales or revenue, supplies, equipment, goods, materials or inventory when Franchisee's Restaurant operations or nonpayment threatens health or public safety or materially adversely affects Franchisee's ownership, condition or operation of your Restaurant or materially adversely affects the "El Pollo Loco" brand or goodwill. While Franchisor has the sole and absolute right to make such payments as described above on behalf of Franchisee, it is not Franchisor's obligation to do so. Franchisor's decision to make payments on behalf of Franchisee is not in lieu of any of Franchisor's rights and remedies in this Agreement, including Franchisor's right to terminate this Agreement.

16. TRAINING

16.1. Franchisee acknowledges and agrees that it is important to the operation of the Restaurant that Franchisee and its employees receive such training as Franchisor may require from time to time. Therefore:

a. The Restaurant must be managed by not less than 4 individuals as

a General Manager, Assistant Manager or Shift Leader (collectively, "**Managers**") who: (i) have successfully completed Franchisor's Management Training Program ("**MTP**") at a Franchisor designated Certified Training Restaurant ("**CTR**") or in the case of on-going training and if appropriate, at Franchisee's Restaurant; (ii) have each become certified in the FPMTP from a Franchisor's approved vendor; and (iii) will assume responsibility for the day to day management of the operations of the Restaurant, including the preparation of food products, accounting, and the supervision and training of personnel. The Managers may be required to sign a confidentiality agreement in a form approved by Franchisor. Each and every shift during operating hours must have a Manager in charge.

b. If at any time, for any reason, the General Manager ceases to perform those duties on behalf of the Restaurant, Franchisee must promptly designate a new General Manager who meets the above-stated qualifications.

c. If this is Franchisee's first EPL Restaurant, Franchisee must also attend and satisfactorily complete the Executive Franchisee Training Program ("**EFTP**"). Such training shall be completed prior to the opening of the Restaurant. MTP, EFTP and DOTP may be collectively referred to as "**Training Programs**" or "**Initial Training Programs**" or individually as "**Training Program**" or "**Initial Training Program**".

d. Franchisee must appoint a Designated Operator to oversee all franchise activities. The appointment of a Designated Operator is subject to Franchisor's prior written approval. The Designated Operator must satisfactorily complete the DOTP and become certified in the FPMTP prior to the opening of the Restaurant. Franchisee may be designated as a Designated Operator. The Designated Operator may also be designated as a General Manager.

e. The Designated Operator shall devote their full time to the supervision of the business, operations of the Restaurant, all franchise activities, and any other El Pollo Loco® Restaurant owned by Franchisee. If at any time, for any reason, the Designated Operator ceases to perform those duties on behalf of the Restaurant(s), Franchisee shall appoint a new Designated Operator within 90 days, and the newly appointed Designated Operator must satisfactorily complete Franchisor's DOTP within 150 days of appointment at Franchisee's expense; or, Franchisee shall assume the duties of the Designated Operator and complete Franchisor's DOTP within 240 days (if not previously completed within the last 36 months).

f. Franchisee shall implement a training program for Franchisee's employees in accordance with training standards and procedures prescribed by Franchisor and shall staff the Restaurant at all times during the term of this Agreement with a sufficient number of trained employees.

g. At Franchisee's cost, Franchisor may require continuing operations training from time to time to reinforce operational standards as necessary for on-going operational execution and for Franchisee to maintain a sufficient number of trained employees. Franchisor may require continuing operations training occasionally for new

product roll-outs at Franchisor's cost; however Franchisee will be responsible for any and all costs for compensation, wages (including compensation of and worker's compensation insurance), lodging, living expenses, travel expenses or any other expenses incurred during the training of Franchisee's employees (collectively, "**Additional Employee Costs During Training**"). The required frequency, duration, subject matter and required attendees shall be as determined by Franchisor from time to time.

h. If the Restaurant is Franchise's or Franchise's affiliate's first Restaurant in the **El Pollo Loco® System**, Franchisor shall assist Franchisee in the initial opening of the Restaurant, defined as "**New Restaurant Opening Support**" or "**NRO Support**" for 2 weeks prior to the Restaurant opening and 2 weeks after the Restaurant opened, beyond the Initial Training Programs described above by sending certain members of Franchisor's personnel to the Restaurant to assist in the scheduled opening of the Restaurant at a cost of $30,000 to Franchisee. Additional training beyond initial NRO Support will be at Franchisee's cost and in Franchisor's sole discretion.

i. The Restaurant shall not be opened until Franchisor is satisfied that Franchisee and Franchisee's Managers, Designated Operator, and other restaurant personnel have been adequately trained in the El Pollo Loco® System.

16.2. Franchisor shall provide the Initial Training Programs as described in Section 16.1 without additional charge to Franchisee provided that Franchisee understands and agrees that Franchisee shall be solely responsible for any and all Additional Employee Costs During Training (as defined in Section 16.1(g)). Additional training beyond what is described in Section 16.1 requested by Franchisee in writing, shall be at Franchisee's cost and in Franchisor's sole discretion as to whether they can provide such additional training. Franchisor shall charge Franchisee a training fee of $2,000 per Manager for the fifth Manager and additional or replacement Managers at the Restaurant. Franchisor shall also charge Franchisee a training fee of $2,000 per Manager for each and every Manager trained if this is the fourth or subsequent Restaurant owned by Franchisee. Additionally, Franchisor shall charge Franchisee $2,000 per EFTP and or DOTP beyond the Initial Training Program described in Section 16.1. Franchisee understands and agrees that Franchisee shall also be solely responsible for any and all Additional Employee Costs During Training (as defined in Section 16.1(g) for any additional training or any additional attendees. Such Franchisee, Designated Operator and Managers shall not be considered an employee or agent of Franchisor.

17. ASSIGNMENT

17.1. Assignment by Franchisor. Franchisor shall have the right to assign or transfer any of its rights or delegate any of its obligations under this Agreement in whole or in part to any person, firm or corporation without any consent or approval from Franchisees; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the obligations of Franchisor hereunder:

a. The assignee shall expressly assume and agree to perform such

obligations of Franchisor in writing; and

b. From and after the date of any such assignment, Franchisor shall have no further obligation or liability under this Agreement.

17.2. Assignment by Franchisee. The rights and duties created by this Agreement are personal to Franchisee. Franchisee acknowledges that Franchisor has entered into this Agreement in reliance on the individual or collective character, skill, aptitude, business ability, and financial capacity of Franchisee and its owners. Franchisee and each owner of an interest in this Agreement represent, warrant, and agree that all "Interests" in Franchisee are owned in the amount and manner in which Franchisee has disclosed them to Franchisor, as more particularly set forth in **Schedule 1** to this Agreement. (An "**Interest**" means any shares or partnership interests in Franchisee and any other legal or equitable right in any of Franchisee's stock, revenues, profits, rights or assets. When referring to Franchisee's rights or assets, an "**Interest**" also includes this Agreement and Franchisee's rights under and interest in this Agreement, the Restaurant and the revenues, profits or assets of the Restaurant.) Franchisee and each owner also represent, warrant and agree that no change will be made in the ownership of an Interest other than as permitted by this Agreement or as Franchisor may otherwise approve in writing. Franchisee and each owner agree to furnish Franchisor with evidence as Franchisor may request from time to time to assure that the Interests of Franchisee and each owner remain as permitted by this Agreement, including a list of all persons or entities owning any Interest. If Franchisee is a Business Organization, Franchisee shall cause each of the owners of any equity ownership in Franchisee to execute an agreement granting Franchisor an option to purchase each of such owner's Interest in Franchisee upon an Assignment as provided in this Section 17.

17.3. Neither this Agreement nor any Interest herein nor any Interest of Franchisee or any owner may be indirectly or directly, sold, transferred, assigned, conveyed, gifted, pledged, mortgaged, or otherwise encumbered ("**Assignment**") without Franchisor's prior written approval. Any such purported Assignment occurring by operation of law or otherwise without Franchisor's prior written consent shall constitute a default of this Agreement by Franchisee and shall be null and void. Except in the instance of Franchisee advertising to sell its Restaurant and assigning this Agreement in accordance with the terms thereof, Franchisee shall not, without Franchisor's prior written consent, offer for sale or transfer at public or private auction or advertise publicly for sale or transfer, the furnishings, interior and exterior décor, items, supplies, fixtures, equipment, Franchisee's lease or the real or personal property used in connection with the Restaurant. This Agreement may not be transferred by Franchisee to a publicly-held entity, or to any entity whose direct or indirect parent's securities are publicly traded and no shares of Franchisee or any direct or indirect owner of Franchisee may be offered for sale through the public offering of securities.

17.4. In the event that Franchisee desires to make an Assignment including assigning all or any part of its rights, privileges and interests under this Agreement, Franchisee shall first offer such Assignment to Franchisor by notifying Franchisor in

writing of the material terms and conditions, including price and identity of transferee upon which Franchisee would be willing to make such an Assignment. Franchisee shall also concurrently provide Franchisor with the estoppel certificate identified in Section 17.7 below and such other information as determined by Franchisor to enable Franchisor to evaluate the offer. Franchisor shall have the first right to acquire said rights, privileges and interests of Franchisee by accepting the offer in accordance with said terms and conditions or equivalent cash, as determined by Franchisor in its reasonable business judgment.

a. If the Assignment will be in the aggregate more than 50% of any one class of outstanding capital stock, the voting power, membership interests, partnership interest or other Interest in Franchisee occurring within 36 months prior to the date of the Assignment, (a "**Majority Interest**"), then Franchisor shall have the option to purchase not only the Majority Interest being transferred, but also the remaining Interest, so that the ownership of Franchisor will be 100%. Any purchase of such remaining Interest shall be valued on a basis proportionate to the price of the Interest initially being offered.

b. If, within 30 days after receipt of Franchisee's notice, Franchisor advises Franchisee of its acceptance of the offer as stated in the notice, Franchisee shall promptly make the Assignment to Franchisor on the stated terms and conditions. Should Franchisor elect to exercise its right of first refusal, Franchisee shall, if requested by Franchisor, cause Franchisee's lease or sublease, if any, with the lessor for the Location to be assigned to Franchisor (or, if the Location is owned by Franchisee, Franchisee shall lease the Location to Franchisor on commercially reasonable terms applicable in that market). Notwithstanding the foregoing, Franchisor shall have at least 60 days from the date of its notice of exercise to Franchisee to close the transaction and Franchisor shall also be entitled to all customary and reasonable representations and warranties from Franchisee regarding the Franchisee's business or any other interest being conveyed.

c. Notwithstanding the provisions of this Section 17.4, Franchisor will waive Franchisor's right of first refusal if the assignee is a revocable family trust for which Franchisee is the controlling trustee and Franchisee's immediate family members are beneficiaries provided such Assignment is not considered a Majority Interest. An immediate family member is defined as a parent; sibling; child by blood, adoption, or marriage; spouse or significant other; grandparent or grandchild.

17.5. If, within 30 days after receipt of Franchisee's notice, Franchisor does not indicate its acceptance of the offer as stated in the notice, Franchisee shall thereafter have the right, subject to the prior written consent of Franchisor, to make the Assignment to the proposed transferee on the same terms and conditions as stated in the notice. Should Franchisor not exercise its right of first refusal and should the contemplated Assignment not be completed within 120 days from the date of Franchisee's notice, or should the terms and conditions thereof (including the proposed transferee or the ownership therein) be altered in any material way, this right of first refusal shall be reinstated and any such subsequent proposed Assignment or altered terms and conditions of the current transaction must again be offered to Franchisor in accordance

with the terms of these Sections 17.4 and 17.5.

17.6. Franchisee shall notify Franchisor in writing of any proposed assignee and shall promptly furnish Franchisor with such other information and documentation as Franchisor may request for the purpose of considering whether to grant its written consent. Franchisee acknowledges and agrees that Franchisor shall be entitled, at its election and without liability to Franchisee, to provide assignee with information relating to the Restaurant, including information in Franchisor's possession relating to operations and sales. Franchisor shall not unreasonably withhold its consent to an Assignment provided that Franchisee and the assignee satisfy such reasonable terms and conditions which may be imposed by Franchisor as a condition to obtaining Franchisor's consent, which may include, without limitation, the following:

a. The assignee (and its partners or the officers, directors, principal shareholders, or members of the assignee, as the case may be) shall be subject to the determination by Franchisor:

i. To have the appropriate business qualifications, restaurant operations experience, reputation, character, and aptitude necessary to operate and maintain the Restaurant;

ii. To have the ability to devote full time and best efforts to operating and maintaining the Restaurant;

iii. To be financially responsible, possess a favorable credit rating, be economically capable of carrying on the Restaurant business and have sufficient net worth as required by Franchisor for new franchisees;

iv. To not have been convicted of criminal misconduct that is relevant to the operation or ownership of the Restaurant or of any felony;

v. Shall neither directly nor indirectly own, operate, control or have any financial interest in any other business which would constitute a "**Competitive Business**" (as such term is defined in Section 21.7 of this Agreement); and

vi. Shall have demonstrated to Franchisor's satisfaction that assignee meets all of Franchisor's then-current requirements for new El Pollo Loco® franchisees, which requirements are subject to change by Franchisor from time to time as its sole and absolute right.

b. The assignee shall expressly assume in writing, via the Consent to and Assignment of Franchise Rights attached hereto as Exhibit 9 of this Agreement, all of the obligations and liabilities of and enter into Franchisor's then-current form of franchise agreement, which may contain provisions including royalty and advertising fees, materially different from those contained herein; provided, however, that the term of such new agreement shall be equal to the then-remaining term of this Agreement and assignee

shall not be required to pay a new IFF. If the assignee is a partnership, corporation, limited liability company or other legal entity, then all partners, shareholders, and members of assignee that (i) hold at least a 10% interest in assignee and/or (ii) upon whose net worth Franchisor is relying in determining that the assignee has met Franchisor's financial minimum requirements for approval must sign the Personal Guarantee of Franchise Agreement ("**Personal Guarantee**") and any related documents in their individual capacity, agreeing to guarantee the obligations and liabilities of the assignee under this Agreement and to be individually bound by the terms of this Agreement as if they were a party to the Franchise Agreement. If a new partnership, corporation, limited liability company or other legal entity, at any time (including after an assignment), becomes the Franchisee or part of the Franchisee, that partnership, corporation, limited liability company or legal entity, as well as all holders of 10% interest or more in assignee, as applicable, shall execute a Personal Guarantee, guaranteeing each of Franchisee's obligations and liabilities under this Agreement and agreeing to be individually bound by the terms of this as if they were a party to this Agreement. If the assignee is a corporation, partnership or limited liability company, it also shall demonstrate to the reasonable satisfaction of Franchisor that it has established transfer instructions prohibiting the transfer on its records of any equity securities, partnership interests or ownership interests in violation of the requirements set forth in this Section 17 and that each stock, partnership or ownership certificate of Franchisee shall have conspicuously endorsed upon its face a statement in form satisfactory to Franchisor that the assignment or transfer is subject to all of the restrictions imposed upon assignments by this Agreement;

c. The assignee or the assignor agrees to the reimage and/or remodel of the Restaurant to Franchisor's then-current standards, format, design and image, as designated pursuant to plans and specifications provided by Franchisor. Franchisee will have a specified period of time to complete the required reimage and/or remodel of the Restaurant. The required reimage and/or remodel of the Restaurant must be completed to Franchisor's satisfaction. Should the required reimage and/or remodel of the Restaurant not be completed to Franchisor's satisfaction, then Franchisor may terminate this Agreement under Section 18, entitled Default and Termination;

d. A copy of the Personal Guarantee required to be executed pursuant to this Section 17 is attached hereto as Exhibit 2. All other individuals with an ownership interest in the entity (who are not required to execute the Personal Guarantee) will be considered "**Investors**" and will be required to execute the "**Investor Covenants Regarding Confidentiality and Non-Competition**" which is attached hereto as Exhibit 3;

e. The assignee shall represent and warrant to Franchisor in writing that the assignee:

i. Has conducted an independent study of the Restaurant and the business therein;

ii. Has not in any way relied upon statements or representations

of Franchisor or its employees or agents except as may be contained in a Disclosure Document or other comparable Disclosure Document which may be required to be delivered to such assignee in accordance with applicable law; and

iii. Acknowledges and understands that the assignee's rights upon assignment are conditioned on full performance of Franchisee's obligations hereunder and are limited to those expressly provided for in this Agreement.

f. As of the date of such assignment, Franchisee shall have fully performed and complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement, arrangement or understanding with Franchisor;

g. Franchisee shall pay and discharge all outstanding obligations to Franchisor and to third parties arising from the existence, operation or maintenance of the Restaurant including, without limitation, amounts owing under this Agreement, the lease, if any, for the Location or to employees, suppliers, taxing authorities, utility companies and others as of the assignment date;

h. Franchisee shall pay to Franchisor the applicable Assignment Fee as provided in Section 6.1(l) and reimburse Franchisor for costs and expenses incurred in connection with such Assignment, including, without limitation, the cost of credit investigations and the preparation of Assignment agreements and Franchise Disclosure Documents which may be required to be delivered to such assignee under applicable federal or state law (for the avoidance of doubt, the foregoing fees (including the applicable Assignment Fee and reimbursement of Franchisor's reasonable attorneys' fee) is payable whether or not Franchisor ultimately approves Franchisee's request for an Assignment); and

i. In conjunction with granting the consent of Franchisor to any Assignment, Franchisee shall execute a general release, in form and substance satisfactory to Franchisor, of all claims against Franchisor and any affiliates of Franchisor.

17.7. Upon Franchisor's request, Franchisee shall, concurrently with any offer submitted to Franchisor by Franchisee regarding a transfer or purported Assignment or at any other time at Franchisor's request, furnish Franchisor with an estoppel agreement indicating any and all claims, demands and causes of action, if any that Franchisee may have against Franchisor or if none so exist, so stating, and a list of all owners having an interest in this Agreement or in Franchisee, the percentage interest of each owner and a list of all officers, directors, members and/or shareholders in such form as Franchisor may require.

17.8. Any Assignment including any encumbrance, assignment or purported encumbrance or assignment of Franchisee's rights, privileges or interests under this Agreement without Franchisor's written consent shall be null and void, of no force and effect, and shall constitute grounds for termination of this Agreement as provided in Section 18 hereof.

17.9. Any assignment based upon the legal incapacity of Franchisee, whether by operation of law or otherwise, shall be subject to Franchisor's written consent and right of first refusal as provided herein.

17.10. If this Agreement is assigned, Franchisee shall remain liable to Franchisor for the obligations under this Agreement and the obligations of the assignee hereunder and which arise as a result of acts, events or omissions which occur prior to the effective date of the assignment or within the initial term of this Agreement; provided, however, that the foregoing limitation on liability shall not reduce Franchisee's continuing liability to the extent that Franchisee is a partner, shareholder or owner of an interest in the assignee. Franchisor's consent to any transfer hereunder shall not constitute a waiver or release of any claims it may have against Franchisee as of the date of the assignment.

17.11. Any transfer of this Agreement, or any interest in this Agreement, or franchisee by will or intestate succession, or the sale of this franchise, or any interest in Franchisee constituting a Majority Interest by the executor or administrator of Franchisee's or such shareholder's or person's estate, shall be considered to be a transfer requiring compliance with the provisions of this Section 17, including the requirements concerning Franchisor's written approval of the assignee, the assignee's qualifications and training, and the execution of agreements. In the event Franchisor does not approve the qualifications of any heir or beneficiary to operate the Restaurant, the executor or administrator of Franchisee's estate shall have a period of 12 months following written disapproval to sell the franchise business to an assignee acceptable to Franchisor, during which 12 month period the Restaurant shall be operated in accordance with all the terms and provisions of this Agreement. Such sale shall be subject to Franchisor's right of first refusal pursuant to this Section 17. If such a sale is not concluded within that period, Franchisor may terminate this Agreement.

17.12. If, for convenience of ownership, Franchisee desires to assign this Agreement to a Business Organization to hold its interest in this Agreement, Franchisor will consent to the assignment of this Agreement to a Business Organization, provided that (i) none of the securities of an Business Organization shall be traded on any public exchange or over the counter market; (ii) the certificates or other evidence of ownership held by the owner thereof shall contain a restriction on transfer referencing this Agreement, in a form required by Franchisor; (iii) the ownership of the assignee Business Organization shall be in the same proportion as the ownership of Franchisee immediately prior to the transfer; and (iv) none of the shares of stock, membership interests, voting power, equity or ownership interests in the assignee Business Organization shall be held by or for the benefit of a business competitor of Franchisor. Franchisee shall pay the Entity Administration Fee upon Franchisee's request of the transfer, for each transfer to a Business Organization, or for each transfer of ownership amongst existing owners where such transfer is for the convenience of ownership only. At the time of request for a transfer for the convenience of ownership, Franchisee shall submit the following documents to Franchisor and Franchisor shall review, approve and/or disapprove such documents within 30 days thereafter:

a. For an assignment to a corporation, Franchisee shall provide to Franchisor a (i) file stamped copy of the Articles of Incorporation (or comparable organizational document) and By-laws of the proposed assignee corporation, (ii) a sample stock certificate, (iii) a Certificate of Good Standing in the state in which the corporation is authorized to do business and the state in which the corporation will conduct the restaurant business pursuant to this Agreement, and (iv) a list of directors, shareholders and officers and their percentage ownership of the stock of the corporation. Each share certificate of a corporation shall contain a restriction on transfer in a form designated by Franchisor.

b. For an assignment to a partnership, Franchisee shall provide to Franchisor a (i) file stamped copy of the Certificate of Limited Partnership (if applicable) or the Statement of Partnership, and (ii) a copy of the fully executed Partnership Agreement, containing an exhibit showing the percentage of ownership in the partnership by all partners. The partnership agreement shall contain a restriction on transfer in a form designated by Franchisor.

c. For an assignment to a limited liability company, Franchisee shall provide to Company (i) Certificate of Formation (or comparable organizational document) of Limited Liability Company; (ii) a fully executed copy of the Operating Agreement, containing an exhibit showing the percentage of ownership of all members in the limited liability company; and (iii) the name of the Manager or Managers of the limited liability company. The operating agreement shall contain a restriction on transfer in a form designated by Franchisor.

d. Franchisee acknowledges that the purpose of the restrictions on transfer referenced in Sections 17.12(a) through 17.12(c) above is to protect Franchisor's trademarks, service marks, trade secrets, and operating procedures as well as the Franchisor's general high reputation and image, and is for the mutual benefit of Franchisor, Franchisee and other franchisees of the Franchisor. Franchisor shall not unreasonably restrict the issuance or transfer of stock or interests in a partnership or limited liability company, provided that, in no event, shall any share of stock of such assignee corporation, or an interest in a partnership or limited liability be sold, assigned or transferred to a business of a competitor of Franchisor or anyone of ill repute.

17.13. Where Franchisee desires to add a new principal to the Franchisee entity, Franchisee shall pay to Franchisor the New Principal Administration Fee.

17.14. In connection with a sale by Franchisee of all or substantially all of the assets relating to the Restaurant business, Franchisee may take a security interest in the Restaurant and the purchaser's rights under this Agreement in order to secure any financing that Franchisee provides to the purchaser for the purchase of the Restaurant. In the event of a default under such financing arrangement and the exercise by Franchisee of its rights under such security interest, Franchisee or the individual(s) purchasing the Restaurant out of a foreclosure sale may become the franchisee under

this Agreement, subject to its compliance with each of the requirements set forth in this Section 17.

18. DEFAULT AND TERMINATION

18.1. In addition to all other available rights and remedies, Franchisor shall have the right to terminate this Agreement only for "**cause**". "**Cause**" is hereby defined as a material breach of this Agreement, including, but not limited to, any of the facts or circumstances specified in Sections 18.2, 18.3, or 18.4.

18.2. In addition to all other available rights and remedies, Franchisor shall have the right upon the occurrence of any of the following events to immediately terminate this Agreement by giving written notice to Franchisee.

a. Abandonment of the Restaurant by Franchisee by failing to operate the Restaurant business for 5 consecutive days or any shorter period of time after which Franchisor reasonably determines that Franchisee does not intend to continue to operate the business, unless such failure is due to fire, flood, earthquake or other similar cause beyond Franchisee's control, in which case Franchisee shall comply with each of the requirements set forth in Section 23.17;

b. Franchisee admits to an inability to pay its debts as the same become due, is declared bankrupt or judicially determined to be insolvent, or all or a substantial part of the assets thereof are assigned to or for the benefit of any creditor, or Franchisee admits its inability to pay its debts as they come due;

c. A levy of execution is made upon the Restaurant, the license granted by this Agreement or upon any property used in the Restaurant business, and it is not discharged within 5 days of such levy;

d. The Restaurant business, equipment or premises are seized, taken over or foreclosed by a creditor, lienholder or lessor, or a final judgment rendered against Franchisee remains unsatisfied for at least 30 days and a supersedeas or other appeal bond has not been filed;

e. The right to occupy or lease the Location is lost or terminated and Franchisee has not relocated the Restaurant, if permitted, pursuant to Section 23.17;

f. Franchisee or any of its partners, officers, directors or principal shareholders is convicted of any criminal misconduct that is relevant to the operation or ownership of the Restaurant or any felony;

g. The failure of Franchisee to reach each milestone and to open and operate the Restaurant in accordance with and by the time set forth in Section 4.1;

h. Any purported Assignment, including the transfer or sublicense of

this franchise, or any right hereunder, without the prior written consent of Franchisor;

i. Any material misrepresentation is made by Franchisee in connection with the acquisition of the franchise herein;

j. Franchisee engages in conduct which reflects materially and unfavorably upon the operation, the reputation of the Restaurant business, the El Pollo Loco® System, or the goodwill associated with the El Pollo Loco® Marks;

k. Franchisee on 3 or more occasions fails to comply with 1 or more material standards or requirements of this Agreement (or as specified in the Manual), whether or not corrected after notification thereof;

l. A repetition within a one-year period of any default (whether or not that earlier default was corrected after notification thereof) shall justify Franchisor in terminating this Agreement upon written notice to Franchisee without allowance for any curative period;

m. Failure of Franchisee, for a period of 10 days after notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation and maintenance of the Restaurant, including, but not limited to, public health and safety requirements;

n. Reasonable determination on the part of Franchisor that continued operation of the Restaurant by Franchisee will result in an imminent danger to public health or safety;

o. Except for noncompliance otherwise covered by Section 18.2.k above, failure of Franchisee to correct a deficiency or unsatisfactory condition referred to in an Inspection Report (discussed in Section 15 hereof) which Franchisor reasonably determines may have a material adverse effect on the ownership or operation of the Restaurant after having received a reasonable opportunity to cure such deficiency or unsatisfactory condition, which in no event need be more than 30 days;

p. In the event that Franchisee leases or subleases the Location and/or the leasehold improvements thereon from a third party, the failure of Franchisee to cure any and all defaults under the terms and provisions of any such lease or sublease within the time provided for the curing of any such default(s) in any such lease or sublease;

q. Any misrepresentation by Franchisee or any violation of the Anti-Terrorism Laws by Franchisee or its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates.

18.3. Except for any default by Franchisee under Section 18.2, or as otherwise expressly provided in this Agreement, Franchisee shall have 10 days (5 days in the case

of any default in the timely payment of sums due to Franchisor or its affiliates or to vendors for any products, services or required fees due to such vendors), after Franchisor's written notice of a material default within which to remedy any material default under this Agreement, and to provide evidence of such remedy to Franchisor. If any such default is not cured within that time period, or such longer time period as applicable law may require or as Franchisor may specify in the notice of default, this Agreement and all rights granted by it shall thereupon automatically terminate without further notice or opportunity to cure.

18.4. Franchisee shall be in material default under this Section for any failure to comply with any of the requirements imposed by this Agreement. Such material defaults shall include, but are not limited to, the occurrence of any one or more of the following events:

a. Failure of Franchisee to pay to Franchisor, its affiliates or any third-parties any fees, costs, charges or other amounts due;

b. Failure of Franchisee to pay when due any rent, taxes or other payments required under any sublease with Franchisor for the Location;

c. Failure of Franchisee to cure any default by Franchisee under any loan, note or other obligation which is obtained to assist Franchisee to make any payment due Franchisor hereunder or which is secured by all or any part of Franchisee's interest in the Restaurant, the Location, and/or the improvements or furniture, fixtures or equipment therein;

d. The attachment of any involuntary lien in the sum of $1,000.00 or more upon any of the business assets or property of Franchisee, which lien is not removed, or for which Franchisee does not post a bond sufficient to satisfy such lien, within 30 days of the filing of such lien;

e. The failure of Franchisee and/or its affiliates to cure any and all defaults under the terms and provisions of any other agreement with Franchisor, including, but not limited to, the Franchise Development Agreement, Sublease, Purchase Agreement, or any third party relating to this franchise or the operation or ownership of the Restaurant, including, but not limited to, any other franchise agreement, lease or promissory note between Franchisor or its affiliate and Franchisee within the time provided for the curing of any such defaults in any such other agreement, lease or promissory note;

f. Franchisee's misuse or unauthorized use of the El Pollo Loco® Marks;

g. Failure of Franchisee to comply with any standard or requirement of this Agreement which is not otherwise covered in this Section 18.

18.5. Notwithstanding anything to the contrary contained in this Section 18, in the

event any valid, applicable law of a competent governmental authority having jurisdiction over this Agreement and the parties hereto shall limit Franchisor's rights of termination hereunder or shall require longer notice periods than those set forth above, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon termination required by such laws and regulations. Franchisor shall not, however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or dispute relating to this Agreement or the termination thereof.

18.6. Franchisor shall not, and cannot be held in breach of this Agreement until (i) Franchisor has received written notice from Franchisee describing in detail any alleged breach; and (ii) Franchisor has failed to remedy the breach within a reasonable period of time after such notice, which period shall not be less than 60 days plus such additional time as reasonably required by Franchisor if because of the nature of the alleged breach it cannot reasonably be cured within said 60 days, provided Franchisor promptly commences and continues diligently to cure such alleged breach. Except for breach hereof by Franchisor (subject to the preceding sentence) or as permitted under Section 23.17 hereof, Franchisee shall have no right to terminate this Agreement.

19. RIGHTS AND OBLIGATIONS UPON TERMINATION

19.1. In the event of expiration or earlier termination of this Agreement:

a. Franchisee shall promptly cease to use, in any manner and for any purpose, directly or indirectly, the El Pollo Loco® Marks, the El Pollo Loco® System, Franchisor's trade secrets, proprietary information, policies, procedures, techniques, methods and materials used by Franchisee in connection with the franchise relationship and shall immediately return to Franchisor, or certify as destroyed any and all (including electronic) copies of any of the foregoing, including, but not limited to:

i. Specifications, recipes and descriptions of food products;

ii. The Manual, memoranda, bulletins, forms, reports, instructions and supplements thereto;

iii. Training methods and materials provided by Franchisor hereunder;

iv. Brochures, posters and other advertising materials; and

v. All items bearing or containing the El Pollo Loco® Marks, including without limitation, all trademarks, trade names, service marks, logotypes, designs and other identifying symbols and names pertaining thereto.

b. Franchisee shall immediately remove, obliterate or destroy all Signs and advertisements identifiable in any way with Franchisor's name and perform such

reasonable redecoration and remodeling of the Restaurant and the Location as may be necessary, in Franchisor's judgment, to distinguish it from an El Pollo Loco® restaurant. To the extent that Franchisor is required under applicable law to repurchase certain goods from Franchisee, Franchisee hereby grants to Franchisor the option to purchase all paper goods, containers and all other items containing Franchisor's name or the El Pollo Loco® Marks which are in re-saleable or reusable condition at the lower of their cost or fair market value at the time of termination;

c. Franchisor may retain all fees paid pursuant to this Agreement;

d. On any termination or expiration of this Agreement, whether due to a default of Franchisee or otherwise, Franchisor shall have the right, at its option, for 30 days after such termination or expiration to elect to purchase Franchisee's interest in the leasehold improvements and furniture, fixtures, equipment, and any or all of the other tangible Restaurant assets (collectively, "**Assets**") at a purchase price equal to the lesser of Franchisee's cost or the fair market value of such Assets, and to purchase Franchisee's inventory at Franchisee's cost thereof. If the parties hereto cannot agree on the fair market value for the Assets within 45 days of any such date of termination or expiration, Franchisor shall designate an independent appraiser whose determination shall be binding. If Franchisor elects to exercise any option to purchase as herein provided, it shall have the right to set off all amounts due from Franchisee and the costs of the appraisal, if any, against any payment therefor;

e. Should Franchisee fail to perform any of these tasks, the Franchisor's personnel and representative shall have the right to enter the Restaurant at any time, with or without notice, for the purposes of removing all trademarks, trade names, service marks, logotypes, designs and other identifying symbols and names pertaining to El Pollo Loco brand and to remove, obliterate or destroy all Signs and advertisements identifiable in any way with Franchisor's name and perform such reasonable redecoration and remodeling of the Restaurant and the Location as may be necessary, in Franchisor's judgment, to distinguish it from an El Pollo Loco® restaurant. The cost of performing this will be billed to Franchisee and payable within 5 days of receipt of invoice; and

f. Franchisee shall comply with the covenants set forth in Section 21.7 of this Agreement.

19.2. Upon the expiration or termination of this Agreement, Franchisee shall promptly pay all sums owing to Franchisor and its subsidiaries and affiliates. In the event of termination by reason of any default of Franchisee, such sums shall include all damages (including, but not limited to, any lost future royalties and advertising fees), costs and expenses (both internal and external), including reasonable attorneys' fees (both internal and external), incurred by Franchisor as a result of the default, which obligation to pay all such sums shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, Signs, fixtures, and inventory owned by Franchisee located in the Restaurant operated hereunder at the time of any such default. Franchisee shall pay interest to Franchisor on

any amounts which may become due to Franchisor from Franchisee, if such are not paid when due, at the rate of 15% per annum or the maximum interest rate permitted by law, whichever is less.

19.3. The expiration or termination of this Agreement shall be without prejudice to the rights and remedies of Franchisor against Franchisee. Furthermore, such expiration or termination shall neither release Franchisee or any of its obligations and liabilities to Franchisor existing at the time thereof nor terminate those obligations and liabilities of Franchisee which, by their nature, survive the expiration or termination of this Agreement.

19.4. Upon expiration or termination of this Agreement, Franchisor may remove all references to the Franchise and/or to the Restaurant from its website(s).

19.5. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of any of the provisions of this Section 19, including the covenants in Section 21.7. Franchisee agrees to pay all costs and expenses (both internal and external), including reasonable attorneys' fees (both internal and external) incurred by Franchisor in connection with the enforcement of this Section 19.

20. RIGHTS TO A SUCCESSOR FRANCHISE

20.1. Franchisee shall have the right, subject to the conditions contained in this Section 20.1, to acquire a successor franchise for the Restaurant on the terms and conditions of Franchisor's then-current form of franchise agreement and for a term of 10 years (a "**Successor Term**") commencing on the expiration of the term of this Agreement. The then-current form of franchise agreement may have different terms and conditions such as a different protected area, higher royalty and/or advertising fees, no additional successor or renewal term upon expiration and other modifications to reflect that the then-current form of franchise agreement relates to the grant of a renewal. Franchisee's right to a successor franchise shall be conditioned upon the satisfaction of each of the following conditions prior to the expiration of the term of this Agreement: (a) Franchisee is in compliance with this Agreement in all respects including financial and operational compliance and has been in substantial compliance with this Agreement throughout the term; (b) Franchisee meets Franchisor's then-current criteria for renewing franchisees, which includes but is not limited to financial and operational standards; (c) Franchisor has not notified Franchisee of its decision that any federal or applicable state legislation, regulation or rule which is enacted, promulgated or amended after the date hereof may have an adverse effect on Franchisor's rights, remedies or discretion in franchising El Pollo Loco® restaurants; (d) Franchisee maintains the right to possession of the Location for the term of the successor franchise agreement; (e) Franchisee shall have paid the renewal fee described in the final sentence of this Section 20.1; and (f) Franchisee satisfies each of the conditions and executes and delivers the agreement described in Sections 20.2, 20.3 and 20.4 below. At the time of exercise, Franchisee will be obligated to pay a renewal fee equal to 50% of Franchisor's then-current standard IFF if Franchisee elects a Successor Term plus reimbursement of Franchisor's reasonable attorneys' fees

to be fully paid by the earlier of (i) upon Franchisee's signing of the successor franchise agreement or (ii) upon receipt of invoice. Solely as Franchisor's sole and absolute right to determine, Franchisee may be offered a successor franchise for a term different than the standard 10 years to run concurrent with the remaining term of the (sub)lease for where the Restaurant is located. This pro-rated term successor franchise agreement ("**Pro-rated Successor Franchise Agreement**") will use the then-current form of franchise agreement (modified as described above). In order to qualify for the Pro-rated Successor Franchise Agreement, Franchisee must meet the same conditions listed above from (a) to (f) and Franchisee will be obligated to pay a renewal fee equal to 50% of Franchisor's then-current standard IFF pro-rated to the remaining (sub)lease term.

20.2. Franchisee must give Franchisor written notice of Franchisee's desire to acquire a successor franchise at least 360 days prior to the expiration of this Agreement. Franchisor will give Franchisee notice, not later than 60 days after receipt of notice, of Franchisor's decision as to whether or not Franchisee has the right to acquire a successor franchise pursuant to Section 20.1. Notwithstanding notice of Franchisor's decision that Franchisee has the right to acquire a successor franchise for the Restaurant, Franchisee's right to acquire a successor franchise will be subject to Franchisee's continued compliance with all of the terms of this Agreement up to the date of its expiration.

20.3. If Franchisee exercises the right to acquire a successor franchise in accordance with Section 20.2 above, Franchisee shall enter into an agreement with Franchisor within 60 days following delivery of the written notice pursuant to Section 20.2, agreeing to remodel the Restaurant, add or replace improvements, fixtures, furnishings, equipment and Signs, and otherwise modify to upgrade the Restaurant to the specifications, image and standards then applicable for new El Pollo Loco® restaurants. All such remodeling, additions and replacements must be completed prior to the effective date of such successor franchise agreement.

20.4. If Franchisee has the right to acquire a successor franchise in accordance with Section 20.1 and exercises that right in accordance with Section 20.2, the parties must execute the form of franchise agreement (which may contain provisions, including royalty and advertising fees, materially different from those contained herein) and all ancillary agreements which Franchisor then customarily uses in granting renewal franchises for the operation of El Pollo Loco® restaurants, and Franchisee must execute general releases, in form and substance satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates, officers, directors, employees, agents, successors and assigns. Failure by Franchisee to sign such agreements and releases within 30 days after delivery thereof to Franchisee shall be deemed an election by Franchisee not to acquire a successor franchise.

21. PROPRIETARY RIGHTS AND UNFAIR COMPETITION

21.1. In the event of any claim of or challenge to Franchisee's use of the El Pollo Loco® Marks licensed under this Agreement, Franchisee shall immediately notify Franchisor in writing of the facts of such claim or challenge.

a. Franchisor shall protect and defend Franchisee against any claims or challenges arising out of Franchisee's proper use of the El Pollo Loco® Marks licensed hereunder.

b. Franchisor shall reimburse Franchisee for all damages for which it is held liable in any such proceeding; however, the foregoing obligations of Franchisor to protect, defend and reimburse Franchisee will exist only if Franchisee has used the name or mark which is the subject of the controversy in strict accordance with the provisions of this Agreement and the rules, regulations, procedures, requirements and instructions of Franchisor and has notified Franchisor of the challenge as set forth above.

c. Any action to be taken in the event of a claim or challenge to any of the El Pollo Loco® Marks shall be solely and absolutely within Franchisor's right to determine. Franchisor shall have the sole and absolute right to control any legal actions or proceedings resulting therefrom. Any actions taken to protect the El Pollo Loco® Marks shall also be within the sole and absolute right to determine and control of Franchisor. Franchisee shall cooperate fully with Franchisor in the prosecution or defense of any claim or challenge concerning any of the El Pollo Loco® Marks.

21.2. If it becomes advisable at any time, as the sole and absolute right of Franchisor, to modify or discontinue the use of any one or more of the El Pollo Loco® Marks or to use one or more additional or substitute names, marks or copyrights, Franchisee shall immediately comply with the instructions of Franchisor in that regard. In such event, the sole obligation of Franchisor will be to reimburse Franchisee for the actual costs, such as replacing sign faces, of physically complying with this obligation.

21.3. Franchisee acknowledges and agrees that at all times and in all respects, the El Pollo Loco® Marks are the sole property of Franchisor and that Franchisee has only a license to use such rights and marks according to the provisions hereof. Franchisee shall make no application for registration of any identifying name or mark licensed herein or similar thereto without the prior written consent of, and upon terms and conditions satisfactory to, Franchisor. Franchisee shall not register any of the El Pollo Loco® Marks, part thereof, or anything confusingly similar thereto, as a domain name, or use, or permit the usage of, any of the same in connection with any Internet web site or web page. Franchisee shall indicate the required trademark, service mark or copyright notices in the form specified by Franchisor in connection with its use of the El Pollo Loco® Marks. Franchisee shall take no action which will interfere with any of Franchisor's rights in and to the El Pollo Loco® Marks. Franchisee shall not, without Franchisor's prior written consent, sell, dispense or otherwise provide Franchisor's products or any El Pollo Loco products bearing the El Pollo Loco® Marks, except by means of retail sales in, or delivered from, the Restaurant.

21.4. Intranet.

a. Franchisor may, at its option, establish and maintain an Intranet

through which franchisees of Franchisor may communicate with each other, and through which Franchisor and Franchisee may communicate with each other and through which Franchisor may disseminate the Manuals, updates thereto and other confidential information. Franchisor shall have sole and absolute right to determine and control all aspects of the Intranet, including the content and functionality thereof. Franchisor will have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without Franchisor having any liability to Franchisee. (As used herein, the term "**Intranet**" shall mean an intranet, extranet or other communication network between and among Franchisor and Franchisee that is accessed by the Internet. As used herein, the term "**Internet**" shall mean collectively the myriad of computer and telecommunications facilities, including equipment and software, which comprise the interconnected worldwide network of networks that employ the TCP/IP [Transmission Control Protocol/Internet Protocol], or any predecessor or successor protocols to such protocol, to communicate information of all kinds by fiber optics, wire, radio or other methods of electronic communication.)

b. If Franchisor establishes an Intranet, Franchisee shall have the privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions that Franchisor may establish from time to time. Such standards and specifications, protocols and restrictions may relate to, among other things, (i) use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) confidential treatment of materials that Franchisor transmits via the Intranet; (iii) password protocols and other security precautions; (iv) grounds and procedures for Franchisor's suspending or revoking a franchisee's access to the Intranet; and (v) a privacy policy governing Franchisor's access to and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledges that, as administrator of the Intranet, Franchisor can technically access and view any communication that any person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor's property, free of any claims of privacy or privilege that Franchisee or any other person may assert.

c. Upon receipt of notice from Franchisor that Franchisor has established the Intranet, Franchisee shall establish and continually maintain (during all times that the Intranet shall be established and until the termination of this Agreement) an electronic connection (the specifications of which shall be specified in the Manuals) with the Intranet that allows Franchisor to send messages to and receive messages from Franchisee, subject to the standards and specifications.

d. Franchisee shall contribute a reasonable amount, not to exceed $1,000.00 per year (which maximum amount shall increase at a rate of 3% per calendar year during the term of this Agreement, toward the cost of the Intranet's maintenance. Such contribution shall be established by Franchisor by not later than March 1 of each calendar year and shall be payable 30 days thereafter.

e. If Franchisee shall breach this Agreement or any other agreement

with Franchisor or its affiliates, Franchisor may disable or terminate Franchisee's access to the Intranet without Franchisor having any liability to Franchisee, and in which case Franchisor shall only be required to provide Franchisee a paper copy of the Manuals and any updates thereto, if none have been previously provided to Franchisee, unless not otherwise entitled to the Manuals.

21.5. Franchisor has established a Website. As used herein, the term "**Website**" shall mean one or more Internet websites that may, among other things, provide marketing development operations and training materials, facilitate catering, take-out, curbside pickup and delivery orders, provide information about the System and the products and services which are offered on such Website and at restaurants operated under the El Pollo Loco® Marks.

a. Franchisor may, as its sole and absolute right to determine, from time to time, without prior notice to Franchisee: (i) change, revise, or eliminate the design, content and functionality of the Website; (ii) make operational changes to the Website; (iii) change or modify the URL and/or domain name of the Website; (iv) substitute, modify, or rearrange the Website, at Franchisor's sole option, including in any manner that Franchisor considers necessary or desirable to, among other things, (1) comply with applicable laws, (2) respond to changes in market conditions or technology, and (3) respond to any other circumstances; (v) limit or restrict end-users access (in whole or in part) to the Website; and (vi) disable or terminate the Website without Franchisor having any liability to Franchisee.

b. The Website may include one or more interior pages that identifies restaurants operated under the El Pollo Loco® Marks, including the Restaurant, by among other things, geographic region, address, telephone number(s), and menu items. The Website may also include one or more interior pages dedicated to franchise sales by Franchisor and/or relations with Franchisor's investors.

c. Franchisor may, from time to time, establish a Franchisee Page. As used herein, the term "**Franchisee Page**" shall mean one or more interior pages of the Website dedicated in whole or in part to Franchisee's Restaurant. Franchisor may permit Franchisee to customize or post certain information to the Franchisee Page, subject to Franchisee's execution of Franchisor's then-current participation agreement, and Franchisee's compliance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Such participation agreement may require Franchisee to pay a reasonable fee (not to exceed $1,000.00 per year, which maximum shall increase at a rate of 3% per year for the term of this Agreement) for the privilege of having a Franchisee Page, and may include, without limitation, specifications and limitations for the data or information to be posted to the Franchisee Page, customization specifications, the basic template for design of the Franchisee Page, parameters and deadlines specified by Franchisor, disclaimers, and such other standards and specifications and rights and obligations of the parties as Franchisor may establish from time to time. Any modifications (including customizations, alterations, submissions or updates) to the Content made by Franchisor for any purpose will be deemed to be a

"**work made for hire**" under the copyright laws, and therefore, Franchisor shall own the intellectual property rights in and to such modifications. To the extent any modification does not qualify as a work made for hire as outlined above, Franchisee hereby assigns those modifications to Franchisor for no additional consideration and with no further action required and shall execute such further assignment(s) as Franchisor may request.

d. Without limiting Franchisor's general unrestricted right to permit, deny and regulate Franchisee's participation on the Website as Franchisor's sole and absolute right to determine, if Franchisee shall breach this Agreement, or any other agreement with Franchisor or its affiliates, Franchisor may disable or terminate the Franchisee Page and remove all references to the Restaurant on the Website until said breach is cured.

21.6. Franchisee acknowledges that, in connection with the operation of the franchise business, Franchisor will be disclosing confidential information and trade secrets to Franchisee. Franchisee further acknowledges that its knowledge of, and access to, Franchisor's formulae, recipes, processes, products, techniques, know-how and other proprietary information, including without limitation the Manual and the El Pollo Loco® System (collectively referred to as the "**Confidential Information**"), are derived entirely from the material disclosed to Franchisee by Franchisor. Franchisee acknowledges and agrees that at all times and in all respects, the Confidential Information is a trade secret of Franchisor and that Franchisee has only a license to use the Confidential Information according to the provisions of this Agreement.

a. Franchisee, and each officer, director, shareholder, member, manager, partner, and other equity owner, as applicable, of Franchisee, if Franchisee is a Business Organization, shall maintain fully and strictly the secrecy of all the Confidential Information and to exercise the highest degree of diligence in safeguarding the Confidential Information during and after the term of this Agreement. Franchisee shall divulge the Confidential Information only to Franchisee's employees and only to the extent necessary to permit the efficient operation of the Restaurant during the effective term of this Agreement. After the expiration or termination of this Agreement, Franchisee shall not divulge the Confidential Information to any person or entity, nor shall Franchisee use the Confidential Information in any manner.

b. It is expressly agreed that the ownership of all of the El Pollo Loco® Marks and the Confidential Information is and shall remain vested solely in Franchisor. Nothing contained in this Agreement shall be construed to require Franchisor to divulge to Franchisee any secret processes, formulae, ingredients or other information, except the material contained in Franchisor's Manual and training materials.

c. Franchisee shall fully and promptly disclose to Franchisor, all ideas, concepts, formulas, recipes, methods, techniques, and other possible improvements (each an "**Improvement**") relating to the development or operation of a quick service flame-grilled food product and/or related service, conceived or developed by Franchisee or Franchisee's employees during the Term. Any and all such Improvements will

automatically be deemed to be Franchisor's sole and exclusive property and works made-for-hire; provided, however, for any such improvements that do not qualify as work made-for-hire for Franchisor, Franchisee hereby assigns ownership of that or those Improvements to Franchisor and covenants to execute whatever assignment or other documentation Franchisor requests in order to evidence such assignment and to assist Franchisor in securing intellectual property rights in the Improvement. Franchisee may not test, offer, or sell any new products without Franchisor's prior written consent, which may be withheld as Franchisor's sole and absolute right.

21.7. To further protect the El Pollo Loco® System while this Agreement is in effect, Franchisee and each officer, director, shareholder, member, manager, partner, and other equity owner, as applicable, of Franchisee, if Franchisee is a Business Organization, shall neither directly nor indirectly, for itself, himself or herself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, consult, work for, be employed by, own any equity interest in, own, operate, control, engage in, provide assistance to, or have any interest (financial or otherwise) in any other business which would constitute a "**Competitive Business**" (as hereinafter defined) without the prior written consent of Franchisor; provided further, that Franchisor may, as its sole and absolute right, consent to Franchisee's continued operation of any business already in existence and operating at the time of execution of this Agreement. In addition, Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous, uninterrupted period commencing upon the expiration, termination or assignment of this Agreement, regardless of the cause for termination, and continuing for 2 years thereafter, either directly or indirectly, for itself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, consult, work for, be employed by, own equity interest in, own, operate, control, engage in, provide assistance to, or have any interest (financial or otherwise) in any Competitive Business which is located or has outlets or restaurant units within a radius of 5 miles of the location of the Restaurant. The foregoing shall not apply to operation of an El Pollo Loco® restaurant by Franchisee pursuant to another franchise agreement with Franchisor or the ownership by Franchisee of less than 5% of the issued or outstanding stock of any company whose shares are listed for trading on any public exchange or on the over-the-counter market, provided that Franchisee does not control or become involved in the operations of any such company. For purposes of this Section 21.7, a Competitive Business shall mean a quick-service restaurant or fast-food business which sells chicken and/or Mexican food products, which products individually or collectively represent more than 20% of the revenues from such quick-service restaurant or fast-food business operated at any one location during any calendar quarter. A "**Competitive Business**" shall not include a full-service restaurant.

21.8. In the event that any provision of this Section 21 shall be determined by a court of competent jurisdiction to be invalid or unenforceable, this Agreement shall not be void, but such provision shall be limited to the extent necessary to make it valid and enforceable.

21.9. Franchisee understands and acknowledges that Franchisor shall have the

right to reduce the scope of any obligation imposed on Franchisee by Section 21.7, without Franchisee's consent, and that such modified provision shall be effective upon Franchisee's receipt of written notice thereof.

21.10. Franchisee acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee hereby consents to the entry of a preliminary and permanent injunction prohibiting any conduct by Franchisee in violation of the terms of those covenants not to compete set forth in this Agreement. Franchisee expressly agrees that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through Franchisee's unlawful utilization of Franchisor's Confidential Information, know-how, methods and procedures.

22. DISPUTE RESOLUTION

22.1. Initial Meeting and Mediation – Except as otherwise provided in this Agreement, before any legal action involving any claim or controversy between Franchisor and Franchisee (including its affiliates) relating to (a) this Agreement, (b) the parties' business activities conducted as a result of this Agreement, or (c) the parties' relationship or business dealings with each other generally is filed, the following procedures shall be complied with:

a. The party wishing to resolve a dispute shall initiate negotiation proceedings by first requesting in writing a meeting. Within 45 days of receipt of the initial request for such a meeting, the parties shall meet, discuss and negotiate toward a resolution of the controversy at a location within the county in which Franchisor is then located.

b. If negotiation efforts do not succeed, the parties shall engage in mandatory but non-binding mediation by a mediator jointly chosen by the parties or if the parties cannot agree upon a mediator, appointed by, and in accordance with the procedures of, JAMS or, if JAMS is no longer in existence, an organization of similar quality.

c. A mediation meeting will be held at a place and at a time mutually agreeable to the parties and the mediator. The Mediator will determine and control the format and procedural aspects of the mediation meeting which will be designed to ensure that both the mediator and the parties have an opportunity to present and hear an oral presentation of each party's views regarding the matter in controversy. The parties will act in good faith to resolve the controversy in mediation.

d. The mediation will be held as soon as practicable after the negotiation meeting is held.

e. The mediator will be free to meet and communicate separately with

each party either before, during or after the mediation meeting within 60 days of demand by either party.

22.2. At the election of Franchisor, the provisions of this Section 22 shall not apply to controversies relating to any fee due Franchisor by Franchisee or its affiliates, any promissory note payments due Franchisor by Franchisee, or any trade payables due Franchisor by Franchisee as a result of the purchase of equipment, goods or supplies. The provisions of this Section 22 shall also not apply to any controversies relating to the use and protection of the El Pollo Loco Marks, the Manual or the El Pollo Loco System, including without limitation, Franchisor's right to apply to any court of competent jurisdiction for appropriate injunctive relief for the infringement of the El Pollo Loco Marks or the El Pollo Loco System.

23. MISCELLANEOUS PROVISIONS

23.1. In the event that Franchisee is comprised of more than one person, firm, corporation or other entity, Franchisee's rights, privileges, interests, obligations and liabilities under this Agreement shall be joint and several with respect to such persons, firms, corporations or other entities.

23.2. If Franchisee is a Business Organization, Franchisor will require, as a condition to the effectiveness hereof, the written guarantee and assumption of Franchisee's obligations hereunder by any or all of the shareholders, members, partners, other equity owners, as applicable, of a Business Organization and/or some other natural persons associated with Franchisee, the form of which is attached hereto as Exhibit 2. Franchisor may also require that Franchisee maintain transfer instructions restricting a transfer on its records of any securities, partnership interests or other ownership interests in violation of the restrictions set forth in Section 17 and that each stock, partnership or other ownership certificate of Franchisee shall have conspicuously endorsed upon its face a statement in form satisfactory to Franchisor that further assignment or transfer thereof is subject to each of the restrictions imposed upon assignments by this Agreement.

23.3. All notices required under this Agreement shall be in writing and shall be either (i) served personally; (ii) sent by certified or registered United States mail to the party to be charged with receipt thereof; (iii) by reputable overnight delivery service or (iv) sent via facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given 48 hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice.

The address for Franchisor shall be:
Attention: Chief Legal Officer re EPL #_____, El Pollo Loco, Inc., 3535 Harbor Blvd, Suite 100, Costa Mesa, California 92626.

The address and facsimile number for Franchisee shall be:
The address and facsimile number listed on the cover page of this Agreement.

Any notice that we send to you may be sent only to the first person identified on Schedule 1, Statement of Ownership Interest of Franchisee, even if you have multiple owners. Franchisor or Franchisee may from time to time change its address for notice pursuant to this Section by giving a written notice of such change to the other party in the manner provided herein. Notwithstanding anything to the contrary contained herein, Franchisor may deliver bulletins and updates to the Manual by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor.

23.4. Notwithstanding the above, Franchisor may elect to utilize email or similar communications to Franchisee for the purpose of communicating System modifications, operations, marketing and other bulletins, menu changes, product or equipment safety or recall alerts, or any other message Franchisor determines, and Franchisee hereby acknowledges that such communications will constitute actionable communication under this Agreement and shall ensure that Franchisee's communications system includes the capability, and is set or programmed, to receive such communications from Franchisor on a continual basis throughout the Term. Franchisee must never opt out or refuse to accept any of such Franchisor communications at any time during the Term.

23.5. The receipt and acceptance by either party of any delinquent payment due hereunder shall not constitute a waiver of any other default. No delay or omission in the exercise of any right or remedy of either party upon any default by the other hereunder shall impair such right or remedy or be construed as a waiver of any term, covenant or condition of this Agreement to be performed by the other party. To be effective, any waiver of any other default must be in writing and shall not constitute a waiver of any other default concerning the same or any other term, covenant or condition of this Agreement.

23.6. Franchisor's consent to or approval of any act or conduct of Franchisee requiring such consent or approval shall not be deemed to waive or render unnecessary Franchisor's consent to or approval of any subsequent act or conduct hereunder.

23.7. The provisions of this Agreement are intended by the parties to be a complete and exclusive expression of their agreement. No other agreements, representations, promises, commitments or the like, of any nature, exist between the parties except as set forth or referenced herein. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). The provisions of this Agreement may not be contradicted by any other statement concerning the subject matter herein. Subject to our right to modify the Manual and other documents related to the

System Standards, this Agreement may not be amended or modified except by a written agreement signed by the parties hereto. Nothing in this or any related agreement is intended to disclaim the representations we made in the latest Franchise Disclosure Document that we furnished to you.

23.8. In the event of the bringing of any action by either party against the other arising out of or in connection with this Agreement or the enforcement thereof, or by reason of the breach of any term, covenant or condition of this Agreement on the part of either party, the party in whose favor final judgment is entered shall be entitled to have and recover from the other party reasonable attorneys' fees (internal and external) plus costs and expenses (internal and external) reasonably incurred from commencing, and prosecuting the legal proceeding and until the proceeding has come to a complete end (including appeals and settlements), the amount to be fixed by the court rendering such judgment.

23.9. This Agreement shall be governed by and construed in accordance with the laws of the state in which Franchisor's then-current headquarters is located (i.e., currently, the State of California); provided however that: (i) the provisions in Section 21.7 covering competition following the expiration, termination or assignment of this Agreement shall be governed by the laws of the state in which the breach occurs; (ii) the provisions of any law of a state regarding franchises (including registration, disclosure or relationship issues, and the regulations promulgated thereunder) shall not apply unless such state's jurisdictional, definitional and other requirements are met independently of, and without reference to, this Section; and (iii) if any matter related to this Agreement would be unenforceable under the laws of the state where Franchisor's then-current headquarters is located, but would be enforceable under the laws of the state in which the Franchisee is based, then the laws of the state in which the Franchisee is based shall apply to such matter. **ANY ACTION BROUGHT BY EITHER PARTY AGAINST THE OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, SHALL BE BROUGHT WITHIN THE STATE IN WHICH FRANCHISOR'S HEADQUARTERS (CURRENTLY THE STATE OF CALIFORNIA) IS THEN LOCATED. THE ACTION SHALL BE BROUGHT IN FEDERAL COURT IF FEDERAL COURT JURISDICTION IS AVAILABLE AND, IF NOT, IN STATE COURT. THE PARTIES HEREBY WAIVE ANY RIGHT TO DEMAND OR HAVE TRIAL BY JURY IN ANY ACTION RELATING TO THIS AGREEMENT IN WHICH FRANCHISOR IS A PARTY. THE PARTIES CONSENT TO THE EXERCISE OF PERSONAL JURISDICTION OVER THEM BY SUCH COURTS IN CALIFORNIA AND TO THE PROPRIETY OF VENUE OF SUCH COURTS FOR THE PURPOSE OF CARRYING OUT THIS PROVISION, AND EACH PARTY WAIVES ANY OBJECTION THAT IT WOULD OTHERWISE HAVE TO THE SAME. ANY ACTION BETWEEN FRANCHISEE AND FRANCHISOR SHALL INVOLVE ONLY THE INDIVIDUAL CLAIMS OF FRANCHISEE AND SHALL NOT INVOLVE ANY CLASS, GROUP, JOINT, CONSOLIDATED, REPRESENTATIVE OR ASSOCIATIONAL ACTION.**

23.10. Except with respect to Franchisee's obligation to indemnify Franchisor pursuant to Sections 9.3 and 9.4 of this Agreement, the parties waive to the fullest extent permitted by the law any right to or claim for any punitive or exemplary damages against

the other and agree that, in the event of a dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains and injunctive relief. Any and all claims and actions arising out of or relating to this Agreement, the relationship of Franchisee and Franchisor, or Franchisee's operation of the Restaurant, brought by either party hereto against the other, whether in mediation, or a legal action, shall be commenced within a year from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

23.11. Any provision of this Agreement which may be determined by competent authority to be prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement. Any prohibition against or unenforceability of any provision of this Agreement in any jurisdiction, including the state whose law governs this Agreement, shall not invalidate the provision or render it unenforceable in any other jurisdiction. To the extent permitted by applicable law, Franchisee waives any provision of law which renders any provision of this Agreement prohibited or unenforceable in any respect.

23.12. Franchisee recognizes the unique value and secondary meaning attached to the El Pollo Loco® System, the El Pollo Loco® Marks, the Confidential Information and the associated standards of operation and trade practices, and Franchisee agrees that any noncompliance with the terms of this agreement or any unauthorized or improper use will cause irreparable damage to Franchisor and its franchisees. Franchisee therefore agrees that if it should engage in any such unauthorized or improper use, during or after the term of this Agreement, Franchisor shall be entitled to both permanent and temporary injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law. Franchisee agrees and acknowledges that in such event, Franchisee may be required to post a bond while Franchisor shall not be required to post a bond.

23.13. Franchisee shall grant no security interest in the franchise or in any of the tangible assets of the business including the furniture, fixtures and equipment located in the Restaurants, unless the secured party agrees that in the event of any default by Franchisee and exercise of its right to take and sell such assets under any documents relating to such security interests, Franchisor shall have the right and option to exercise a right of first refusal to purchase such assets on the same terms and conditions offered by the secured party. If, within 30 days after receipt of the offer, which would include information and documentation as Franchisor may need or require for the purpose of considering whether to exercise its right of first refusal to purchase such assets, Franchisor does not indicate its acceptance of the offer as stated in the notice, secured party shall thereafter have the right to make the sale to the proposed transferee on the same terms and conditions as stated in the notice. Should Franchisor not exercise its right of first refusal and should the contemplated sale not be completed within 120 days from the date of the notice, or should the terms and conditions thereof (including the proposed transferee or the ownership therein) be altered in any material way, this right of first refusal shall be reinstated and any such subsequent proposed sale or altered terms and conditions of the current transaction must again be offered to Franchisor in

accordance with the terms listed above.

23.14. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their permitted heirs, successors and assigns.

23.15. This Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by authorized officers of Franchisor. This Agreement may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. A signature on this Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign or equivalent), shall be considered an original for all purposes hereunder.

23.16. The parties intend to confer no benefit or right on any person or entity not a party to this Agreement, and no third party shall have the right to claim the benefit of any provision hereof as a third party beneficiary of any such provision. Franchisee may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of Franchisor. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the Restaurant.

23.17. If following commencement of business at the Restaurant, the Restaurant is damaged or destroyed to the extent that Franchisor determines that the Restaurant must be closed for repairs for more than 60 days, or if the Location is taken by condemnation proceedings or Franchisee's lease is terminated through no act or failure to act on its part (except the failure to utilize any available options to extend such lease, or Franchisee’s willful truncation of such lease), then at Franchisor’s option, Franchisor may elect to:

a. terminate this Agreement, require Franchisee to relocate the Restaurant, or in the case of a casualty, require Franchisee to rebuild the Restaurant.

b. require Franchisee to rebuild the Restaurant, and Franchisee shall, at its own expense, repair or reconstruct the Restaurant, and such construction shall be completed, and the Restaurant shall reopen for business not later than 12 months following the date the triggering event occurred. The minimum acceptable appearance for the reconstructed Restaurant will be that which existed just prior to the casualty; however, every effort shall be made to have the reconstructed Restaurant reflect the then-current image, design and specifications of new El Pollo Loco® restaurants.

c. require Franchisee to relocate the Restaurant, Franchisee must execute Franchisor’s then-current form of Development Agreement within 30 days of the date Franchisor notifies Franchisee of Franchisor’s election. Franchisee must follow the site selection and approval procedures associated with the Development Agreement; provided, however, that no development fee shall be required to be paid. Upon approval by Franchisor of a new site, Franchisee must execute Franchisor’s then-current form of

franchise agreement; provided, however, that the term of such new agreement shall be equal to the remaining term of this Agreement and Franchisee shall not be required to pay a new IFF. Franchisee will submit a replacement site for the new Restaurant, in accordance with the time frames indicated in the then-current form of Development Agreement, and which replacement site shall be located in an area defined as a radius surrounding the existing site of the Restaurant, the exact dimensions of which shall be reasonably negotiated between Franchisee and Franchisor taking into consideration the rights of other then-existing and potential franchisees. If Franchisor approves the new site, Franchisee shall either acquire or lease the site and design, construct and furnish the Restaurant in conformance with the design and construction requirements imposed by Franchisor for new El Pollo Loco® restaurants. The new Restaurant must be open for business not later than 12 months following the date of the casualty or loss of possession of the original Location.

d. terminate this Agreement, and Franchisee shall promptly comply with the requirements set forth at Sections 19.1 and 19.2.

24. EFFECTIVE DATE

24.1. This Agreement shall be effective as of the date it is executed by Franchisor (the "**Effective Date**").

25. ACKNOWLEDGMENTS

25.1. Franchisee acknowledges that Franchisee has received a complete copy of the El Pollo Loco® Disclosure Document, together with all exhibits, issuance date ______________________ (Control Number 032724), at least 14 calendar days prior to the date on which this Agreement was executed by Franchisee or payment of any monies to Franchisor.

25.2. The execution of this Agreement by Franchisee will not constitute or violate any other agreement or commitment to which Franchisee is a party.

25.3. Each individual executing this Agreement on behalf of Franchisee is duly authorized to do so, and this Agreement constitutes a valid and binding obligation of Franchisee.

25.4. Incorporated herein by this reference is all of the additional information provided by Franchisee to Franchisor as part of the application process pertinent to the grant of franchise evidenced by this Agreement. Franchisee acknowledges that Franchisor has relied on each item of such information in granting this franchise.

25.5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This

provision supersedes any other term of any document executed in connection with the franchise.

26. ANTI-TERRORISM LAW

26.1. Franchisee certifies that neither Franchisee or its employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224[1]. Franchisee promises not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee promises to comply with and assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of its property or interests is subject to being "**blocked**" under any of the Anti-Terrorism Laws, and that Franchisee are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws. Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in this Agreement pertain to Franchisee's obligations under this Section. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee or its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor's affiliates. "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations) the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any Governmental Authority (including the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

[Signature page(s) follow]

---

[1] http://www.treasury.gov/offices/enforcement/ofac/sanctions/terrorism.html.

27. SIGNATURES

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the date(s) first set forth below.

FRANCHISOR:
EL POLLO LOCO, INC., a Delaware Corporation

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

FRANCHISEE:
______________________________,
a________________

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

EXHIBIT 1: MEMORANDUM OF OPENING DATE

On or about _________________, 20__, **El Pollo Loco, Inc**., a Delaware corporation ("**Franchisor**"), and ____________________________, a _____________ ("**Franchisee**"), entered into an El Pollo Loco® Franchise Agreement (the "**Franchise Agreement**") for an "**El Pollo Loco**" Restaurant Unit No. _______ located at ____________________________________(the "**Location**").

The parties hereby agree that the Opening Date of the Restaurant at the Location was ____________________, 20___.

The term of the Franchise Agreement shall expire on ________________, 20___, unless sooner terminated as provided in the Franchise Agreement.

This Memorandum of Opening Date may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Memorandum of Opening Date transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Opening Date to be executed as of the date(s) below.

FRANCHISOR: **EL POLLO LOCO, INC.,** a Delaware Corporation	FRANCHISEE: **____________________________,** a___________
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

EXHIBIT 2: PERSONAL GUARANTEE OF EL POLLO LOCO® FRANCHISE AGREEMENT

As of ______________, the undersigned hereby unconditionally guarantees, absolutely and irrevocably the performance and payment by Franchisee (as defined below) of, and expressly agrees to adopt and be individually bound by as if the undersigned were a party to each and all of the terms, covenants and conditions of that certain El Pollo Loco® Franchise Agreement dated ________________, 20___ (the "**Agreement**") between **El Pollo Loco, Inc.**, a Delaware corporation ("**Franchisor**") whose address is 3535 Harbor Blvd, Suite 100, Costa Mesa, CA 92626 and _________________, a _________ ("**Franchisee**") whose address is ____________________. The undersigned further agrees as follows:

1. This guarantee will continue unchanged by any bankruptcy, reorganization or insolvency of Franchisee or by any disaffirmance or abandonment by a trustee of Franchisee.

2. This covenant and agreement on the part of the undersigned shall continue in favor of Franchisor notwithstanding any extension, modification or alteration of the Agreement entered into by and between the parties thereto, or their successors or assigns, and no extension, modification, alteration or assignment of the Agreement shall in any manner release or discharge the undersigned and the undersigned does hereby consent thereto.

3. The liability of the undersigned under this guarantee shall be primary and in any right of action which shall accrue to Franchisor under the Agreement, Franchisor may, at its option, proceed against the undersigned without having commenced any action or having obtained any judgment against Franchisee.

4. The undersigned shall pay Franchisor's reasonable attorneys' fees (both internal and external) and all costs and other expenses (both internal and external) incurred in any collection or attempted collection or in any negotiations relative to the obligations hereby guaranteed or enforcing this guarantee against the undersigned, individually and jointly from commencing and prosecuting the legal proceeding and until the proceeding has come to a complete end (including appeals and settlements), only if final judgment is entered in favor of Franchisor.

5. The undersigned hereby waives notice of any demand by Franchisor as well as any notice of default in the payment of any and all amounts contained or reserved in the Agreement.

6. All sums due under this guarantee shall bear interest from the date due until the date paid at the maximum contract rate permitted by law. The obligations under this guarantee include, without limitation, payment when due of any and all sums due under the Agreement and all damages to which Franchisor is or may be entitled whether under applicable law, indemnification payments and payment of any and all legal fees, courts costs and litigation expenses incurred by Franchisor in endeavoring to collect or enforce

any of the foregoing against Franchisee, the undersigned, or in connection with any property securing any or all of the foregoing or this guarantee.

7. The undersigned agrees that one or more successive or concurrent actions may be brought on this guarantee, in the same action in which Franchisee may be sued or in separate actions, as often as deemed advisable by Franchisor. The obligations under this guarantee are joint and several, and independent of the obligations of Franchisee.

8. No election in one form of action or proceeding, or against any party, or on any obligation, shall constitute a waiver of Franchisor's right to proceed in any other form of action or proceeding or against any other party. The failure of Franchisor to enforce any of the provisions of this guarantee at any time or for a period of time shall not be construed to be a waiver of any such provision or the right thereafter to enforce the same. All remedies under this guarantee shall be cumulative and shall be in addition to all rights, powers and remedies given to Franchisor by law or under any other instrument or agreement.

9. All rights, benefits and privileges under this guarantee shall inure to the benefit of and be enforceable by Franchisor and its successors and assigns and shall be binding upon the undersigned and the undersigned's heirs, representatives, successors and assigns. Neither the death of the undersigned nor notice thereof to Franchisor shall terminate this guarantee as to the undersigned's estate, and, notwithstanding the death of the undersigned or notice thereof to Franchisor, this guarantee shall continue in full force and effect. The provisions of this guarantee may not be waived or amended except in writing executed by the undersigned and a duly authorized representative of Franchisor.

10. The undersigned represents and warrants that (i) it is in the undersigned's direct interest to assist Franchisee in procuring the Agreement, because Franchisee has a direct or indirect corporate or business relationship with the undersigned, (ii) this guarantee has been duly and validly authorized executed and delivered and constitutes the binding obligation of the undersigned, enforceable in accordance with its terms, and (iii) the execution and delivery of this guarantee does not violate (with or without the giving of notice, the passage of time, or both) any order, judgment, decree, instrument or agreement to which the undersigned is a party or by which it or its assets are affected or bound.

11. If any provision of this guarantee or the application thereof to any party or circumstance is held invalid, void, inoperative, or unenforceable, the remainder of this guarantee and the application of such provision to other parties or circumstances shall not be affected thereby, the provisions of this guarantee being severable in any such instance. This guarantee is the entire and only agreement between the undersigned and Franchisor respecting the guarantee of the Agreement, and all representations, warranties, agreements, or undertakings heretofore or contemporaneously made, which are not set forth in this guarantee, are superseded.

12. All notices given under this guarantee shall be in writing and shall be either (i) served personally; (ii) sent by certified or registered United States mail to the party to be charged with receipt thereof; (iii) by reputable overnight delivery service or (iv) sent via facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given 48 hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. The address for either party shall be the address listed on the above in the first paragraph of this guarantee. Either party may from time to time change its address for notice pursuant to this Section by giving a written notice of such change to the other party in the manner provided herein.

13. This guarantee is governed by and construed according to the laws of the State of California applicable to contracts made and to be performed in such state. In order to induce Franchisor to accept this guarantee, and as a material part of the consideration therefore, the undersigned (i) agrees that all actions or proceedings relating directly or indirectly to this guarantee shall, at the option of the Franchisor, be litigated in courts located within the State of California, and (ii) consents to the jurisdiction of any such court and consents to the service of process in any such action or proceeding by personal delivery or any other method permitted by law.

14. The undersigned waives and relinquishes any rights it may have under California Civil Code 2845, 2849 and 2850 or otherwise to require Franchisor to (a) proceed against Franchisee or any other guarantor, pledgor or person liable under the Agreement; (b) proceed against or exhaust any security for the Franchisee or this guarantee; or (c) pursue any other remedy in Franchisor's power whatsoever. In other words, Franchisor may proceed against the undersigned for the obligations guaranteed without first taking any action against Franchisee or any other guarantor, pledgor or person liable under the Agreement and without proceeding against any security. The undersigned shall not have, and herby waives (a) any right of subrogation, contribution, indemnity and any similar right that the undersigned may otherwise have, (b) any right to any remedy which Franchisor now has or may hereafter have against Franchisee, and (c) any benefit of any security now or hereafter held by Franchisor. The undersigned waives (a) all presentments, demands for performance, notices of non-performance, protests, notices of protests and notices of dishonor; (b) all other notices and demands to which the undersigned might be entitled, including without limitation notice of all the following: the acceptance hereof; any adverse change in Franchisee's financial position; any other fact which might increase the undersigned's risk; any default, partial payment or non-payment under the Franchisee and any changes, modifications, or extensions thereof; and any revocation, modification or release of any guarantee of any or all of the Agreement by any person (including without limitation any other person signing this guarantee): (c) any defense arising by reason of any failure of Franchisor to obtain, perfect, maintain or keep in force any security interest in any property of Franchisee or any other person; (d) any defense based upon or arising out of any bankruptcy, insolvency, reorganization,

arrangement, readjustment of debt, liquidation or dissolution proceeding commenced by or against Franchisee or any other guarantor or any person liable under the Agreement.

15. Without limiting the generality of the foregoing or any other provision of this guarantee, the undersigned expressly waives any and all benefits which might otherwise be available to it under California Civil Code 2839 (which provides that a surety is exonerated by the performance or the offer of performance of the principal obligation), 2899 (which provides for the order of resort to different funds held by the creditor) and 3433 (which provides for the right of a creditor to require that another creditor entitled to resort to several sources of payments first resort to sources not available to the first creditor). The undersigned waives the rights and benefits under California Civil Code 2819 and agrees that by doing so its liability shall continue even if Franchisor alters any obligations under the Agreement in any respect or Franchisor's rights or remedies against Franchisee are in any way impaired or suspended without the undersigned's consent. Franchisor may without notice assign this guarantee in whole or in part.

16. This guarantee of the Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this guarantee of the Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign or equivalent), shall be considered an original for all purposes hereunder.

The use of the singular herein shall include the plural. The obligations of two or more parties shall be joint and several. The terms and provisions of this guarantee of the Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of the parties herein named.

IN WITNESS WHEREOF, the undersigned executed this this Personal Guarantee of the El Pollo Loco® Franchise Agreement on the date(s) set forth below.

By: ______________________________
Name: ______________________________
Title: An individual
Date: ______________________________

EXHIBIT 3: INVESTOR COVENANTS REGARDING CONFIDENTIALITY AND NON-COMPETITION

Statement of Ownership of Franchisee:

Name of Principal/Investor	Percentage of Ownership Interest

In conjunction with your investment in __________ a ____________("**Franchisee**") you ("**Investor**" or "**You**"), acknowledge and agree as follows:

1) Franchisee owns and operates, or is developing, pursuant to an El Pollo Loco® Franchise Agreement dated _______________ ("**Franchise Agreement**") with El Pollo Loco, Inc. ("**EPL**"), which Franchise Agreement requires persons with legal or beneficial ownership interests in Franchisee under certain circumstances to be personally bound by the confidentiality and non-competition covenants contained in the Franchise Agreement. All capitalized terms contained herein shall have the same meaning set forth in the Franchise Agreement.

2) You own or intend to own a certain percentage of legal or beneficial ownership interest in Franchisee (as described above) and acknowledge and agree that your execution of this Agreement is a condition to such ownership interest and that you have received good and valuable consideration for executing this Agreement. EPL may enforce this Agreement directly against you and your Owners (as defined below).

3) If you are a corporation, partnership, limited liability company or other entity, all persons who have a legal or beneficial interest in you ("**Owners**") must also execute this Agreement.

4) You and your Owners, if any, may gain access to parts of EPL's Confidential Information as a result of investing in Franchisee. The Confidential Information is proprietary and includes EPL's trade secrets. You and your Owners hereby agree that while you and they have a legal or beneficial ownership interest in franchise and thereafter you and they: (a) will not use the Confidential Information in any other business or capacity (such use being an unfair method of competition); (b) will exert best efforts to maintain the confidentiality of the Confidential Information; and (c) will not make unauthorized copies of any portion of the Confidential Information disclosed in written, electronic or other form. If you or your Owners cease to have an interest in franchisee, you and our Owners, if any, must deliver to EPL any such Confidential Information in your or their possession.

5) During the term of the Franchise Agreement and during such time as you and your Owners, if any, have any legal or beneficial ownership interest in Franchisee, you and your Owners, if any, agree that you and they will not, without EPL's consent (which consent may be withheld as EPL's sole and absolute right) directly or indirectly (such as

through an affiliate or through your or their Immediate Families) own any legal or beneficial interest in, or render services or give advice in connection with: (a) any Competitive Business located anywhere, or (b) any entity located anywhere that grants franchises or licenses interest to others to operate any Competitive Business.

6) For a period of 2 years, starting on the earlier to occur of the date you or your Owners cease to have any legal or beneficial ownership interest in Franchisee and the effective date of termination or expiration of the Franchise Agreement, neither you nor any of your Owners directly or indirectly (such as through an affiliate or through your or their Immediate Families) shall own a legal or beneficial interest in, or render services or give advice to: (a) any Competitive Business operating at or within a radius of 5 miles of the Restaurant and/or any El Pollo Loco Restaurant then in operation or under construction; or (b) any entity that grants franchises or license other interest to others to operate any Competitive Business. If you or any of your Owners fail to or refuse to abide by any of the foregoing covenants and EPL. obtains enforcement in a judicial or arbitration proceeding, the obligations under the breached covenant will continue in effect for a period of time ending 2 years after the date such person commences compliance with the order enforcing the covenant.

7) You and each of your Owners expressly acknowledge the possession of skills and abilities of a general nature and the opportunity to exploit such skills in other ways, so that enforcement of the covenants contained in Sections 5 and 6 will not deprive any of you of your personal goodwill or ability to earn a living. If any covenant herein, which restricts competitive activity, is deemed unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited and/or length of time, but could be rendered enforceable by reducing any part of all of it, you and we agree that it will be enforce to the fullest extent permissible under applicable law and public policy. EPL may obtain in any court of competent jurisdiction any injunctive relief, including temporary restraining orders and preliminary injunctions, against conduct or threatened conduct for which no adequate remedy at law may be available or which may cause it irreparable harm. You and each of your Owners acknowledges that any violation of Section 4, 5, or 6 hereof would result in irreparable injury for which no adequate remedy at law may be available. If EPL files a claim to enforce this Agreement and prevails in such proceeding, you agree to reimburse EPL for all its cost and expense, including reasonable attorneys' fees.

8) This Investor Covenants regarding Confidentiality and Non-Competition Agreement (“**Investor Agreement**”) may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Investor Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the undersigned have executed and delivered these Investor Covenants regarding Confidentiality and Non-Competition Agreement on the date(s) set forth below.

INVESTOR:
If an Individual:

By:	By:
Name:	Name:
Title: An individual	Title: An individual
Date:	Date:

If a corporation, partnership, limited liability company or other legal entity:
_________________________________, a _____________________________

By:
Name:
Title:
Date:

By:
Name:
Title:
Date:

OWNERS:

By:	By:
Name:	Name:
Title: An individual	Title: An individual
Date:	Date:

EXHIBIT 4: AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (ACH)

On _____________, 20_______ and going forth, the undersigned depositor ("**Depositor**") hereby authorizes El Pollo Loco, Inc. ("**El Pollo Loco**") to initiate debit entries and/or credit correction entries to the Depositor's checking and/or savings account(s) indicated attached as Exhibit A and the depository ("**Depository**") to debit such account pursuant to El Pollo Loco's instructions ("**Authorization**").

This authority is to remain in full force and effect until Depository has received joint written notification from El Pollo Loco and Depositor of the Depositor's termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide El Pollo Loco and Depositor with 30 days' prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor's account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

This Authorization may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Authorization transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

Depositor: ____

By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

El Pollo Loco #____
Location: _______________

EXHIBIT A to
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS (ACH)

(to be completed by Depositor)

Depository:
Branch:
Street Address, City, State, Zip Code:
Bank Transit/ABA Number:
Account Number:

ATTACH VOID CHECK

EXHIBIT 5: ADVERTISING ASSOCIATION DOCUMENTS

ADVERTISING ASSOCIATION MEMBERSHIP AGREEMENT

THE *[NAME OF AREA]* EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION

MEMBERSHIP AGREEMENT

THIS___*[NAME OF AREA]*______EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION____MEMBERSHIP AGREEMENT is effective as of ______________________, 20___, by and between the __*[NAME OF AREA]*_______EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION, INC. a ______________ Nonprofit Corporation [the "**Association**"] and _________________________________, a________________(the "**Member**").

BACKGROUND INFORMATION:

EL POLLO LOCO, INC. (the "**Franchisor**") owns, operates and franchises quick service restaurants which specialize in the sale of retail marinated ________ grilled chicken and Mexican food items related to the El Pollo Loco® concept ("**Restaurants**"). The Member owns and operates one or more Restaurants within the _____________________________[*described geographic area*]____________________ (the "**Association Area**"). The Association was organized by the Franchisor and its franchisees that own Restaurants in the Association Area in order to pool advertising funds.

OPERATIVE TERMS:

1. **Bylaws**. The Association has adopted Bylaws and may amend, modify or replace them from time to time in accordance with its governing documents, subject to the written consent of the Franchisor (the "**Bylaws**"). Unless the context requires otherwise, terms used in this Agreement will have the meanings as defined in the Bylaws.

2. **Membership**. By signing this Agreement:

(a) The Member agrees to become a member of the Association and agrees to be bound by and adhere to the Bylaws, and to observe any administrative rules, regulations and policy statements adopted by the Association in accordance with the Bylaws; and

(b) The Association accepts and enrolls the Member as a member in good standing with full rights and Benefits of membership.

3. **Scope**. This Agreement is applicable to all of the Member's Restaurants located in the Association Area, whether currently existing, or opened or acquired after

the signing of this Agreement.

4. **Contributions**.

(a) **Obligation to Pay**: The Member agrees to make such contributions to the Association, and at such time and in such manner, as are determined by the Association from time to time in accordance with the Bylaws. Contributions are non-refundable.

(b) **Reports**: Each contribution must be accompanied by a report containing such information as the Association may determine from time to time, showing the amount of the contribution the Member is required to pay with respect to the Member's Restaurants located in the Association Area. The Member authorizes and instructs the Franchisor to furnish to the Association, on request, copies of the Member's reports and records in Franchisor's possession for the purpose of verifying contributions due. The Association may review reports and other information available to the Franchisor to verify that the proper amount of contributions have been made by the Member.

(c) **Collection by Franchisor**: The Member acknowledges and agrees that the Association may authorize Franchisor to receive and collect contributions and related reports on behalf of the Association. In such case, the Member shall make contributions to Franchisor, and shall report to Franchisor, at such times and in such manner as Franchisor may determine to be appropriate from time to time.

5. **Benefits**. The Association agrees that it will operate on a not-for-profit basis in accordance with governing documents and that all contribution will be spent solely for the purposes permitted in its Articles of Incorporation and Bylaws.

6. **Effective Date and Term**. The Agreement becomes effective on the date signed by both Parties and will continue until the earlier of:

(a) The Association discontinues operations or is dissolved; or

(b) Until the Member no longer owns and operates a Restaurant located in the Association Area under a valid Franchise Agreement with Franchisor, or until the Member no longer owns or operates a Restaurant located in the Association Area, if the Member is the Franchisor or an affiliate of Franchisor.

In the event this Agreement terminates pursuant to Section 6(b), the Member's voting and other membership rights in the Association automatically terminate on the effective date of termination of the Franchise Agreement (or closure of the Restaurant, if the Franchisor or its affiliate is the Member), provided however, if the Member owes contributions at the time of such termination (or closure), then it will still be obligated and responsible for all contributions that accrued prior to the date of such termination (or closure).

7. **Franchise Transfers**. The parties recognize that the timing of payment of contributions may not always coincide with the consummation of the sale of a Restaurant.

Accordingly, the parties agree as follows:

(a) **Timing**: The Member will remain responsible to the Association for all contributions due through the date of the consummation of any sale of an El Pollo Loco® restaurant owned by the Member that is subject to this Agreement.

(b) **Credit Balances**: If the Member sells or closes an El Pollo Loco® restaurant subject to this Agreement at a time when the Member has a credit balance with the Association, the credit balance will not be refunded, but will be: (i) retained for the benefit of other members of the Association, if the transaction involves a closing of the Member's El Pollo Loco® restaurant or the termination or expiration of the Member's Franchise Agreement; or (ii) credited to the Restaurants of the purchaser that are subject to this Agreement, if a sale, transfer or assignment is involved; or (iii) credited to the Member's other Restaurants that are still subject to this Agreement.

8. **Delinquencies**. The Member agrees to abide by all rules and regulations regarding delinquent contributions, including the payment of interest and late payment fees, adopted by the Association from time to time. The Member acknowledges and agrees that delinquent contributions (a) constitute a breach of the Franchise Agreement; (b) may result in loss of voting rights and other privileges with the Association; and/or (c) may result in cancellation of membership with the Association.

9. **Entity Participation**. If the Member is a corporation, limited liability company, partnership or other business entity, the Member will duly authorize a person to represent its interests at Association meetings (the "**Representative**"). The Representative must be a: (i) shareholder, partner, member (in case of an LLC), director or officer of the Member; or (ii) the Member's Operating Partner, as defined in the Member's Franchise Agreement; or (iii) in the event the Member is Franchisor or one of its affiliates, an officer or other designated representative of the Franchisor or it affiliate. The Association shall be entitled to rely on any written authorization appointing the Representative that the Association in good faith believes to be valid unless and until the Association shall have received an authorization for a successor Representative's decisions, votes and consents to bind the Member at any such meeting without any further inquiry. The same person can be a Representative for more than 1 Member.

10. **Program Participation**. The Member will not be required, as a condition of membership in this Association or otherwise, to participate in any advertising or promotion that contains a specified retail price, or a minimum retail price, for any product or service furnished by Restaurant in the Association Area. However, the Member's obligation to pay contributions pursuant to this Agreement will not be affected in any way by the Member's decision not to participate.

11. **Miscellaneous**.

(a) Severability: If any part of this Agreement is held invalid for any reason, the remainder of this Agreement will not be affected and will remain in full force and effect in

accordance with its terms.

(b) Costs of Collection: Member agrees to reimburse the Association (or, if applicable, Franchisor) for all costs and expenses, including attorneys' fees and expenses, incurred in connection with collecting delinquent contributions. Reimbursement is due within 30 days of written notice.

(c) Waivers: No waiver of any provision of this Agreement will be valid unless in writing and signed by the person signed by the person against whom it is sought to be enforced. The failure by either party to insist upon strict performance of any provision will not be construed as a waiver or relinquishment of the right to insist upon strict performance of the same provision at any other time or to insist on strict performance of any other provision of this Agreement.

(d) Liabilities and Beneficiaries: Neither party will be liable to any other person who is not Party to this not a Party to this not a party to this Agreement by virtue of their relationship to each other. No other person has any rights because of this Agreement, except for the parties. However, notwithstanding the foregoing, although the Franchisor may not be a party to this Agreement, and is not bound by it, Franchisor is a third-party intended beneficiary.

(e) Entire Agreement: This Agreement reflects the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior oral or written agreements, communications or understandings with respect to the matters provided for herein. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

__*[NAME OF AREA]* EL POLLO LOCO® RESTAURANT

By:_________________________
Name:______________________
Title:_______________________
Date:_______________________

ADVERTISING ASSOCIATION, INC.
[Name of Member]

By:_________________________
Name:______________________
Title:_______________________
Date:_______________________

BYLAWS OF _____*[NAME OF AREA]*_____EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION, INC.

Adopted as of _______________, 20___

TABLE OF CONTENTS

ARTICLE

ARTICLE 1 OFFICES
SECTION 1.1 REGISTERED AND PRINCIPAL OFFICE
SECTION 1.2 OTHER OFFICES
SECTION 1.3 REGISTERED AGENT FOR SERVICE OF PROCESS

ARTICLE 2 POWERS AND PURPOSE
SECTION 2.1 POWERS
SECTION 2.2 PURPOSES
SECTION 2.3 USE OF TRADEMARKS

ARTICLE 3 MEMBERS
SECTION 3.1 MEMBERS
SECTION 3.2 ENROLLMENT
SECTION 3.3 ENTITY MEMBERSHIP
SECTION 3.4 MEMBERS IN GOOD STANDING
SECTION 3.5 ANNUAL AND QUARTERLY MEETINGS OF THE MEMBERS
SECTION 3.6 SPECIAL MEETINGS
SECTION 3.7 PLACE OF MEETING
SECTION 3.8 NOTICE OF MEETINGS
SECTION 3.10 CLOSURE OF BOOKS AND FIXING OF RECORD DATE
SECTION 3.11 QUORUM
SECTION 3.12 VOTING
SECTION 3.13 REPRESENTATIVES
SECTION 3.14 ACTION WITHOUT MEETING
SECTION 3.15 ORGANIZATION
SECTION 3.16 MEMBER MEETINGS BY TELEPHONE

ARTICLE 4 DIRECTORS
SECTION 4.1 NUMBER
SECTION 4.2 VACANCIES
SECTION 4.3 REMOVAL OF DIRECTORS
SECTION 4.4 QUALIFICATION
SECTION 4.5 TERMS
SECTION 4.6 RESIGNATION
SECTION 4.7 POWERS
SECTION 4.8 MEETINGS
SECTION 4.9 NOTICE OF SPECIAL MEETING
SECTION 4.10 ACTION WITHOUT A MEETING
SECTION 4.11 QUORUM AND VOTING
SECTION 4.12 ORGANIZATION
SECTION 4.13 COMPENSATION
SECTION 4.14 ATTENDANCE BY TELEPHONE

ARTICLE 5 OFFICERS
SECTION 5.1 OFFICES
SECTION 5.2 TERM OF OFFICE; VACANCIES
SECTION 5.3 REMOVAL OF OFFICERS
SECTION 5.4 RESIGNATIONS
SECTION 5.5 COMPENSATION
SECTION 5.6 REFUND OF PAYMENT
SECTION 5.7 POWERS AND DUTIES
SECTION 5.8 DELEGATION OF DUTIES

ARTICLE 6 CONTRIBUTIONS
SECTION 6.1 CONTRIBUTIONS
SECTION 6.2 PAYMENT OF CONTRIBUTIONS
SESTION 6.3 PAYMENT IN PAYMENTS

ARTICLE 7 NOTICES
SECTION 7.1 RECORDING
SECTION 7.2 WAIVER

ARTICLE 8 DESIGNATED FINANCIAL AGENTS, SIGNATURES AND SEAL
SECTION 8.1 DESIGNATED FINANCIAL AGENTS
SECTION 8.2 OTHER AGREEMENTS

ARTICLE 9 AMENDMENTS OF BYLAWS

ARTICLE 10 INDEMNIFICATION
SECTION 10.1 INDEMNIFICATION IN PROCEEDINGS OTHER THAN ACTIONS BY, OR IN THE RIGHT OF THE CORPORATION
SECTION 10.2 INDEMNIFICATION OF PERSONS PARTIES TO A PROCEEDING BY OR IN THE RIGHT OF CORPORATION
SECTION 10.3 MANDATORY INDEMNIFICATION
SECTION 10.4 AUTHORIZATION OF INDEMNIFICATION IS REQUIRED
SECTION 10.5 ADDITIONAL CONDITIONS TO INDEMNIFICATION
SECTION 10.6 PREPAYMENT OF EXPENSES
SECTION 10.7 INDEMNIFICATION DISALLOWED IN CERTAIN CIRCUMSTANCES
SECTION 10.8 NONEXCLUSIVITY

ARTICLE 11 GENERAL PROVISIONS
SECTION 11.1 FISCAL YEAR
SECTION 11.2 GENDER AND NUMBER
SECTION 11.3 ARTICLES AND OTHER HEADINGS
SECTION 11.4 MINUTES, BOOKS AND RECORDS OF ACCOUNT
SECTION 11.5 STATUTORY CITES

BYLAWS OF _______*[NAME OF AREA]*_______EL POLLO LOCO® RESTAURANT ADVERTISING ASSOCIATION, INC.

ARTICLE 1 - Officers

Section 1.1 - Registered and Principal Office. The initial registered office of the _______ _______*[NAME OF AREA]* El Pollo Loco® restaurant Advertising Association, Inc. (the "**Corporation**") will be located at ___________________________. The initial principal office of the Corporation will be located at _____________________________________.

Section 1.2 - Other Offices. The Corporation may have offices at such other place or places within or without the State of Delaware as the Board of Directors may from time to tie establish.

Section 1.3 - Registered Agent for Service of Process. The Corporation's Board of Directors will have the right to designate a registered agent for service of process, who may be an individual or a corporation. The registered agent so designated will serve until a successor is elected by the Board of Directors.

ARTICLE 2 - Powers and Purposes

Section 2.1 - Powers. The Corporation will have all of the powers accorded nonprofit corporations under the Missouri Nonprofit Corporation Act (the "**Act**"). The Corporation will utilize such powers to engage in any lawful activity which is consistent with its purposes as set forth in the Articles of Incorporation.

Section 2.2 - Purposes. The purposes for which the Corporation is formed are to establish, maintain, administer and operate a promotional and advertising fund (the "**Fund**") for the benefit of the El Pollo Loco® restaurants ("**EPL's**") of its members located in _____________[*describe geographic area*]_______________ (the "**Association Area**") and to further any and all purposes consistent with the objectives of the Corporation.

Section 2.3 - Use of Trademarks. The Corporation recognizes that its activities will necessarily involve advertising and promotional programs that contain the intellectual property rights, including copyrights, trademarks, service marks, logos, and designs derived from El Pollo Loco, Inc. (the "**Franchisor**"). As such, the Corporation has entered into, or will enter into, the [*NAME OF AREA]* ______El Pollo Loco® restaurant Advertising Association Authorization Agreement.

ARTICLE 3 - Members

Section 3.1 - Members. The members will consist of (a) owners of franchised Restaurants located in the Association Area operating under valid and effective Franchise Agreements with Franchisor; and (b) the Franchisor or any of its affiliates, to the extent that it or any of its affiliates owns or operates any Restaurants located within the Association Area.

Any Franchisee who ceases to be a party to any valid and effective Franchise Agreement with the Franchisor for a El Pollo Loco® restaurant located in the Association Area, whether due to transfer, expiration or termination, will automatically cease to be a member of the Corporation, but will continue to remain liable to the Corporation for past due unpaid contributions or other amounts payable to the Corporation at the time membership ceases. However, if a Franchisee operates under multiple Franchise Agreements and ceases to be bound by one or more Franchise Agreements, whether due to transfer, expiration or termination, but continues to be bound by other Franchise Agreements for Restaurants located in the Association Area, the Franchisee shall continue to be a member, but its voting rights shall be reduced to reflect the number of remaining Restaurants that the Franchisee owns in the Association Area. Likewise, to the extent the Franchisor or an affiliate of Franchisor owns or operates one or more Bakery Cafes in the Association Area and has been a member of the Corporation and ceases to own or operate any such Restaurants in the Association Area, then its membership with respect to such Restaurants will automatically terminate.

In accordance with the terms of the ________*[NAME OF AREA]*_________El Pollo Loco® restaurant Advertising Association Authorization Agreement, a representative of Franchisor shall be entitled to notice of all regular and special meetings of the Members of the corporation and shall have the right to attend all meetings, either in person or in any other manner of attendance authorized in these Bylaws. However, unless the Franchisor is a Member of the Corporation by virtue to vote at a meeting of the Members in accordance with Section 3.12 of these Bylaws.

Section 3.2 – Enrollment. Notwithstanding any of the foregoing, no person will be enrolled as a Member of the Corporation nor will it have any rights as a Member unless and until it has signed a Membership Agreement with the Corporation. Notwithstanding the foregoing, Members shall be required to make contributions as required by their Franchise Agreements, regardless of whether they have signed Membership Agreements.

Section 3.3 - Entity Membership. For all membership purposes, any business entity (corporation, partnership, limited liability company, etc.), together with its owners, is deemed a single Member.

Section 3.4 - Members in Good Standing. A Member will be in good standing as long as: (a) the Member is not delinquent in the payment of any contribution or other monetary obligation to the Corporation; and (b) Member shall not have received a notice of default from Franchisor with respect to one or more Restaurants located in the Association Area which default remains uncured to the satisfaction of Franchisor. Loss of good standing will not relieve the Member of the obligation to make contributions, when due.

Section 3.5 - Annual and Quarterly Meetings of the Members. The annual meeting of the Members shall be held for the election of directors, consideration and approval of the succeeding year's advertising budget and the transaction of such other business as may properly come before the meeting. The annual meeting will be held at such time within

the first quarter of the Corporation's fiscal year as the Board of Directors may determine. Quarterly meetings of the Members shall be held for consideration and approval of advertising and promotional programs and the transaction of such other business as may properly come before the meeting. In addition, at the final quarterly meeting of the fiscal year, the Members shall consider and approve the level(s) of Member contributions for the succeeding fiscal year. Quarterly meetings will be held at times within the second, third and fourth quarters of the Corporation's fiscal year as the Board of Directors may determine.

The notice of annual or quarterly meetings of Members, except as otherwise required by law, need not state the matters to be considered at such meetings.

Section 3.6 - Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by applicable law, may be called on the written request of (i) a majority of the Board of Directors, or (ii) Members constituting 25% of the voting rights of the Members in good standing, or (iii) Franchisor. Requests for a special meeting must state the purpose or purposes of the proposed meeting. The notice of any special meeting of the Members must state the purpose or purposes for which the meeting is called.

Section 3.7 - Place of Meeting. All meetings of the Members will be at such places as will be determined from time to time by the Board of Directors of the Corporation.

Section 3.8 - Notice of Meetings. Written notice of each meeting of the Members stating the Place, day and hour thereof, must be delivered to each Member of record entitled to vote at such meeting, personally or by telephone, telegram, cablegram, e-mail, first class mail, confirmed facsimile transmission or any other means of personal delivery providing evidence of actual delivery; and if mailed, the notice shall be deemed to be given when deposited in the United States mail addressed to the Members at the Members' addresses, as they appear in the records of the Corporation, with postage thereon prepaid. Notice must be given by or under the direction of the Secretary, or the officer or persons calling the meeting not more than 60 not less than 10 days before the date of the meeting; provided that oral notice to the Member may be given in lieu of written notice so long as the party giving the notice to the Member files with the Corporation a written statement of the date, time, place and manner of the oral notice. No notice need be given of the time and place of reconvening of any adjourned meeting, if the time and place to which the meeting is adjourned are announced at the adjourned meeting.

Section 3.9 - Waiver of Notice. A written waiver of notice signed by any Member, whether before or after any meeting, shall be equivalent to the giving of timely notice to said Member. Attendance of a Member at a meeting shall constitute a waiver of notice of such meeting and waiver of any and all objections to the place of the meeting, the time of the meeting, or the manner in which it has been called or convened, except when a Member attends a meeting for the express purpose, as stated at the beginning of the meeting, of objecting to the transaction of business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any meeting of the Member need be specified in any written waiver of notice.

Section 3.10 - Closure of Books and Fixing of Record Date. For the purpose of determining Members entitled to notice of, or to vote at, any meeting of the Members or any adjournment thereof, the Board of Directors may provide that the books will be closed for a period of not less than 3 and not more than 30 days immediately preceding such meeting. If the books are not closed and no record date is fixed by the Board of Directors, the date on which notice of the meeting is mailed will be the record date for the determination of Members entitled to notice and to vote.

Section 3.11 – Quorum. Except as otherwise required by the Act, the Articles of Incorporation or these Bylaws, the presence of Members holding a majority of the votes will constitute a quorum at all meetings of the Members. In case a quorum is not present at any meeting, a majority of the Members present will have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place to which the meeting is adjourned, until a quorum is present. At any such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally noticed; but only those Members entitled to vote at the meeting as originally noticed will be entitled to vote at any adjournment or adjournments thereof.

Section 3.12 – Voting. Each Member will be entitled at each Members' meeting and upon each matter presented at such meeting to one vote for each El Pollo Loco® restaurant located in the Association Area that the Member owns, or, in the case of Franchisor, owns or operates. Notwithstanding the fixing of the record date in Section 3.10, Members may only participate in and vote at meetings subject to being in good standing, in accordance with the Bylaws, both on the record date and at the time of the meeting. Furthermore, in the event that a meeting is postponed or continue, a Member must be in good standing at the time the meeting is reconvened in order to participate and vote at the meeting.

Any Member who is not in good standing pursuant to Section 3.4(a) hereof shall have all rights and privileges of membership (including the right to vote and participate as a Member, director or officer in any meeting) suspended. Any Member who is not in good standing pursuant to Section 3.4(b) hereof shall have its right to vote (but not its right to participate) suspended at any meeting of the members or the board of directors of the Corporation. Any dispute regarding the good standing of a Member and its right to vote at a membership meeting will be determined conclusively by the Chairman of the meeting, in conjunction with the representative of the Franchisor present at the meeting, which determination will be final and binding. Any such suspension shall continue until the Member is in good standing again.

The list of Members must be produced at any Member's meeting upon the request of any Member. Upon the demand of any Member, the note upon any question before the meeting must be by written ballot. Except as otherwise provided by these bylaws, by the Act, or by the Articles of Incorporation, all matters will be decided by a majority of the votes of Members present at the meeting. There is no cumulative voting for directors or on any other matter.

Section 3.13 – Representatives. If a Member is a corporation, limited liability company, partnership or other business entity, the Member will duly authorize a person to represent its interests at Association meetings (the "**Representative**"). The Representative must be a: (i) shareholder, partner, member (in case of an LLC), director or officer of the Member; or (ii) the Member's Operating Partner, as defined in the Member's Franchise Agreement; or (iii) in the event the Member is Franchisor or one of its affiliates, an officer or other designated representative of Franchisor or its affiliate. The Corporation shall be entitled to rely on any written authorization appointing the Representative that the Corporation in good faith believes to be valid unless and until the Corporation shall have received an authorization for a successor Representative that the Corporation in good faith believes to be valid. The Corporation shall be entitled to rely on the Representative's decisions, votes and consents to bind the Member at any such meeting without any further inquiry. The same person can be a Representative for more than 1 Member.

Section 3.14 - Action Without Meeting. Any action of the Members of the Corporation may be taken without a meeting, without prior notice and without a vote, if one or more consents in writing, setting forth the action so taken, are signed by the Members having not less than two-thirds (2/3) of the votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. Such consents must be delivered to the Corporation in the manner required by the Act. Neither the Articles of Incorporation nor these Bylaws will be construed, interpreted or deemed to have, in any way, limited or prevented the utilization of the ability to take written action in lieu of formal meetings as may be permitted by the Act.

Section 3.15 – Organization. Meeting of the Members must be presided over by the President, or if the President is not present, by the Vice President, if a Vice President has been elected, or if neither the President not the Vice President is present, then by a chairman to be chosen by a majority of the Members entitled to vote who are present in person at the meeting. The Secretary of the Corporation, or in the Secretary's absence, the Assistant Secretary, will act as secretary of every meeting, but if neither is present, the Members entitled to vote who are present in person may choose any person present to act as secretary of the meeting.

At all meetings of the Members the order of business will be as follows:

(1) Calling meeting to order.
(2) Proof of notice of meeting and determination of quorum.
(3) Reading and disposing of minutes of previous meeting.
(4) Announcement of purposes for the meeting.
(5) Reports of officers.
(6) Unfinished business.
(7) New business, including election of directors if an annual meeting.
(8) Adjournment.

Section 3.16 - Member Meetings by Telephone. Any Member may participate in a Members' meeting or may conduct a Members' meeting through the use of, any means

of communication enabling all persons participating in the meeting to hear each other at the same time during the meeting. Participating by such means will constitute presence in person at a meeting.

ARTICLE 4 - Directors

Section 4.1 – Number. There will be at least 3 directors on the Board. From time to time, the exact number of directors may be determined by vote of the Members at any time, but never less than 3 and never an amount less than as otherwise required by the Act.

Section 4.2 – Vacancies. Whenever a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of directors or the removal of 1 or more directors, it may be filled by the affirmative vote of a majority of the remaining directors even if the remaining directors constitute less than a quorum.

Section 4.3 - Removal of Directors. Any director may be removed with or without cause by vote of a majority of the Members at a membership meeting, or by written action in lieu of meeting signed by the Members having not less than two-thirds (2/3) of the votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted.

Section 4.4 – Qualification. Each director must be either a Member (if the Member is an individual) or the Member's Representative. If there are less than 3 Members at any time, then the franchisor, through Franchisor's representative designated as its "**Member's Representative**", shall have the right to designate 2 directors one of which shall be the Member's Representative and the other shall be an officer of Franchisor. However, any director serving on the Board of Directors will be automatically suspended at any time during which the director, or the business organization for which the director is the Representative, is not in good standing. In addition, directors will be automatically removed as directors if, at any time, the Member with which they are associated is expelled from membership or is no longer a franchise of the Franchisor either because the Franchise Agreement has expired, or it has been terminated or transferred.

Section 4.5 – Terms. Directors will hold office until their respective successors are duly elected and qualified or until there is a decrease in the number of directors.

Section 4.6 – Resignation. Any director may resign at any time. Such resignation will be made in writing and will take effect upon its delivery to the President or the Board of Directors or its Chairman.

Section 4.7 – Powers. Except for those rights reserved to the Members under these bylaws, the business of the Corporation will be managed by its Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not prohibited by the Act, by the Articles of Incorporation or by these Bylaws. The Board of Directors will determine the compensation, if any, to be paid to each officer and director of the Corporation, including those officers who may also be directors.

Section 4.8 – Meetings. The Board of Directors of the Corporation may hold meetings,

whether annual or special, either within or without the State of Missouri, The annual meeting of the Board of Directors for the purpose of electing officers and transacting such other business as may be brought before the meeting will be held at such time and place as the Board of Directors may determine. The Board of Directors may by resolution provide for the time and place of other regular meetings, and no notice of such regular meetings need to be given.

All other meetings of the Board may be called on the written request of (i) any director or (ii) Members with 25% of the voting rights of Members in good standing, at such time and place as may be stated in such request.

In accordance with the terms of the ___*[NAME OF AREA]*_ El Pollo Loco® restaurant Advertising Association Authorization Agreement, a representative of Franchisor shall be entitled to notice of all regular and special meetings of the Board of Directors of the Corporation and shall have the right to attend all meetings, either in person or in any other manner of attendance authorized in these Bylaws. However, unless the Franchisor is a Director of the Corporation, the Franchisor representative shall have no right to participate in any action of the Board of Directors in accordance with Sections 4.10 and 4.11 of these Bylaws.

Section 4.9 - Notice of Special Meetings. Written notice of the place, day and hour of any special meeting of the Board of Directors must be given by or under direction of the Secretary, to each director at least 2 days before the meeting; provided, however, that oral notice may be given to directors in lieu of written notice so long as the party giving the notice to the directors files with the Corporation a written statement of the date, time, place and manner of the oral notices. Neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors, need be stated in the notice or waiver of notice of such meeting.

Section 4.10 - Action Without a Meeting. Any action required to be taken, or which may be taken, at a meeting of the Board of Directors may be taken without a meeting, if a consent in writing, setting forth the action so to be taken, is signed by all of the directors entitled to vote. Such consent will have the same effect as a unanimous vote.

Section 4.11 - Quorum and Voting. At all meetings of the Board, a majority of the directors then in office will constitute a quorum for the transaction of business. The act of a majority of directors present at a meeting where a quorum is present will be the act of the Board of Directors, except as may be otherwise specifically provided by law, the Articles of Incorporation or these Bylaws. If at any meeting of the Board of Directors there is less than a quorum present, a majority of those present may adjourn the meeting, without further notice, from time to time and place to place until a quorum will have been obtained.

Section 4.12 – Organization. The President of the Corporation will act as Chairman and the Secretary will act as Secretary at all meetings of the Board.

Section 4.13 – Compensation. Directors must not receive any stated salary for their services as directors or as members of committees, but by resolution of the Board a fixed

fee and /or expenses of attendance may be allowed for attendance at each meeting.

Section 4.14 - Attendance by Telephone. Any member or members of the Board of Directors will be deemed present and voting at a meeting of the Board if said member or members participate in the meeting by means of a conference telephone or other communications equipment enabling all persons participating in the meeting to hear other at the same time. Participation by such means will constitute presence in person at a meeting.

ARTICLE 5 - Officers

Section 5.1 – Officers. The officers of this Corporation will consist of a President, a Secretary and a Treasurer, and may consist of such other officers, including, but not limited to, 1 or more Vice Presidents, Assistant Secretaries and Assistant Treasurers with such titles, powers and duties as may be prescribed from time to time by the Board of Directors. They will be elected by the Board of Directors at its annual meeting.

Section 5.2 - Term of Office; Vacancies. Each officer shall hold office for a year and until such officer's successor is duly elected and qualified. A vacancy in any office arising from any cause may be filled for the unexpired portion of the term by the Board of Directors.

Section 5.3 - Removal of Officers. Any officer may be removed at any time with or without cause by action of the Board of Directors by the affirmative vote of a majority of the directors then in office. Election or appointment of an officer will not of itself create contract rights.

Section 5.4 – Resignations. An officer may resign at any time by delivering notice to the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective date. If a resignation is made effective at a later date and the Corporation accepts the future effective date, the Board of Directors may fill the pending vacancy before the effective date if the Board of Directors provides that the successor does not take office until the effective date of the pending vacancy.

Section 5.5 – Compensation. No compensation will be paid to any officer of the Corporation, except the Board of Directors may determine a fixed fee or other reimbursement for expenses.

Section 5.6 - Refund of Payment. In the event that the Internal Revenue Service disallows, in whole or in part, the deduction by the Corporation as an ordinary and necessary business expense of any payment made to an officer of the Corporation, whether as salary, commission, bonus or other form of compensation or as interest, rent or reimbursement of expenses incurred by such officer, such officer must reimburse the Corporation to the full extent of such disallowance. The Board of Directors of the Corporation will have the duty to require each such officer to make such reimbursement, and it will be the legal duty of each such officer thus to reimburse the Corporation.

Section 5.7 - Powers and Duties.

A. In General. The officers of the Corporation will have such powers and duties as generally pertain to their respective offices, including the powers and duties provided by these Bylaws, as well as such powers and duties as from time to time may be conferred by the Board of Directors.

B. President. The President will:

(1) preside at all meetings of the Board of Directors in the absence of the Chairman of the Board, if any;
(2) present at each annual meeting of the directors a report of the condition of the business of the Corporation;
(3) cause to be called regular and special meetings of the directors in accordance with these Bylaws;
(4) jointly with the Treasurer, sign and make contracts and agreements in the name of the Corporation;
(5) see that the books, reports, statements and certificates required by statute are properly kept and filed according to law;
(6) jointly with the Treasurer, sign notes, drafts or bills of exchange, warrants or other orders for the payment of money duly drawn on behalf of the Corporation;
(7) supervise all employees of the Corporation including the hiring and firing of such employees as the President deems advisable;
(8) jointly with the Treasurer, purchase on behalf of the Corporation, tangible or intangible assets; and
(9) have general charge of and control over the affairs of the Corporation and perform the entire duties incident to such position and office, the enforcement of these Bylaws and all other things which the President is required to do by law.

C. Vice President. The Vice President, if any will;

(1) in the absence or disability of the President, perform the duties and exercise the powers of the President;
(2) perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

D. Secretary. The Secretary will:

(1) prepare the minutes of the meetings of the Board of Directors and keep the minutes in appropriate permanent books of record;
(2) give and serve all notices of the Corporation;
(3) be the custodian of the records and of the seal, and affix the latter when required, and authenticate records of the Corporation when required; and
(4) attend to all correspondence and perform all the duties incident to the office of the Secretary.

E. Treasurer. The Treasurer will:

(1) keep accounts of and have the care and custody of and responsible for all the funds and securities of the Corporation;

(2) deposit all such funds in the name of the Corporation in such back or banks, trust company or trust companies, or safe deposit vaults as the Board of Directors may designate;

(3) exhibit, at times required by law or these Bylaws, the corporate financial books and accounts to any director upon application at the office of the Corporation during business hours;

(4) render a statement of the condition of the finances of the Corporation (at each regular meeting of the Board of Directors, and at such other times as it will be required of the Treasurer) and a full financial report at the annual meeting of the directors;

(5) keep at the office of the Corporation current books of account of all its business transactions and such other books of account that the Board of Directors may require;

(6) jointly with the President, sign and make contracts and agreements in the name of the Corporation;

(7) jointly with the President, sign notes, drafts or bills of exchange, warrants or other orders for the payment of money duly drawn on behalf of the Corporation;

(8) jointly with the President, purchase on behalf of the corporation, tangible or intangible assets, and

(9) do and perform all other duties pertaining to the office of the Treasurer.

F. Assistant Secretary and Assistant Treasurer. The Assistant Secretary or Assistant Secretaries and the Assistant Treasurer will, in the absence or disability of the Secretary, or Treasurer, respectively, perform the duties of such officer and generally assist, in the case of an Assistant Secretary, the Secretary, or an Assistant Treasurer, the Treasurer.

Section 5.8 - Delegation of Duties. In the case of the absence or disability of any officer of the Corporation or for any other reason deemed sufficient by a majority of the Board, the Board of Directors may delegate such officer's respective powers or duties to any other officer or to any director or agent of the Corporation for a specified period or until said delegation is revoked by the Board of Directors, provided that such delegation is otherwise permitted by law and by the Articles of Incorporation and these Bylaws.

ARTICLE 6 - Contributions

Section 6.1 – Contributions. The Members will determine at the final quarterly Member meeting of the fiscal year the amount of contributions to be paid to the Corporation by its Members during the succeeding fiscal year. The amount of the contributions will generally be a percentage of Net Sales, as defined in the most recent Disclosure Document issued by the Franchisors, uniform among Members on a per El Pollo Loco® restaurant basis. The Members may, subject to Franchisor's approval, vary the level of benefits and/or contributions for any El Pollo Loco® restaurant that is located in a geographical area in which broadcast coverage is less than 85%, according to the most recent A.C. Nielsen or

Arbitron coverage study, in order to achieve approximate equivalence in contributions and benefits of Members. If any Restaurants of a Member are located in geographical areas covered, according to the most recent A.C. Nielsen or Arbitron coverage study, by more than one regional advertising association, the variation in benefits and/or contribution may be coordinated with such other regional advertising association.

Section 6.2 Payment of Contributions. Subject to the terms of the ________*[NAME OF AREA]* __ El Pollo Loco® restaurant Advertising Association Authorization Agreement, the Board of Directors will set the dates and method of payment for contributions. However, Members will not have to pay their contributions for new Restaurants until after their El Pollo Loco® restaurant have opened for business.

Section 6.3 - Default in Payments. The Board of Directors will establish policies and procedures for dealing with situations in which Members have not timely paid contributions. The Board of Directors may set interest rates and fees to offset administrative expenses, collection costs, etc. for delinquent payments.

ARTICLE 7- Notices

Section 7.1 – Recording. Whenever these Bylaws require notice to be given to Members, directors, or committee members, proof of such notice whether given by mail, e-mail, telecopy, telephone, telegraph, cablegram or by personal contact will be recorded and filed by the Secretary in the minute book and incorporated into the minutes for the meeting to which such notice pertains.

Section 7.2 – Waiver. Whenever any notice of a meeting is required to be given under the provisions of the Act, of the Articles of Incorporation, or of these bylaws, a waiver thereof in writing, signed by the person or persons entitled to such notice either before, at, or after the meeting, will be deemed equivalent to such required notice. Attendance of a person entitled to notice at a meeting will also constitute a waiver of notice of such meeting; provided, however, that such attendance will not constitute such a waiver if said person attends said meeting solely for the purpose of, and limits that person's participation at the meeting to, objecting to the transaction of any business because the meeting is not lawfully called or convened and states such objection at the beginning of the meeting.

ARTICLE 8 - Designated Financial Agents, Signatures and Seal

Section 8.1 - Designated Financial Agents. All funds of the Corporation will be deposited in the name of the Corporation in such bank or other financial institutions as the Board of Directors may from time to time designate and will be drawn out on checks, drafts or other order signed on behalf of the Corporation by such person or persons as the Board of Directors may from time to time designate.

Section 8.2 - Other Agreements. Except as otherwise specifically provided by these Bylaws, all contacts, agreements, deeds, bonds, mortgages and other obligations and instruments must be signed on behalf of the Corporation by the President and Treasurer or by such other officers or agents as the Board of Directors may from time to time by

resolution provide.

ARTICLE 9 - Amendments of Bylaws

The Bylaws may be altered, amended or repealed only by the Members at a meeting of Members, provided that the notice of the meeting contains a written proposal to amend these Bylaws along with the text of the amendments, and subject to the prior written approval of Franchisor in accordance with the _______*[NAME OF AREA]*________El Pollo Loco® restaurant Advertising Association Authorization Agreement. Nevertheless, the amendment of any Bylaw or replacement of these Bylaws will not be effective unless it has been approved by a voting requirement that is in excess of the voting requirement that it is replacing. In other words, voting requirement specifying approval by two-thirds (2/3) can only be changed by a vote of at least that number.

ARTICLE 10 - Indemnification

Section 10.1 - Indemnification in Proceedings Other Than Actions by, or in the Right of, the Corporation. The Corporation will indemnify any person who was or is a party to any proceedings (other than an action by, or in the right of, the Corporation), by reason of the fact that that person is or was a director, officer, employee, or agent of the Corporation, or is or was serving at the request of the Corporation as a director, committee member, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against liability incurred in connection with such proceeding, including any appeal thereof, if the indemnitee acted in good faith and in a manner the indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the indemnitee's conduct was unlawful.

Section 10.2 - Indemnification of Persons Parties to a Proceeding by or in the Right of the Corporation. The Corporation will indemnify any person who was or is a party to any proceeding by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that person is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as the director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses and amounts paid in settlement not exceeding, in the judgment of the Board of Directors, the estimated expense of litigating the proceeding to conclusion, actually and reasonably incurred in connection with the defense or settlement of such proceeding, including any appeal thereof. Such indemnification may be authorized if such person acted in good faith and in a manner that person reasonably believed to be in, or not opposed to, the best interests of the Corporation. Provided, however, that no indemnification may be made hereunder in respect of any claim, issue, or matter as to which such person has been adjudged to be liable, unless, and only to the extent that, the court in which such proceeding was brought, or any other court of competent jurisdiction, determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court deems proper.

Section 10.3 - Mandatory Indemnification. To the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any proceeding referred to in Sections 10.0 and 10.2 above, or in defense of any claim, issue or matter therein, such director, officer, employee or agent must be indemnified against expenses actually and reasonably incurred by such director, officer, employee or agent in connection therewith.

Section 10.4 - Authorized of Indemnification is Required. Any indemnification under Sections 10.1 and 10.2, unless pursuant to a determination by a court, may be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because the director, officer, employee, or agent has met the applicable standard of conduct set forth in Section 10.1 or 10.2. Such determination must be made pursuant to any procedures outlined by the Act, if any.

Section 10.5 - Additional Conditions to Indemnification. The Board, by a majority vote of a quorum consisting of directors who were not parties to the action, suit or proceeding to which the indemnification relates, may impose such additional conditions upon any form of indemnification as the Board may deem appropriate, including, but not limited to, the right to assume the defense in appropriate circumstances, the right to select the attorney representing the indemnified person and the right to settle.

Section 10.6 - Prepayment of Expenses. Expenses (including attorneys' fees and expenses) incurred in defending a civil or criminal action, suit or proceeding must be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon a preliminary determination following the procedures set forth in Section 10.04 that such indemnified person meets the applicable standard of conduct referred to therein and subject to any conditions imposed by the Board pursuant to this Article and the prior receipt by the Corporation of an undertaking satisfactory in form and substance to the Corporation that such person will promptly repay such amount unless it is ultimately determined that the person is entitled to be indemnified by the Corporation as authorized in this Article 10.

Section 10.7 - Indemnification Disallowed in Certain Circumstances. The indemnification provided pursuant to this Article may not be made to or on behalf of any director, officer, employee, or agent if a judgment or other final adjudication establishes that such director's, officer's, employee's, or agent's actions, or omissions to act, were material to the cause of action so adjudicated and constitute:

A. a violation of the criminal law, unless the director, officer, employee or agent had reasonable cause to believe that such conduct was lawful or had no reasonable cause to believe such conduct was unlawful;

B. a transaction from which the director, officer, employee or agent directly or indirectly derived an improper personal benefit;

C. in the case of a director, a circumstance under which the director would be liable to the Corporation under the Act; or

D. willful misconduct or a conscious disregard for the best interests of the Corporation in a proceeding by or in the right of the Corporation to procure a judgment in its favor.

Section 10.8 – Nonexclusively. The Corporation has the power to make any other or further indemnification of any of its directors, officers, members of any committee, or any other person that the Corporation has the power by law to indemnify, including without limitation, employees or agents of the Corporation, under any bylaw, agreement, vote of disinterested directors, or otherwise, both as to action in any official capacity and as to action in another capacity while holding such office, except an indemnification against gross negligence or willful misconduct. The indemnification as provided in this Article will continue as to any person who has ceased to be a director, officer, or agent and will insure to the benefit of such person's heirs and personal representatives.

ARTICLE 11 - General Provisions

Section 11.1 - Fiscal Year. The fiscal year of the Corporation shall be either 52 or 53 weeks and end on the last Saturday in December of each year.

Section 11.2 - Gender and Number. Whenever the context requires, the gender of all words used herein includes the masculine, feminine and neuter, and the number of all words includes the singular and plural thereof.

Section 11.3 - Articles and Other Headings. The Articles and other headings contained in these Bylaws are for reference purposes only and will not affect the meaning or interpretation of these Bylaws.

Section 11.4 - Minutes, Books and Records of Account. The Corporation will keep correct and complete books and records of account and will keep minutes of the proceedings of its Board of Directors and other records as required by the Act.

Section 11.5 - Statutory Cites. Any reference in these Bylaws to the Act will include all revisions and amendments to the Act.

EXHIBIT 6: EL POLLO LOCO® FINANCIAL REPORTING FORM

You will be required to submit quarterly and year-end financial statements electronically in the following format. The financials should be comparative, showing the prior year amounts for the same periods. There should be columns for both the recently completed quarter and a Year-to-date column, if applicable. Do not include officer's salary, auto expenses, or any other above restaurant expenses should not be included.

	Amount	%
Gross Sales	$ 0	
Net Sales	0	100.0%
Food Cost	0	0.0%
Paper Cost	0	0.0%
Total Food & Paper	0	0.0%
Gross Profit	0	0.0%
Hourly and Manager labor	0	0.0%
Fringe Benefits (a)	0	0.0%
Total Labor	0	0.0%
Utilities	0	0.0%
Repair and Maintenance	0	0.0%
Cash Over/Short	0	0.0%
Controllable Costs (b)	0	0.0%
Restaurant Controllable Profit	0	0.0%
Advertising	0	0.0%
Royalties	0	0.0%
Third-Party Delivery Fees	0	0.0%
Indirect Costs (c)	0	0.0%
Occupancy Costs (d)	0	0.0%
Restaurant Operating Profit	$____	____%

(a) To include payroll taxes, health benefits, vacation, and workers compensation expense
(b) To include trash, store security, uniforms, laundry, cleaning/janitorial, operating supplies, music and plant service, landscape, and other misc. restaurant costs not captured elsewhere.
(c) To include credit card fees, bank charges, licenses, permits, fees, and pre-opening costs
(d) To include minimum and percentage rent, property taxes and insurance.

EXHIBIT 7: IT SUPPORT SERVICES AGREEMENT

Customer:	
Franchise Restaurant Number(s) Covered:	
Restaurant(s):	
Date of Franchise Agreement(s):	
Effective Date:	
Customer's Authorized Representative(s)/Contacts:	
Invoices to Customer to be sent to:	
Notices, if to Customer, to be sent to:	
El Pollo Loco IT:	
Notices, if to El Pollo Loco IT, to be sent to:	El Pollo Loco, Inc. 3535 Harbor Blvd., Suite 100 Costa Mesa, CA 92626
Term Commencement Date:	
Term Expiration Date:	Upon expiration of the Franchise Agreement(s), unless sooner terminated as provided by the Franchise Agreement(s)
Service Level Description	See Attached EPL IT Standard Platinum Service Description
Annual Fees:	See Attached Franchise Support Options
Special Terms:	See Website

The authorized representatives of Customer and EPL IT, intending to be legally bound, agree to the terms and conditions of this IT Support Services Agreement ("Agreement"), including without limitation documents incorporated by reference, as of the Effective Date.

EPL IT: El Pollo Loco, Inc., a Delaware corporation	**Customer:** ____________________, a __________
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

TABLE OF CONTENTS

A. Terms And Conditions

B. EPL IT Standard Services Descriptions

C. Complete I.T. Operations Support

D. Franchise Support Options – Fee Schedule

TERMS AND CONDITIONS

1. Performance. El Pollo Loco Informational Technology ("**EPL IT**") shall make available to Customer certain operations support services for the Service Level designated on the first page of this Agreement ("**Services**") based on EPL IT's standard description of services for such Service Level in accordance with the terms and conditions of this Agreement. The Services are limited to the standard EPL franchise Restaurant configuration unless otherwise agreed upon in writing by EPL IT ("**Standard Restaurant Configuration**"). The Services are limited to those listed in the Services Descriptions in this Agreement and will be performed for the stated pricing. EPL IT shall perform additional services as detailed and mutually agreed to by the Parties upon additional payment by Customer, Services will be performed during EPL IT's normal business hours as listed in the Services Descriptions. EPL IT reserves the right to restrict access to the Services during periods of routine back-up, maintenance, scheduled downtime and other activities outside such normal business hours. Information relevant to Services may be posted on the EPL internal Customer website ("**Website**"). Information on the Website or other EPL documents, may be changed or updated without notice. EPL may also make improvements and/or changes in the Services or pricing at any time without notice.

2. Customer Obligations. As a condition precedent to EPL IT performing its obligations hereunder, and in addition to Customer's other obligations as set forth in EPL IT's standard description of services for the applicable Service Level, Customer shall timely provide the following at no charge to EPL IT: (a) access to and use of reasonable working space, facilities and utilities, (b) any information, software, equipment, data and/or documentation (collectively, "**Data**") that EPL IT reasonably requests from Customer that is necessary for EPL IT to properly perform its obligations hereunder; and (c) all components in the Standard Restaurant Configuration and all updates, enhancements, upgrades and replacements thereto recommended or otherwise identified in writing by EPL IT. Customer represents to EPL IT that it has the right to grant EPL IT access to such facilities and Data for the performance of the Services. Such Data shall be kept confidential by EPL IT in accordance with Section 4. In the event that there are any delays by Customer in the timely providing of facilities, access, Data, or the Standard Restaurant Configuration or there are errors or inaccuracies in the Data or the Standard Restaurant Configuration provided, and such delays, errors or inaccuracies require additions, corrections or modifications related to EPL IT's performance hereunder, then any costs associated therewith shall be the responsibility of Customer, and EPL IT shall be entitled to appropriate adjustments. Customer shall designate two points of contact who shall be the only people to make inquiries to EPL IT under this Agreement, as set forth on the first page of this Agreement. Each Customer contact must possess, or at Customer's expense acquire the necessary familiarity, expertise and training on the Standard Restaurant Configuration with direction by EPL IT. Prior to requesting support, Customer will comply with all published operating and troubleshooting procedures for the components of the Standard Restaurant Configuration and, if such efforts are unsuccessful in eliminating the malfunction, Customer shall promptly notify EPL IT of any problems discovered in the operation of the Standard Restaurant Configuration. Customer must identify the Franchise Restaurant Number when accessing the Services.

Customer must cooperate with EPL IT to maintain a site activity log. Customer will perform routine preventive maintenance and cleaning of the Standard Restaurant Configuration Customer shall be solely responsible for the accuracy of all Data collected and submitted to third party suppliers for credit card processing. Customer shall comply with such reasonable policies, procedures and rules relating to the Services as EPL IT may from time to time publish on its Website or designate in writing to Customer. Customer shall educate and train their restaurant managers in how to run their point of sales. Customer will ensure that all third parties, including its employees or contractors, using the Services or any components of Customer's Standard Restaurant Configuration abide by Customer's obligations under this Agreement in their use thereof. Any act or omission of any third party related to Customer's obligations hereunder or the use of any Services, Reports or Standard Restaurant Configuration shall be deemed to be the act or omission of Customer for all purposes whether or not Customer had knowledge of or had authorized such act or omission.

3. Price and Payment Terms. In consideration for the Services performed pursuant to this Agreement, Customer shall pay EPL IT based upon the fees specified on the first page of this Agreement ("**Fees**") and any Other Fees as defined below. EPL IT reserves the right to increase the Fees at any time, which would take effect upon the first day of the following month by providing Customer with 30 days prior written notice setting forth the adjustment to the Fees. EPL IT shall automatically debit Fees from Customer's account via ACH funds transfer in accordance with the terms indicated on the first page of this Agreement. The first installment is due and payable on the first day of this Agreement. Subsequent payments or account ACH funds transfers will be made according to the schedule specified under the terms indicated on the first page of this Agreement. Customer shall reimburse EPL IT the following fees collectively defined as ("**Other Fees**") should they be incurred by Customer: (a) any reasonable and properly documented out-of-pocket travel and living expenses incurred by EPL IT personnel during their performance of the Services; (b) any reasonable and properly documented services and/or equipment, which EPL IT, or their designated representative, determines, as its sole and absolute right, to be outside the scope of the Services including, but is not limited to, (i) software license fees, (ii) software updates, (iii) hardware updates associated with software updates, (iv) onsite services, (v) consulting services, (vi) equipment and any associated shipping and handling charges incurred by EPL IT; and (c) the Professional service rates described under Complete I.T. Operations Support plus materials charges incurred in the performance of such services or if an outside designated representative is used, at the rate they charge plus materials charges incurred in the performance of such services. Invoices for Other Fees shall be submitted to Customer by EPL IT on a per incident basis. Customer may not withhold or set off any amounts due. EPL IT shall automatically direct debit Other Fees from Customer's account via ACH funds transfer upon advance written notice via electronic mail to Customer. All sums payable to EPL IT shall be made in United States dollars and due 10 days from the date of EPL IT's invoice should EPL IT be unable to direct debit Fees from Customer's account via ACH funds transfer. All amounts past due shall accrue interest from their due dates at the rate of one and 1.5% per month or the maximum percentage allowable by law (whichever is less). All amounts due (including the Fees) do not include any federal, state or local sales, use or

excise taxes or other charges assessed against or payable by EPL IT in connection with this Agreement, and Customer shall pay to EPL IT the amount of any such taxes that EPL IT may be required to pay on account of its performance under this Agreement except for any franchise tax or tax based upon EPL IT's net income or personal property. EPL IT reserves the right to cease performance and assert appropriate liens if all amounts are not paid in full when due.

4. Confidential & Proprietary Information. Each party shall maintain in strict confidence, and not disclose or distribute to any third person any Confidential Information of the other party for a period of 3 years from the date of disclosure (except with respect to trade secrets, which shall be kept confidential until no longer qualifying as a trade secret). "**Confidential Information**" shall mean the information disclosed by either party pursuant to this Agreement that is (a) stamped or otherwise marked as being confidential by the disclosing party, (b) if disclosed in oral form, identified as confidential at the time of oral disclosure and is summarized by the disclosing party in a written memorandum marked as confidential and delivered within 10 business days after such disclosure, or (c) of such a nature as to put a reasonable party on notice as to the confidentiality of the information disclosed. Confidential Information does not include any information that: (i) entered the public domain through no fault of the receiving party; (ii) is rightfully received by the receiving party from a third party without similar non-disclosure obligations; (iii) is already known to the receiving party prior to disclosure by the disclosing party; (iv) is independently developed by the receiving party without reference to the Confidential Information of the disclosing party, or (v) is required to be disclosed by law, provided that the party intending to make such required disclosure shall promptly notify the other party of such intended disclosure in order to allow such party to seek a protective order or other remedy. The obligations set forth above in this Section shall not affect EPL IT's ownership of Inventions (as defined in Section 5) and all intellectual property rights therein, or EPL IT's full exercise of those Inventions and intellectual property rights, so long as EPL IT does not disclose Customer's Confidential Information. All Inventions shall constitute EPL IT's Confidential Information.

5. Proprietary Rights. EPL IT or its subcontractors or suppliers, as applicable, retain sole ownership of all designs, engineering details, data, methodologies, ideas, concepts, discoveries, inventions, improvements, works of authorship, technology or information. and all enhancements, modifications and derivative works thereof (collectively, "**Inventions**"), and all intellectual property rights therein, used or created by EPL IT or such subcontractors in the performance of the Services, and shall have the exclusive right to determine how to protect the Inventions. Reports or other work product delivered by EPL IT to Customer under this Agreement are provided to Customer with Limited Rights. "**Reports**" means the written reports or work product specifically produced by EPL IT in performing the Services and specified to be an item delivered to Customer. "**Limited Rights**" means the right of Customer to use the Reports in operating Customer's Standard Restaurant Configuration for Customer's own internal business purposes only, but in no event the right to make copies, modifications, enhancements or derivative works thereof or resell, distribute, exploit or sublicense such Reports or any portion thereof. EPL IT retains for itself, its parent company, affiliates and subsidiaries, the right to retain and

make copies of the Reports and to make use of the contents thereof for its and their business use and, as to any portion of such contents that is not Customer's Confidential Information, to make use thereof for any purpose, whether internal or otherwise.

6. Limited Warranty. EPL IT warrants to Customer only that: (i) for a period of 30 days from the date of completion of its performance of a particular task under the Services, the particular task will be performed in a good and workmanlike manner consistent with standard industry practices employed by persons knowledgeable in the field of computers and within the limits of the technology embodied in the Standard Restaurant Configuration; and (ii) for a period of 30 days from the date of delivery of a particular Report, that Report will be free from material defects in workmanship and materials, and will conform in all material respects to the applicable descriptions or specifications provided by EPL IT to Customer In the event of a breach by EPL IT of the foregoing warranty of which Customer notifies EPL IT in writing during the warranty period, EPL IT's sole obligation and Customer's exclusive remedy shall be for EPL IT to use commercially reasonable efforts to re-perform the task or to correct the portion of the Report that does not conform to such warranty. In the event EPL IT is unable to re-perform such task or to make such corrections, as applicable, the sole remedy of Customer and EPL IT' sole obligation shall be to recover the compensation actually paid to EPL IT for the Service or the Report giving rise to such warranty failure. This limited warranty with respect to any Services or Reports shall be voided in the event Customer: (i) makes additions to, alters, modifies, enhances, changes, repairs or disassembles or reverse engineers the Standard Restaurant Configuration, or fails to maintain the Standard Restaurant Configuration (or any component thereof or any equipment or facilities upon which such component depends) in good working order or the environmental conditions within the operating range specified by the manufacturer of the components in the Standard Software Configuration or EPL IT; (ii) uses the Standard Restaurant Configuration or any Report in a manner for which it was not designed, or in an incompatible operating environment; or (iii) mishandles, abuses, misuses or damages the Standard Restaurant Configuration. THE LIMITED WARRANTY STATED IN THIS SECTION AND THE REMEDIES FOR A FAILURE OR BREACH OF SUCH LIMITED WARRANTY ARE EXCLUSIVE. THEY ARE GIVEN TO CUSTOMER IN LIEU OF ALL OTHER WARRANTIES, WRITTEN OR ORAL, STATUTORY, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ACCURACY, QUIET ENJOYMENT, NON-INFRINGEMENT, OR COURSE OF PERFORMANCE OR DEALING, WHICH EPL IT SPECIFICALLY DISCLAIMS.

7. Limitation of Damages. IN NO EVENT SHALL EPL IT (OR ITS SUPPLIERS) BE LIABLE TO CUSTOMER FOR LOST PROFITS, LOSS OR INTERRUPTION OF BUSINESS, LOSS OF DATA OR ANY SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE, CONSEQUENTIAL OR OTHER DAMAGES, HOWEVER CAUSED, AND WHETHER BASED IN CONTRACT, TORT (INCLUDING NEGLIGENCE) OR ANY OTHER THEORY OF LIABILITY. THE FOREGOING LIMITATION SHALL APPLY EVEN IF EPL IT (OR ITS SUPPLIERS) KNOW OR HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE AND NOTWITHSTANDING ANY FAILURE OR

ESSENTIAL PURPOSE OF ANY LIMITED REMEDY PROVIDED FOR HEREIN. EXCEPT IN RESPECT OF INJURY TO OR DEATH OF ANY PERSON RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF EPL IT, ITS EMPLOYEES, AGENTS OR SUBCONTRACTORS (FOR WHICH NO LIMIT APPLIES), IN NO EVENT WILL EPL IT'S ENTIRE LIABILITY UNDER THIS AGREEMENT EXCEED THE GREATER OF (A) THE FEES PAID TO EPL IT FOR THE AFFECTED SERVICE OR REPORT UNDER THIS AGREEMENT OR (B) $5,000.00. IN NO EVENT SHALL EPL IT HAVE ANY LIABILITY FOR ANY COMPONENT OF THE STANDARD RESTAURANT CONFIGURATION (AS DESCRIBED IN THE EPL IT STANDARD SERVICES DESCRIPTION). IN ADDITION, EPL IT SHALL NOT BE LIABLE UNDER ANY CLAIM BROUGHT UNDER ANY THEORY OF LAW THAT AROSE MORE THAN 1 YEAR PRIOR TO THE INSTITUTION OF SUIT THEREON. EPL IT SHALL NOT BE LIABLE FOR ANY LOSS OR DAMAGE CAUSED BY DELAY IN FURNISHING ANY COMPONENT OF THE STANDARD NETWORK OPERATING ENVIRONMENT, ANY REPORTS, ANY SERVICES, OR ANY OTHER PERFORMANCE UNDER OR PURSUANT TO THIS AGREEMENT. EACH PARTY ACKNOWLEDGES AND AGREES THAT THE FOREGOING LIMITATIONS ON LIABILITY ARE ESSENTIAL ELEMENTS OF THE BASIS OF THE BARGAIN BETWEEN THE PARTIES AND THAT IN THE ABSENCE OF SUCH LIMITATIONS, THE MATERIAL AND ECONOMIC TERMS OF THIS AGREEMENT WOULD BE SUBSTANTIALLY DIFFERENT.

8. Term & Termination. This Agreement shall commence on the term commencement date set forth above and continue in effect through the expiration of the Franchise Agreement(s) or the earlier termination of the Franchise Agreement(s) as listed above.

9. Default. If any material breach of this Agreement continues uncorrected for more than 30 days after written notice from the aggrieved party describing the breach, the aggrieved party shall be entitled to declare a default, suspend performance, terminate this Agreement, and pursue any and all other remedies available at law or equity, except as specifically limited elsewhere in this Agreement.

10. Notices. Notices, authorizations and other official communications under this Agreement shall be transmitted in writing by prepaid United States certified mail, return receipt requested, or overnight receipted courier, to EPL IT, at the address and attention of the person set forth on the first page of this Agreement for EPL IT and to Customer, to the billing address and attention of the person set forth on the first page of this Agreement for Customer. Any notice given pursuant to this Section shall be deemed to have been received, in the case of certified mail, on the date of receipt as evidenced by the U.S. Postal Service return receipt card, and, in the case of overnight courier, on the next business day after sending, unless documented otherwise by recipient. All notices must be in the English language.

11. Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party, in whole or in part, without the prior written consent of the other party, such consent not to be unreasonably withheld.

Notwithstanding the preceding sentence, either party may assign this Agreement to its parent company or another affiliated company without the consent of the other party but upon written notice to the other party; provided that the successor unconditionally agrees in writing to be bound by the terms and conditions of this Agreement.

12. Subcontracting. EPL IT reserves the right to subcontract such portions of the Services to subcontractors of EPL IT's choice as it deems appropriate, provided that no such subcontract shall relieve EPL IT of primary responsibility for performance of such Services.

13. Reserved Rights. EPL IT’s service offerings are continually evolving. Accordingly, EPL IT reserves the right to make service substitutions and modifications and to modify or amend its standard description of services for each Service Level at any time by publication including posting on its Website or written notice to Customer. All Services will be delivered in English. EPL IT reserves the rights to charge Customer if dispatch is required, or if the restaurant support center receives excessive training calls as described under Franchise Support Options – Fee Schedule.

14. Indemnification. Each party shall indemnify, defend and hold harmless the other with respect to any third party claim alleging bodily injury, including death, or damage to tangible property, to the extent such injury or damage is caused by the gross negligence or willful misconduct of the indemnifying party. Customer shall indemnify, defend and hold harmless EPL IT, at Customer’s expense, from and against any action brought against EPL IT by a third party, to the extent that such action is based on a claim relating to Customer’s Standard Restaurant Configuration, Data or the performance of Services hereunder. A condition precedent to any obligation of a party to indemnify shall be for the other party to promptly advise in writing the indemnifying party of the claim and turn over its defense. The party being indemnified must cooperate in the defense or settlement of the claim, but the indemnifying party shall have sole control over the defense or settlement. If the defense is properly and timely tendered to the indemnifying party, then the indemnifying party must pay all litigation costs, reasonable attorneys fees, settlement payments agreed to by the indemnifying party and any damages finally awarded by a court; provided, however, that this shall not be construed to require the indemnifying party to reimburse attorneys fees or related costs that the indemnified party incurs either to fulfill its obligation to cooperate, or to monitor litigation being defended by the indemnifying party.

15. Independent Contractor. Nothing in this Agreement shall be interpreted or construed so as to create any relationship between the parties other than that of independent contracting entities. Neither party shall be authorized to obligate, bind or act in the name of the other party, except to the extent EPL IT is expressly authorized to do so in this Agreement.

16. Non-Solicitation. Customer shall not solicit or otherwise seek, directly or indirectly, to induce any of EPL IT’s employees or contractors to work for Customer for a period of 1 year after the employee or contractor ceases to be employed or otherwise

utilized by EPL IT or 1 year after the termination of this Agreement, whichever is greater. Prohibited solicitation includes, but is not limited to, the direct solicitation of any individual or contracting with a third party to intentionally solicit an individual covered by this Section.

17. Similar Services. Customer acknowledges that EPL IT is free to offer services or work product similar to the Services or Reports to other EPL IT customers or third parties without restriction or royalty to Customer.

18. Applicable Law. The rights and obligations of the parties and all interpretations and performance of this Agreement shall be governed in all respects by the laws of the State of California except for its rules with respect to the conflict of laws.

19. Force Majeure. In no event shall either party have any liability for failure to comply with this Agreement if such failure results from the occurrence of any contingency beyond the reasonable control of the party and which delays, interrupts or prevents such party from performing its obligations under this Agreement, including, without limitation, strike or other labor disturbance or shortage, riot, theft, flood, lightning, storm, any act of God, power failure, war, delays or failure of third party equipment, software or service suppliers, national emergency, interference by any government or governmental agency, embargo or seizure. The party affected by a force majeure event shall give notice thereof to the other party within ten days following the occurrence thereof and shall apprise the other party of the probable extent to which the affected party will be unable to perform or will be delayed in performing its obligations hereunder. The affected party shall exercise due diligence to eliminate or remedy the force majeure cause and shall give the other party prompt notice when that has been accomplished. Except as provided herein, if performance of this Agreement by either party is delayed, interrupted or prevented by reason of any event of force majeure, both parties shall be excused from performing hereunder while and to the extent that the force majeure condition exists after which the parties' performance shall be resumed.

20. Waiver. Failure by either party to require performance by the other party or to claim a breach of any provision of this Agreement will not be construed as a waiver of any right accruing hereunder or of any subsequent breach and will not affect the effectiveness of this Agreement or any part hereof, or prejudice either party regarding any subsequent action.

21. Invalidity. If any provision of this Agreement is held invalid, the remaining provisions shall continue in full force and effect and the parties shall substitute for the invalid provision a valid provision which most closely approximates the economic effect and intent of the invalid provision.

22. Attorneys' Fees. In any dispute or litigation between the parties, the prevailing party shall be entitled to reasonable attorneys' fees and all costs of proceedings incurred in enforcing this Agreement.

23. Entire Agreement. This Agreement constitutes the entire agreement

between EPL IT and Customer with respect to the subject matter hereof and supersedes all previous negotiations, proposals, commitments, writings, advertisements, publications and understandings of any nature and in any manner whatsoever relating thereto but does not amend or supersede any Franchise Agreement between EPL and Customer. No agent, employee or representative of EPL IT has any authority to bind EPL IT to any affirmation, representation, or warranty concerning the Services and unless such affirmation, representation or warranty is specifically included within this Agreement, it shall not be enforceable by Customer or any assignee or sublicensee of Customer. Any terms and conditions on any Customer purchase order form or other document issued by Customer to implement this Agreement that are in addition to or in conflict with the terms and conditions of this Agreement shall be null and void, even if acknowledged in writing by EPL IT. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. A signature on this Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be treated as originals.

EPL IT STANDARD SERVICES DESCRIPTIONS
(Date: March 27, 2024)

For a current/updated EPL IT Standard Services Descriptions, click on:
http://www.myepl.net/no_auth/FranchiseHelpdeskAgreement.jsp

Platinum Service Descriptions
Unlimited number of calls per month per store
Standard Restaurant Configuration includes:
- Back of house system
- Two front counter POS terminals with receipt printers, order confirmation panel, QR scanners, and EMV payment devices
- Two drive thru POS terminals with receipt printer, QR scanners, and EMV payment devices
- Four KDS systems (four monitors and four controllers)
- BROADBAND Wide Area Network connection, router and firewall
- All local area network components including equipment rack, UPS, patch panel, patch cords, cabling infrastructure and data jacks
- Normal Business Hours are 8:00 A.M. to 5:00 P.M., Pacific Time Monday through Friday excluding EPL IT's normal published holidays and schedule downtimes for maintenance and support*
- Backup internet
- WIFI (Consumer/Guest and Internal)
- Android Tablet (e.g., Samsung Galaxy Tab A)
- 4 digital menu boards, 4 panels, and 4 controllers

COMPLETE I.T. OPERATIONS SUPPORT

Hardware Service and Support:

Restaurant POS Equipment: Helpdesk will initiate advance depot repair and/or replacement for all POS hardware, including back of house server, KDS system, front of house terminals and cash drawers, receipt printers, network switch, UPS, (digital menu boards and controllers if requested by Customer) and line conditioners will be supported through an approved depot partner. Customer may enroll in the depot warranty program offered. Customer must notify EPL IT in writing at least 30 days prior to any changes in hardware support agreements Customer has established. Equipment replaced via our current approved depot partner "**Washburn**" is covered against breakage for 90 days after replacement depot processing. Customer is responsible for all costs associated with depot or any other hardware provider. All depot payments are processed directly to Customer accounts setup with the depot company directly. Customer may opt to maintain hardware support agreements with Micros or any other hardware provider at their own discretion. The EPL helpdesk will support full dispatch and implementation management of Customer that opt into the Washburn depot program. The EPL helpdesk will NOT support any hardware related issues for Customers that are not using an approved depot partner.

Software Service and Support includes:

- Micros Enterprise Management, currently version 5.7
- Patching of installed MyEpl.Net Web Based Portal
- Patching of critical security updates for installed operating system, currently version Windows 10 Professional
- Current updates on antivirus software
- Current updates on anti-malware software
- Endpoint DLP (data loss protection) which includes white listing
- Software disaster recovery tool
- Proactive monitoring via EPL Alerts program
- LMS (KIWI learning management solution)
- WIFI Cloud Management / Consumer WIFI
- Digital Menu Board management / price integration
- Kiosk Integration

Credit Card Processing includes:

- Acceptance of Visa, MasterCard, American Express and Discover
- Secure high speed credit card authorization as primary
- Secure low speed credit card authorization as backup
- NFC Payments (Apple Pay/Android Pay/Samsung Pay)
- Gift card Processing

Payment Card Industry ("PCI") Program includes:

- Educating EPL Franchisees about cardholder data security, the Payment Card Industry ("**PCI**") Data Security Standard ("**DSS**") and PCI DSS compliance
- Providing Automated Quarterly Network Scanning of stores for potential security issues.
- Executing a compliance strategy that helps to:
  - Eliminate the storage of prohibited data
  - Protect stored data
  - Secure the merchant network environment via compliance with the PCI DSS
  - Identify the payment applications used and ensures merchants use or switch to Payment Application ("**PA**") that comply with the PA-DSS
- Tracking and reporting on the program's progress each month

Firewall Service and Support includes:

- Repair and/or replacement cost of firewall
- Software maintenance on firewall
- Remote monitoring of up/down state
- Latest security updates to prevent unauthorized intrusion attacks
- Quarterly PCI Scanning
- WIFI Firewall / SSID Configuration

Broadband WAN Service and Support includes:

- High speed access to all credit card processing
- High speed access to MyEpl.net Portal
- Does not include unrestricted Internet access
- 24x7 active monitoring and alerting

Helpdesk includes:

- 7:00 am to 12:00 am[1] Helpdesk via a toll free number 1-888-POLLO-IT
- Single point of contact for hardware and cabling dispatch
- Menu changes[2]
- Pricing adjustments[1]
- Full portal support
- WAN troubleshooting and support
- Support on all IT and POS issues

MyEpl.Net Portal Service and Support includes:

- Access to standard corporate reporting
  - Near real time sales performance data for all stores

Professional Service includes:

- Any service outside of the scope of this Agreement will be billing at the following rates:
- Helpdesk rate $60 per hour
- Networking rate $120 per hour
- Development rate $120 per hour

---

[1] Business and Helpdesk hours are subject to change.

[2] Does not include Tax changes. Customer acknowledges and agrees that the data entered by EPL IT is on behalf of Customer. Customer acknowledges and agrees that it is their responsibility to verify the accuracy of the data inputted by EPL IT and also to maintain and update the data as needed. Any maintenance and/or updates Customer wishes EPL IT to perform must be communicated to EPL IT in writing in order for EPL IT to perform the maintenance and/or updates.

El Pollo Loco #____
Location: _______________

Franchise Support Options – Fee Schedule[1]

Service Description	Annual Cost	Monthly Cost	Platinum Support Option	Payable to:
Oracle Micros Cloud	$2,700	$225	Yes	EPL
Complete Firewall Service and Support and Quarterly PCI Scanning[2]	$300	$25	Yes	EPL
Unlimited Number of Calls for Helpdesk Support including Credit Card Support	$2,004	$167	Yes	EPL
Data & Integration Services	$600	$50	Yes	EPL
Backup Internet (3G or LTE)	$300	$25	Yes	EPL
Network Management Fee	$300	$25	Yes	EPL
Mobile Device Management (Per Tablet)	$36	$3	Yes	EPL
Firewall Licensing[3]	$480	$40		
WIFI Controller (2 Access Points)	$135	$11.25	Yes	EPL
Security Software & SOC Services[4]	$900	$75	Yes	EPL
Learning Management Platform	$1200	$100	Yes	EPL
Beyond Software[5]	$1,320	$110	Yes	EPL
Broadband WAN[6]	$1,188	$99	Yes	EPL
Monthly Cost per Restaurant[7]		**$915.25**		
Digital Menu Board and Preview Board[8]	$912	$76	Yes	EPL
Kiosk[9]	$1,440	$120	Yes	EPL

NOTE: Mixed services not allowed. All service levels must be the same for all Restaurants per Franchisee.

---

[1] All fees listed in this Fee Schedule may change due to, but limited to, third party vendor price changes, price tiers based on the total count of system wide installations charged by third party vendors and the Restaurant configuration.
[2] There may be additional charges if any remediation is required. PCI scanning services are for external firewall scans only.
[3] Cloud hosted and managed firewalls require licensing fees.
[4] Security Software & SOC Services are provided by Onelogin (Single Sign On), SentinalOne (Antivirus), Trellix (Endpoint Detection & Response), Tanium (Patch Management), and Mandiant (24/7 Security Operations Center).
[5] Beyond software fees are for application hosting and support. Beyond offers inventory, ordering, temperature line checks, log scheduling, and reports.
[6] BROADBAND service cost is approximate and subject to increase if 2Mx1M Broadband is not available. Services subject to additional costs are wireless broadband, business class cable, and Fractional or full T1.
[7] Monthly rate based on standard Restaurant configuration. Support cost for non-standard configuration subject to change, based on actual hardware deployed.
[8] Optional Digital Menu Board and Preview Board fees are determined by the count of digital menu panels. Each digital menu/preview board carries a vendor license fee of $14 per panel plus $5 per panel content management fee (minimum $15/month per Restaurant), with a standard configuration consisting of 4 panels. The costs may actually be different than the amount shown due to the number of panels used in the Restaurant.
[9] Optional Kiosk Software fees are for application hosting. Additionally there is a $400 one time setup fee per Restaurant.

EXHIBIT 8: GENERAL RELEASE

This General Release ("**General Release**") is made effective _________________, 20__, by the undersigned, _____________________________________, a _______________ (referred herein after as the "**Franchisee**").

In consideration of El Pollo Loco, Inc., a Delaware corporation ("**Franchisor**"): __________________________________; and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Franchisee hereby waives, releases, and forever discharges Franchisor, and all Franchisor's affiliates, and all the respective directors, officers, employees, attorneys, representatives and agents of said corporations, as well as parent corporations, subsidiaries, affiliates and any other legal entities which it owns or controls, individually or jointly, from any and all obligations, liabilities, claims, demands, actions and causes of action in law or in equity of whatsoever kind or nature arising prior to and including the date hereof, which Franchisee now has or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claimed violation of the Franchise Agreement, any claim for breach of any other express or implied agreement, claim for breach of any implied violation of the covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Franchisee which arises on or before the date hereof insofar as said claims relate to the Franchise Agreement or any other agreement between Franchisee and Franchisor, any claim arising under or alleged violation of the California Franchise Relations Act, any Federal antitrust law or State antitrust law except as prohibited by law.

It is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

> **"Section 1542.**
> **A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her the settlement with the debtor or released party."**

Franchisee voluntarily waive all benefits and protections of Civil Code Section 1542, and any comparable law, and intend the release above to apply to known and unknown claims alike.

This General Release may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this General Release transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF each of the parties, either personally or through its duly authorized signatory, as applicable, has executed this General Release effective as of the date(s) written below.

FRANCHISEE:

If an entity:
____________________, a _______________

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

If an individual:
_________________________, an Individual

By: ______________________________
Name: ______________________________
Title: An Individual
Date: ______________________________

EXHIBIT 9: CONSENT TO AND ASSIGNMENT OF FRANCHISE RIGHTS

A: To be Used for a Change of Ownership Interests in Franchisee

This Consent to and Assignment of Franchise Rights (the "**Consent Agreement**") dated ____________, 20___ (the "**Effective Date**") by and between **El Pollo Loco, Inc**., a Delaware corporation ("**Franchisor**"), located at 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626, Attn: Legal Dept re EPL #____, _________________________, a ___________ (the "**Assignor**"), located at _______________________ , and _________________________, a _________, (the "**Assignee**"), located at ________________________.

RECITALS

A. Franchisor and Assignor are parties to that certain Franchise Agreement dated __________________________ (the "**Franchise Agreement**") pertaining to the operation of the El Pollo Loco restaurant located at ______________________ (the "**Restaurant**").

B. Assignor desires to assign all of his/her/its title, rights, privileges and interests and obligations under the Franchise Agreement to Assignee and to sell, transfer, and convey all of his/her/its title, rights, privileges, and interests to the Assets of the Restaurant to Assignee, all in accordance with the assignment provisions of the Franchise Agreement.

C. The Franchise Agreement requires that Assignor first obtain written consent of Franchisor before undertaking any assignment of the Franchise Agreement or sale of the assets of the Restaurant.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Recitals A through C above are incorporated herein and by this reference made a part of this Consent Agreement.

2. Subject to the terms and conditions set forth herein, and upon the payment to Franchisor of a transfer fee of **$____,000.00**, Franchisor does hereby consent to the assignment by Assignor to Assignee of all of Assignor's rights, privileges, interests, and obligations under the Franchise Agreement.

3. Assignee shall execute the current form of Franchise Agreement (the "**Current Franchise Agreement**") for a term which coincides with the initial term of the Franchise Agreement and for which there shall be no Initial Franchise Fee ("**IFF**"); and Assignee covenants, warrants and agrees that, as of the date hereof, all of the obligations, liabilities and provisions of the Current Franchise Agreement shall be fully performed and complied with by Assignee in its capacity as "Franchisee" under the Current Franchise

Agreement, including, but not limited to, payment in full of all obligations to Franchisor and to third parties arising from the existence, operation, or maintenance of the Restaurant.

4. ***If there are remodel requirements the following language will be used:*** "Assignee covenants, warrants and agree that the required reimage and/or remodel requirements, will be completed to the satisfaction of Franchisor no later than **90 days after the date of transfer of the Restaurant operation from Assignor to Assignee ("Changeover Date").** Assignee agrees that such required reimage and/or remodel requirements will not be considered complete until Franchisor has agreed to the final completion in writing. Should the required reimage and/or remodel of the Restaurant not be completed to Franchisor's satisfaction, then Franchisor may terminate the Current Franchise Agreement under Section 18, entitled Default and Termination". ***If there are no remodel requirements the above language will be replaced with:*** "Franchisor acknowledges and agrees that as of the date of this Consent Agreement, there are no remodel requirements to be completed prior to the transfer of the Restaurant from Assignor to Assignee."

5. Assignee acknowledges and warrants:

a. that the Current Franchise Agreement and any related franchise disclosure documents, manuals, lists, forms and other documents previously transmitted to Assignee have been fully read and understood;

b. that Assignee is knowledgeable and experienced in regard to the operation of an El Pollo Loco restaurant and the Franchisor operating system;

c. that Assignee agrees to undertake, in accordance with the terms of the Current Franchise Agreement, such training as Franchisor may deem appropriate in connection with the operation and maintenance of the Restaurant;

d. that Assignee is fully aware that the initial term of the Current Franchise Agreement will expire on ______________________, and has no renewal option periods and the Current Franchise Agreement does not grant Assignee any territorial right or licenses, exclusive or otherwise; and

e. that as of the date of this Consent Agreement, the ownership interest in Assignee is divided as follows:
(i) ____________ - ____%
(ii) ____________ - ____%

f. that Assignee has conducted an independent study of the Restaurant, including consideration of any sales, profits or earnings figures that may have been made available to Assignee by or on behalf of Assignor, and in entering into this Agreement, Assignee relies solely upon such independent knowledge and in no respect has Assignee relied upon any representation, statement, endorsement or promise, either

oral or written, by or on behalf of Franchisor.

6. Release.

a. In consideration of the consent by Franchisor granted herein, Assignor and Assignee (collectively “**Releasors**”) do each hereby waive, release and forever discharge Franchisor, and all of Franchisor's affiliates, and all the respective directors, officers, employees, attorneys, representatives, and agents of said corporations, as well as parent corporations, subsidiaries, affiliates and any other legal entities which it owns or controls, individually or jointly, from any and all obligations, liabilities, claims, demands, actions and causes of action in law or in equity of whatsoever kind or nature arising prior to and including the date hereof, which Releasors now have or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claimed violation of the Franchise Agreement or the Current Franchise Agreement, any claim for breach of any other express or implied agreement, claim for breach of any implied violation of the covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Assignee or Franchisor and Assignor or Assignor and Assignee which arises on or before the date hereof insofar as said claims relate to the Franchise Agreement, or the Current Franchise Agreement, or the Consent Agreement, and to the extent allowed by law, any claim for breach of the assignment of Assignor's title, rights, privileges, interests, and obligations under the Franchise Agreement as contemplated in this Consent Agreement, or any other agreement between Releasors (or any of them) and Franchisor, any claim arising under or alleged violation of the California Franchise Relations Act, any Federal antitrust law or State antitrust law except as prohibited by law.

b. It is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

> **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her the settlement with the debtor or released party."**

c. Releasors voluntarily waive all benefits and protections of Civil Code Section 1542, and any comparable law, and intend the release above to apply to known and unknown claims alike.

7. Assignor and Assignee understand and agree that Assignor shall remain secondarily liable in the event of any default by the Assignee under the Current Franchise Agreement, and that by entering into this Consent Agreement, Assignor and Assignee fully and unconditionally guarantee the Assignee's performance and compliance in all respects with the obligations, liabilities and provisions thereunder; provided, however, that this guarantee shall not extend to any default of non-compliance with the obligations,

liabilities, and provisions of the Current Franchise Agreement by Assignee during any extension of the initial term of the Current Franchise Agreement. Assignor further understands and agrees that, to the extent principals of Assignor have personally guaranteed the performance of Assignor under the terms and conditions of the Current Franchise Agreement, such personal guarantee shall NOT be modified by this Consent Agreement and any such guarantors shall not be released from liability of any kind or nature by the terms of this Consent Agreement. Franchisor agrees that a copy of any notice of default given to Assignee by Franchisor shall also be concurrently given to Assignor.

8. Unless Assignee is currently the franchisee of another El Pollo Loco restaurant, Assignor shall train, at Assignor's expense, Assignee and up to 2 of Assignee's managers prior to Assignee's takeover of the operation of the Restaurant from Assignor, in order to train Assignee in the Franchisor operating system. Such training must be completed to Franchisor's satisfaction prior to turning over the running of the Restaurant to Assignee. In the event that Assignor wishes Franchisor to train Assignee's personnel in the Franchisor operating system, Assignor shall reimburse Franchisor for the cost of such training.

9. Assignor agrees to grant permission to Assignee for Assignee to access the historical sales and transactional information belonging to Assignor as stored in Assignor’s Point of Sale system (“**POS**”) prior to the effective date of this Consent Agreement.

10. Franchisor's consent to the assignment of Assignor's rights and obligations under the Franchise Agreement and the assets of the Restaurant is expressly contingent upon Assignor paying and discharging all obligations incurred in Assignor's operation of the Restaurant prior to the Changeover Date including, but not limited to, the following:

a. Any unpaid amounts owed Franchisor under monthly franchise billing statements for periods up to the Changeover Date which, through **__________, 20___** are estimated to be **$_____** and shall be payable through escrow, by cashier's check or by direct debit (ACH) to Franchisor. If the Changeover Date is not ______________, 20___, the estimate should be adjusted by **$_____** per diem;

b. Taxes due or accrued and unpaid, including, but not limited to, the sales tax on food and consumables sold in the Restaurant;

c. Any federal, state or local taxes required to be withheld from employees' salaries and wages; and

d. Any and all amounts due suppliers and vendors to the Restaurant.

11. Within 30 days following the Changeover Date, Franchisor shall prepare and submit to Assignor a final accounting for sums due together with a check for any sums due Assignor or a statement for any sums due Franchisor. In connection with such

accounting, Franchisor shall have the right, without the obligation, to pay any bills incurred by Assignor prior to the Changeover Date and to add amounts so paid to amounts charged Assignor in such accounting. As of the Changeover Date, Assignee shall assume total responsibility for the operation of, and shall be solely responsible for, any obligations incurred in connection with the Restaurant prior to the Changeover Date in the event that such obligations have not been satisfied by Assignor.

12. All notices required under this Consent Agreement shall be in writing and shall be either (i) served personally; (ii) sent by certified or registered United States mail to the party to be charged with receipt thereof; (iii) by reputable overnight delivery service or (iv) sent via facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given 48 hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. The address for Franchisor, Assignor and Assignee shall be the address listed above in the first paragraph of this Consent Agreement. Franchisor, Assignor or Assignee may from time to time change its address for notice pursuant to this Section by giving a written notice of such change to the other party in the manner provided herein. Notwithstanding anything to the contrary contained herein, Franchisor may deliver bulletins and updates to the Manual by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor. This notice provision supersedes any notice provision contained in the Franchise Agreement.

13. This Consent Agreement shall inure to the benefit of the successors and assigns of Franchisor, and to any and all of its affiliates, parents and subsidiaries, and shall be binding upon the heirs, representatives, successors and assigns of Assignor and Assignee.

14. Except as modified herein, all the terms and conditions of the Franchise Agreement shall be unaffected and remain in full force and effect.

15. The parties hereto acknowledge that they have read and fully understand the provisions of this Consent Agreement and that said provisions constitute a complete and exclusive expression of its terms and conditions.

16. The parties executing this Consent Agreement on behalf of Assignee or Assignor hereby represent and warrant that: (a) they have the full power, right and authority to enter into and execute this Consent Agreement; and (b) those persons whose signatures are hereinafter evidenced on this Consent Agreement on behalf of Assignee or Assignors are duly authorized signatories of Assignee or Assignors, fully empowered to commit and bind Assignee or Assignors to those certain terms, covenants and conditions set forth herein.

17. If either party is a business organization, the party is duly organized and

qualified to do business in the state and any other applicable jurisdiction within which the Restaurant is located.

18. This Consent Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by an authorized officer of Franchisor.

19. This Consent Agreement may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. It shall not be necessary for Franchisor, Assignors and Assignee to execute the same counterpart(s) of this Consent Agreement for this Consent Agreement to become effective. A signature on this Consent Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Consent to and Assignment of Franchise Rights Agreement as of the date(s) written below.

FRANCHISOR:
El Pollo Loco, Inc., a Delaware Corporation

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

ASSIGNOR:
____________________________,
a___________

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

ASSIGNEE:
__________________, a ____________

By: ______________________
Name: ______________________
Title: ______________________
Date: ______________________

B: To be Used for an Entity Change by Franchisee

This Consent to and Assignment of Franchise Rights (the "**Consent Agreement**") dated ____________, 20___ (the "**Effective Date**") by and between **El Pollo Loco, Inc**., a Delaware corporation ("**Franchisor**"), located at 3535 Harbor Blvd., Suite 100, Costa Mesa, CA 92626, Attn: Legal Dept re EPL # _____, __________________________, a _________ (the "**Assignor**"), located at ________________________ and ____________________, a ________, located at ________________________ (the "**Assignee**").

RECITALS

A. Franchisor and Assignor are parties to that certain Franchise Agreement dated __________________________ (the "**Franchise Agreement**") pertaining to the operation of the El Pollo Loco restaurant located at ______________________ (the "**Restaurant**").

B. Assignor desires to assign all of Assignor's title, rights, privileges and interests and obligations under the Franchise Agreement to Assignee and to sell, transfer, and convey all of such title, rights, privileges, and interests to the Assets of the Restaurant to Assignee, all in accordance with the assignment provisions of the Franchise Agreement.

C. The Franchise Agreement requires that Assignor first obtain written consent of Franchisor before undertaking any assignment of the Franchise Agreement or sale of the assets of the Restaurant.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows:

1. Recitals A through C above are incorporated herein and by this reference made a part of this Consent Agreement.

2. Subject to the terms and conditions set forth herein, and upon the payment to Franchisor of an entity fee of **$500.00**, Franchisor does hereby consent to the assignment by Assignor to Assignee of all of Assignor's rights, privileges, interests, and obligations under the Franchise Agreement.

3. Assignee covenants, warrants and agrees that, as of the date hereof, all of the obligations, liabilities and provisions of the Franchise Agreement shall be fully performed and complied with by Assignee in its capacity as "**Franchisee**" under the Franchise Agreement, including, but not limited to, payment in full of all obligations to Franchisor and to third parties arising from the existence, operation, or maintenance of the Restaurant.

4. Assignee acknowledges and warrants:

a. that the Franchise Agreement and any related franchise disclosure documents, manuals, lists, forms and other documents previously transmitted to Assignee have been fully read and understood;

b. that Assignee is knowledgeable and experienced in regard to the operation of an El Pollo Loco restaurant and the Franchisor operating system;

c. that Assignee is fully aware that the initial term of the Franchise Agreement will expire on ______________________, and has no renewal option periods and the Franchise Agreement does not grant Assignee any territorial right or licenses, exclusive or otherwise; and

d. that as of the date of this Consent Agreement, the ownership interest in Assignee is divided as follows:
(i) _____________ - ____%
(ii) _____________ - ____%

5. Release.

a. In consideration of the consent by Franchisor granted herein, Assignor and Assignee (collectively "**Releasors**") do each hereby waive, release and forever discharge Franchisor, and all of Franchisor's affiliates, and all the respective directors, officers, employees, attorneys, representatives, and agents of said corporations, as well as parent corporations, subsidiaries, affiliates and any other legal entities which it owns or controls, individually or jointly, from any and all obligations, liabilities, claims, demands, actions and causes of action in law or in equity of whatsoever kind or nature arising prior to and including the date hereof, which Releasors now have or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claimed violation of the Franchise Agreement or the Current Franchise Agreement, any claim for breach of any other express or implied agreement, claim for breach of any implied violation of the covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Assignee or Franchisor and Assignor or Assignor and Assignee which arises on or before the date hereof insofar as said claims relate to the Franchise Agreement, or the Current Franchise Agreement, or the Consent Agreement, and to the extent allowed by law, any claim for breach of the assignment of Assignor's title, rights, privileges, interests, and obligations under the Franchise Agreement as contemplated in this Consent Agreement, or any other agreement between Releasors (or any of them) and Franchisor, any claim arising under or alleged violation of the California Franchise Relations Act, any Federal antitrust law or State antitrust law except as prohibited by law.

b. It is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her the settlement with the debtor or released party."

c. Releasors voluntarily waive all benefits and protections of Civil Code Section 1542, and any comparable law, and intend the release above to apply to known and unknown claims alike.

6. Assignor and Assignee understand and agree that Assignor shall remain secondarily liable in the event of any default by the Assignee under the Franchise Agreement, and that by entering into this Consent Agreement, Assignor and Assignee fully and unconditionally guarantee the Assignee's performance and compliance in all respects with the obligations, liabilities and provisions thereunder; provided, however, that this guarantee shall not extend to any default of non-compliance with the obligations, liabilities, and provisions of the Franchise Agreement by Assignee during any extension of the initial term of the Franchise Agreement. Assignor further understands and agrees that, to the extent principals of Assignor have personally guaranteed the performance of Assignor under the terms and conditions of the Franchise Agreement, such personal guarantee shall NOT be modified by this Consent Agreement and any such guarantors shall not be released from liability of any kind or nature by the terms of this Consent Agreement. Franchisor agrees that a copy of any notice of default given to Assignee by Franchisor shall also be concurrently given to Assignor.

7. Assignor agrees to grant permission to Assignee for Assignee to access the historical sales and transactional information belonging to Assignor as stored in Assignor's Point of Sale system ("**POS**") prior to the effective date of this Consent Agreement.

8. Franchisor's consent to the assignment of Assignor's rights and obligations under the Franchise Agreement and the assets of the Restaurant to Assignee is expressly contingent upon: (i) Assignor paying and discharging all obligations incurred in Assignor's operation of the Restaurant prior to the date of transfer of the Restaurant operation from Assignor to Assignee ("**Changeover Date**"); and (ii) Assignee shall assume total responsibility for the operation of, and shall be solely responsible for, any obligations incurred in connection with the Restaurant prior to the Changeover Date in the event that such obligations have not been satisfied by Assignor.

9. All notices required under this Consent Agreement shall be in writing and shall be either (i) served personally; (ii) sent by certified or registered United States mail to the party to be charged with receipt thereof; (iii) by reputable overnight delivery service or (iv) sent via facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given 48 hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom

such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. The address for Franchisor, Assignor and Assignee shall be the address listed above in the first paragraph of this Consent Agreement. Franchisor, Assignor or Assignee may from time to time change its address for notice pursuant to this Section by giving a written notice of such change to the other party in the manner provided herein. Notwithstanding anything to the contrary contained herein, Franchisor may deliver bulletins and updates to the Manual by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor. This notice provision supersedes any notice provision contained in the Franchise Agreement.

10. This Consent Agreement shall inure to the benefit of the successors and assigns of Franchisor, and to any and all of its affiliates, parents and subsidiaries, and shall be binding upon the heirs, representatives, successors and assigns of Assignor and Assignee.

11. Except as modified herein, all the terms and conditions of the Franchise Agreement shall be unaffected and remain in full force and effect.

12. The parties hereto acknowledge that they have read and fully understand the provisions of this Consent Agreement and that said provisions constitute a complete and exclusive expression of its terms and conditions.

13. The parties executing this Consent Agreement on behalf of Assignee or Assignor hereby represent and warrant that: (a) they have the full power, right and authority to enter into and execute this Consent Agreement; and (b) those persons whose signatures are hereinafter evidenced on this Consent Agreement on behalf of Assignee or Assignors are duly authorized signatories of Assignee or Assignors, fully empowered to commit and bind Assignee or Assignors to those certain terms, covenants and conditions set forth herein.

14. If either party is a business organization, the party is duly organized and qualified to do business in the state and any other applicable jurisdiction within which the Restaurant is located.

15. This Consent Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by authorized officers of Franchisor.

16. This Consent Agreement may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. It shall not be necessary for Franchisor, Assignors and Assignee to execute the same counterpart(s) of this Consent Agreement for this Consent Agreement to become effective. A signature on this Consent Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Consent to and Assignment of Franchise Rights Agreement as of the date(s) written below.

FRANCHISOR:
El Pollo Loco, Inc., a Delaware Corporation

By:
Name:
Title:
Date:

ASSIGNOR:
______________________________,
a______________

By:
Name:
Title:
Date:

ASSIGNEE:

___________________, a _____________

By:
Name:
Title:
Date:

EXHIBIT 10: AMENDMENT TO EL POLLO LOCO® FRANCHISE AGREEMENT TO APPLY DEVELOPMENT FEE

This Amendment to the El Pollo Loco® Franchise Agreement to Apply Development Fee ("**Amendment**") is made on _____________,____ by and among **El Pollo Loco, Inc.,** a Delaware corporation ("**Franchisor**") and ____________________, a__________ ("**Franchisee**").

RECITALS:

A. Franchisor and Franchisee are simultaneously entering into this Amendment t and an El Pollo Loco® Franchise Agreement ("**Franchise Agreement**") for an El Pollo Loco® restaurant located at ______________________________ ("**Restaurant**").

B. Franchisor and _________________________ ("**Developer**") entered into an El Pollo Loco® Franchise Development Agreement (#_____________) dated ______________ ("**Development Agreement**") for the Territory as set forth on Exhibit A to be developed as set forth in the Development Schedule as set forth on Exhibit B of the Development Agreement. Developer is an affiliate of Franchisee.

C. Franchisor and Franchisee wish to modify the terms of the Franchise Agreement as described in this Amendment.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties hereto, the parties agree as follows:

1. **Recitals.** Franchisor and Franchisee acknowledge and agree with all of the above listed recitals which are incorporated herein to this Amendment.

2. **Application of Development Fee towards the IFF for the Franchise Agreement for the Restaurant**. Per the Development Agreement, Developer paid $20,000 in Development Fees to be applied towards the IFF for the Franchise Agreement for the Restaurant developed under the Development Agreement. This payment has been applied to the IFF for this Franchise Agreement. Franchisee will pay the balance of $_________ in full within 30 days of delivery of execution copies of this Agreement to Franchisee.

3. **Entire Agreement.** This Amendment and the Franchise Agreement embody the entire understanding between Franchisor and Franchisee with respect to the modifications set forth above and can be changed only by a writing signed by Franchisor and Franchisee. Except as modified herein, all the terms and conditions of the Franchise Agreement shall be unaffected and remain in full force and effect. In the event of any inconsistency between the terms of this Amendment and the terms of the Franchise

Agreement, the terms of this Amendment shall control.

4. **Miscellaneous.** All capitalized terms not otherwise defined in this Amendment shall have the meanings given in the Franchise Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Amendment. The parties hereto acknowledge that they have read and fully understand the provisions of this Amendment and that said provisions constitute a complete and exclusive expression of its terms and conditions. The parties executing this Amendment on behalf of Franchisor and Franchisee are duly authorized to do so. This Amendment shall not be binding upon Franchisor unless and until it shall have been accepted and signed by an authorized officer of Franchisor. This Amendment may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. A signature on this Amendment transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, this Amendment to the El Pollo Loco® Franchise Agreement To Apply Development Fee has been executed by the parties hereto as of the dates set forth below.

FRANCHISOR:	FRANCHISEE:
El Pollo Loco, Inc., a Delaware Corporation	____________________________, a_____________
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

EXHIBIT 11: AMENDMENT TO EL POLLO LOCO® SUCCESSOR FRANCHISE AGREEMENT

This Amendment to the El Pollo Loco® Successor Franchise Agreement ("**Amendment**") is made on _____________,____ by and among **El Pollo Loco, Inc.,** a Delaware corporation ("**Franchisor**") and ____________________, a___________ ("**Franchisee**").

RECITALS:

A. Franchisor and Franchisee are simultaneously entering into this Amendment and an El Pollo Loco® Successor Franchise Agreement ("**Successor Franchise Agreement**") for an El Pollo Loco® restaurant located at ______________________________ ("**Restaurant**").

B. Franchisor and _________________________ entered into that certain Franchise Agreement dated ________________,____ ("**Original Franchise Agreement**"). The Original Franchise Agreement will expire on ________________,____.

C. Franchisee and ______________ ("**Landlord**"), entered into that certain Lease dated ________________,____ ("**Lease**"). The Lease expires on ________________,____ and has ______ option(s) to extend the term of the Lease for a period of ____ years (each).

D. Per the terms of the Original Franchise Agreement, Franchisee has requested a new El Pollo Loco® franchise agreement for a term of ________(___) years for the Restaurant ("**Successor Franchise Agreement**").

E. Franchisor and Franchisee wish to modify the terms of the Successor Franchise Agreement as described in this Amendment.

F. The effectiveness of the Successor Franchise Agreement and this Amendment are contingent upon Franchisee being in good standing as of the date first written above.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises and covenants of the parties hereto, the parties agree as follows:

1. **Recitals**. Franchisor and Franchisee acknowledges and agrees with all of the above listed recitals which are incorporated herein to this Amendment.

2. **Commencement Date and Expiration Date of Successor Franchise Agreement**. Paragraph 3.1 of the Successor Franchise Agreement is hereby deleted in it's entirely and replaced with the following: "The term of this Successor Franchise Agreement shall **commence on** ________________,____ **and shall expire on**

________________,____ ("**Term**"), unless sooner terminated as provided herein. Should Franchisee lease the site of the Restaurant, the lease or sublease must be for a term which with renewal options is not less than the Term of the Successor Franchise Agreement, and contain the following terms and conditions set forth below and in a form approved by Franchisor:

(a) The tenant entity on the lease must match the franchise entity on the successor franchise agreement; and
(b) The term (with renewal options) of the lease must match at least the initial term of the successor franchise agreement; and
(c) The landlord consents to your use of the premises as an El Pollo Loco® restaurant which will be open during the required days and hours set out in the El Pollo Loco® Manual.

Should Franchisee be unable to lease the site of the Restaurant for a term equal to the Term, then as our sole and absolute right to determine, the Term of the Successor Franchise Agreement may be reduced to match the term of the lease or sublease and the renewal franchise fee will be appropriately pro-rated. Upon the expiration or earlier termination of this Successor Franchise Agreement, Franchisee shall have no right or option to extend the term of this Successor Franchise Agreement."

3. **Amendment (Site Development, Improvements, Fixtures and Equipment, and Grand Opening Advertising)**. Sections 4.1, 5.8 and 8.8 of the Successor Franchise Agreement are hereby deleted in their entirety; provided however, that Sections 4.1, 5.8 and 8.8 shall be reinstated in the event that Franchisor grants Franchisee the right to relocate the Restaurant under Section 23.17.a, 23.17.b and 23.17.c of the Successor Franchise Agreement.

4. **Successor Franchise Fee**. The first sentence of Section 6.1.a of the Successor Franchise Agreement is hereby deleted and replaced with the following: "Per the renewal fee described in the Original Franchise Agreement, Franchisee will pay in full a renewal franchise fee of $__________ ("**Renewal Franchise Fee**"). The Renewal Franchise Fee will be paid within 30 days of delivery of execution copies of this Amendment and Successor Franchise Agreement to Franchisee; provided, however, if the Restaurant is a Turnkey Restaurant the Renewal Franchise Fee shall be payable upon execution of this Successor Franchise Agreement."

5. **Rights to a Successor Franchise.** Section 20 of the Successor Franchise Agreement is hereby deleted and replaced with the following: "Franchise shall have no right or option to extend the Successor Term of this Successor Franchise Agreement. In order for Franchisee to operate beyond the Successor Term, Franchisee must meet the then-current criteria to become an El Pollo Loco franchisee and enter into a then current form of Franchise Agreement and ancillary agreements, the terms of which may vary substantially from this Amendment and Successor Franchise Agreement."

6. **Entire Agreement**. This Amendment and the Successor Franchise Agreement

embodies the entire understanding between Franchisor and Franchisee with respect to the modifications set forth above and can be changed only by a writing signed by Franchisor and Franchisee. Except as modified herein, all the terms and conditions of the Successor Franchise Agreement shall be unaffected and remain in full force and effect. In the event of any inconsistency between the terms of this Amendment and the terms of the Successor Franchise Agreement, the terms of this Amendment shall control.

7. **Miscellaneous**. All capitalized terms not otherwise defined in this Amendment shall have the meanings given them in the Successor Franchise Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Amendment. The parties hereto acknowledge that they have read and fully understand the provisions of this Amendment and that said provisions constitute a complete and exclusive expression of its terms and conditions. The parties executing this Amendment on behalf of Franchisor and Franchisee are duly authorized to do so. This Amendment shall not be binding upon Franchisor unless and until it shall have been accepted and signed by an authorized officer of Franchisor. This Amendment may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. A signature on this Amendment transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, this Amendment to an El Pollo Loco® Successor Franchise Agreement has been executed by the parties hereto as of the date(s) set forth below.

FRANCHISOR: **El Pollo Loco, Inc.,** a Delaware Corporation	FRANCHISEE: ______________________________, a__________
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

EXHIBIT 12: REMODEL SCHEDULE PARTICIPATION AGREEMENT

THIS REMODEL SCHEDULE PARTICIPATION AGREEMENT ("**Remodel Agreement**") is made and entered into as of _____________,______ ("**Effective Date**"), by and between **El Pollo Loco, Inc**., a Delaware corporation (the "**Franchisor**") and ______________________________, a _____________ ("**Franchisee**").

RECITALS:

A. Franchisor and Franchisee are parties to the El Pollo Loco® Franchise Agreements and El Pollo Loco® Successor Franchise Agreements referenced hereto and incorporated herein as Exhibit A. Those agreements listed on Exhibit A shall be referred to collectively herein as "**Franchise Agreements**" and individually as "**Franchise Agreement**". The Restaurants listed on Exhibit A shall be referred to collectively herein as "**Restaurants**" and individually as "**Restaurant**".

B. Franchisor and Franchisee desire to set forth the terms and conditions whereby Franchisee will remodel all the Restaurants as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Remodel Agreement the parties agree as follows:

AGREEMENT:

1. The Recitals listed above are incorporated herein and by this reference made a part of this Remodel Agreement.

2. Franchisee, at Franchisee's expense, will remodel all Restaurants as described in Exhibit A to then current El Pollo Loco® standards, format, design and image, as designated pursuant to plans and specifications provided by Franchisor ("**Remodel Requirements**"). All signs to be used in connection with the Restaurant, both exterior and interior, must conform to Franchisor's sign criteria as to type, color, design and location and be approved in writing by Franchisor prior to installation or display.

3. Franchisee covenants, warrants and agrees that the required Remodel Requirements will be completed in each of Franchisee's Restaurants, to the satisfaction of Franchisor no later than the dates listed on Exhibit A. Franchisee agrees that such required Remodel Requirements will not be considered complete until Franchisor has agreed to the final completion in writing. **Should the required Remodel Requirements of any or all Restaurants not be completed to Franchisor's satisfaction, then such violation of this Remodel Agreement and/or the Franchise Agreements is deemed to be a material breach and Franchisor hereby reserves all rights and remedies available under this Remodel Agreement and the operative Franchise Agreement.** In addition, Franchisee acknowledges and agrees that Franchisor will inspect the first Restaurant to ensure the Remodel Requirements have been complied with. Only after

Franchisor's approval of the remodel of the first Restaurant, then Franchisee may remodel any or all of the remaining Restaurants, more than one at a time. Should Franchisor not approve the remodel of the first Restaurant, Franchisee will have to finalize the remodel of that Restaurant and seek Franchisor's re-inspection and approval of that Restaurant before continuing onto the remodel of any or all of the remaining Restaurants.

4. In consideration of Franchisor's consent to Franchisee's participation in the remodel deadlines granted herein, except as prohibited by law, Franchisee hereby waives, releases and forever discharges Franchisor, all Franchisor's affiliates, and all the respective directors, officers, employees, attorneys, representatives, and agents of said entities, from all obligations, liabilities, claims, actions and causes of action of whatever kind or nature, including, but not limited to, any alleged violation of the California Franchise Relations Act or any other similar state statute or regulation, any Federal or State antitrust claims, any claimed violation of the Franchise Agreement, any claim for breach of any implied covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Franchisee which arose on or before the date hereof, it is understood and agreed that any and all rights granted to Franchisee under Section 1542 of the California Civil Code are hereby expressly waived. Such statute reads as follows:

> **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her the settlement with the debtor or released party."**

5. Franchisee hereby agrees to indemnify and defend the Franchisor, its officers, directors, shareholders, employees, agents and affiliates against and hold them harmless from any loss, liability, claim, damage, award, settlement, cost or expense (including reasonable legal fees and expenses) incurred in connection with any suit or claim of action brought against any such indemnified party in connection with Franchisee's participation in the remodel and/or the services or goods provided by Franchisor in connection therewith, including, but not limited to, any breach by Franchisee of this Remodel Agreement.

6. This Remodel Agreement embodies the entire understanding between Franchisor and Franchisee with respect to the matters set forth herein and can be changed only by a writing signed by Franchisor and Franchisee. Except as otherwise modified by this Remodel Agreement, the terms and conditions of the Franchise Agreements shall remain unchanged and in full force and effect. In the event of any inconsistency between the terms of this Remodel Agreement and the terms of the Franchise Agreement, the terms of this Remodel Agreement shall control.

7. The parties executing this Remodel Agreement on behalf of Franchisor and Franchisee are duly authorized to do so. This Remodel Agreement shall not be binding upon Franchisor unless and until it shall have been accepted and signed by an authorized

officer of Franchisor. This Remodel Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Remodel Agreement. A signature on this Remodel Agreement transmitted via facsimile or electronic mail/PDF or equivalent , electronic signature (such as DocuSign, or equivalent), shall be considered an original for all purposes hereunder.

8. Should any party hereto institute any action or proceeding at law or in equity, or in connection with an arbitration, to enforce any provision of this Remodel Agreement, including an action for declaratory relief, or for damages by reason of an alleged breach of any provision of this Remodel Agreement, or otherwise in connection with this Remodel Agreement, or any provision thereof, the prevailing party shall be entitled to recover from the losing party or parties reasonable attorneys' fees and costs for services rendered to the prevailing party in such action or proceeding or in connection with the collection of any judgment thereby obtained.

9. Nothing contained herein shall be construed so as to require the commission of any act contrary to law, and wherever there is any conflict between any provisions contained herein and any present or future statute, law, ordinance or regulation, the latter shall prevail; but the provision of this Remodel Agreement which is affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event any portion of this Remodel Agreement is determined to be invalid or unenforceable, the balance of all other provisions shall remain in full force and effect.

10. All of the terms and provisions contained herein shall inure to the benefit of and shall be binding upon the parties hereto and their respective heirs, legal representatives, successors and assigns.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed this Remodel Schedule Participation Agreement as of the date(s) set forth below.

FRANCHISOR:	FRANCHISEE:
El Pollo Loco, Inc., a Delaware Corporation	______________________________, a __________________
By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

El Pollo Loco #____
Location: _______________

EXHIBIT A
FRANCHISE AGREEMENTS & REMODEL DEADLINES

Location No	Address	City	State	ZIP	Agreement Signed	Next Remodel Due

EL POLLO LOCO® FRANCHISE AGREEMENT SCHEDULE 1: STATEMENT OF OWNERSHIP OF FRANCHISEE

Name of Party to Franchisee Entity	Ownership Percent of Franchisee
______________________________________ (This Party will be the Only Party to Receive Notice on behalf of Franchisee)	%
	%

EXHIBIT F FRANCHISE DEVELOPMENT AGREEMENT

EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT

Dated: ____________________

Territory:
Developer:

(Disclosure Document Control No. 032724)

TABLE OF CONTENTS:

El Pollo Loco® Franchise Development Agreement 1
Recitals. 3
1. Development Rights In Territory. 3
2. Limitation On Development Rights. 5
3. Development Fee. 10
4. Term Of Development Agreement. 10
5. Territory Conflicts. 10
6. Proprietary Rights Of Franchisor. 11
7. Insurance And Indemnification. 12
8. Transfer Of Rights. 14
9. Acknowledgment Of Selected Terms And Provisions Of The Franchise Agreement. 15
10. Termination By Developer; Expiration Date. 15
11. Events Of Default. 16
12. Effect Of Termination. 17
13. Non-Waiver. 18
14. Independent Contractor And Indemnification. 18
15. Entire Agreement. 18
16. Dispute Resolution 19
17. Severability. 20
18. Applicable Law; Choice Of Forum; Waiver Of Jury Trial. 20
19. Document Interpretation. 21
20. Covenant Not To Compete. 21
21. Notices. 22
22. Section Headings. 23
23. Acknowledgments. 23
24. Counterparts. 23
25. Compliance With Laws, Rules Or Regulations. 23
26. Signatures. 25
Exhibit A - Territory 26
Exhibit B - Development Schedule 27
Exhibit C - Existing El Pollo Loco® Restaurants In The Territory 28
Exhibit D – Development Incentives (If Applicable) 29

EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT (Non-exclusive/Exclusive)

THIS EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT (**"Agreement"**) dated for identification purposes only as of ____________________, is made and entered into by and between **El Pollo Loco, Inc.,** a Delaware corporation, with its principal place of business at 3535 Harbor Blvd, Suite 100, Costa Mesa, California 92626 (referred to herein as "**Franchisor**") and _________________a___________, with its principal place of business at ____________________________________ ("**Developer**").

RECITALS.

A. Franchisor owns certain proprietary and other property rights and interests in and to the "**El Pollo Loco**®" trademark and service mark, and such other trademarks, service marks, logo types, insignias, trade dress designs and commercial symbols as Franchisor may from time to time authorize or direct Developer to use in connection with the operation of a(n) "**El Pollo Loco**®" restaurant (the "**El Pollo Loco® Marks**" or "**Marks**"). Franchisor has a distinctive plan for the operation of retail outlets for the sale of fire-grilled food items and related products, which plan includes but is not limited to the El Pollo Loco® Marks and the Operations Manual (the "**Manual**" or "**Operations Manual**"), policies, standards, procedures, signs, menu boards and related items, and the reputation and goodwill of the El Pollo Loco® chain of restaurants (collectively, the "**El Pollo Loco® System**").

B. Developer desires to obtain development rights for multiple restaurants under the El Pollo Loco® System (each, an "El Pollo Loco® Restaurant") from Franchisor within a specified geographical (the "**Territory**") specified in **Exhibit A** attached hereto and made a part hereof ***(or if single unit, replace with "Developer desires to obtain development rights for a single restaurant*** under the El Pollo Loco® System ("**El Pollo Loco® Restaurant**") ***from Franchisor within a specified address (the "Territory") specified in Exhibit A attached hereto and made a part hereof.")***

C. Franchisor is willing to grant the (non-exclusive/exclusive) right to develop and open El Pollo Loco® Restaurant(s) within the Territory referenced in **Exhibit A.**

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein contained, the parties hereto agree as follows:

1. DEVELOPMENT RIGHTS IN TERRITORY.

1.1. Franchisor hereby grants to Developer, subject to the terms and conditions of this Agreement ***(if Section 2.20 is applicable add ", and specifically Section 2.20 hereof,")*** and as long as Developer shall not be in default of this Agreement or any other development, franchise or other agreement between Developer and Franchisor, (non-exclusive/exclusive) development rights to establish and operate ____ franchised El Pollo

Loco® Restaurant(s) within the Territory, and to use the El Pollo Loco® System solely in connection therewith, at these specific locations to be designated in separate Franchise Agreement(s) (the "**Franchise Agreements**"). ***(If exclusive agreement, add "Developer expressly acknowledges that the exclusive rights granted herein apply only to the right to develop new restaurants in the Territory, and no exclusive territory or radius protection for the term of any Franchise Agreement is granted herein and any such protection shall be set forth in the particular Franchise Agreement to be signed.")*** The Franchise Agreements (and all ancillary documents attached as Exhibits to the Franchise Agreement, including the Personal Guarantee) executed in accordance with this Agreement shall be in the form currently in use by Franchisor at the time of execution of the Franchise Agreement and shall be executed individually by each person, partner, member or shareholder.

1.2. ***(Only applies if exclusive Agreement. Delete if non-exclusive Agreement.)*** Except as otherwise provided in this Agreement and subject to the terms and conditions of Section 2.20 hereof, after the date of this Agreement and during the term of this Agreement, and so long as Developer is in compliance with its obligations under this Agreement, Franchisor shall neither, without Developer's prior written consent: (i) grant development rights to anyone else with respect to the Territory or any part of the Territory; nor (ii) establish or franchise any person to establish an El Pollo Loco® restaurant under the Marks and System at any location within the Territory. Franchisor expressly retains all other rights and may, among other things, on any terms and conditions Franchisor deems advisable, and without granting Developer any rights therein:

a. Establish and operate or franchise others to establish and operate an El Pollo Loco® restaurant located outside of the Territory;

b. Sell the same or similar products (whether or not using the Marks), as will be sold by Developer in a developed El Pollo Loco® restaurant, to customers at any retail location (whether within or outside of the Territory), through any method or channel of distribution, including, without limitation, at retail locations such as grocery or convenience stores and via the Internet, telemarketing and direct marketing means, through other non-El Pollo Loco® restaurants having the same or similar menu items, or through any other distribution channel or through "Ghost Kitchens" which we define as a professional food preparation and cooking facility set up for the preparation of delivery-only meals whether or not the facility produces menu items for multiple brands or just for El Pollo Loco® restaurants. Additionally, no Protected Area exists for El Pollo Loco® restaurants located in "Non Traditional Venues," which we define as any of the following types of venues: regional shopping malls, airports, mass transit stations, professional sports stadiums and arenas, hotels and other types of lodging facilities, military bases, entertainment centers, amusement parks, casinos, universities and other types of schools, hospitals and other types of health care institutions, or similar types of captive market locations that we may designate. We will determine and designate those shopping malls that in our judgment qualify as a regional shopping mall based on the size of the shopping complex, number of anchor tenants, existence of dedicated parking

space, existence of unrelated merchandisers, and prevailing consumer and industry perceptions. Franchisor and Developer retain all other rights and obligations in this Agreement;

c. Establish and operate or franchise others to establish and operate restaurants (not using the Marks) having the same or similar menu items whether within or outside of the Territory; and

d. Any continued operation by Franchisor, or the allowance of any continued operation by a franchisee of Franchisor, of an El Pollo Loco® restaurant within the Territory which was opened on or before the date of this Agreement shall not be considered to constitute a breach of this Agreement.

1.3. ***(Only applies to multi-unit Development Agreement – delete if single-unit Development Agreement).*** Prior to or concurrent with the execution of this Agreement, Developer shall meet with Franchisor's development representatives and prepare a market development plan for the units to be constructed and opened by Developer in the Territory (identifying specific key areas, key intersections and trade areas in the Territory) and all development pursuant to this Agreement shall be in accordance with this plan (the "**Market Plan**"). The Market Plan shall include proposed areas where sites may be located, ranking and prioritization of site locations and other information customarily used by market planners in the restaurant industry. Developer and Franchisor shall jointly approve the Market Plan.

2. LIMITATION ON DEVELOPMENT RIGHTS.

2.1. Developer must submit one or more site(s) for approval, enter into binding leases or purchase agreements and open to the public the number of El Pollo Loco® Restaurant(s) on such approved sites each calendar year as required on the Development Schedule, all as set forth on **Exhibit B** attached hereto and made a part hereof.

2.2. For purposes of the Development Schedule in **Exhibit B**, no credit will be given for the development of El Pollo Loco® Restaurant(s) outside the Territory, regardless of the fact that Developer may, upon proper application, obtain from Franchisor a Franchise Agreement for any such development.

2.3. Although this Agreement affords the Developer the right to develop and open El Pollo Loco® Restaurant(s) within the Territory, as set forth on **Exhibit A**, all El Pollo Loco® Restaurant(s) developed under this Agreement must be duly licensed through individual Franchise Agreement(s). Developer will execute Franchisor's then standard Franchise Agreement in use at the time of execution for each restaurant developed under this Agreement, and agrees to pay Franchisor the current fees, royalties and other required payments in accordance with the Franchise Agreement and Franchise Disclosure Document then in effect. Execution of the appropriate Franchise Agreement and payment of the initial franchise fee and/or any other required fees must be

accomplished prior to the commencement of construction at any site.

2.4. Developer must satisfy all Franchisor's financial and operational criteria then in effect and in addition, if Developer is also a Franchisee of one or more El Pollo Loco® restaurants, Franchisee must also be in good standing with Franchisor and satisfy all Franchisor's financial and operational criteria then in effect prior to Franchisor's execution of each standard Franchise Agreement issued pursuant to this Agreement. Developer shall provide Franchisor with current information pertaining to Developer's financial condition and the financial condition of the majority and managing members/partners/shareholders of Developer at any time upon Franchisor's request and in no event less than once annually. Developer acknowledges that, among other things, it will be required to submit annual financial statements of Developer and personal financial statements of each of its principal owners and Managing Members to be eligible for financial approval by Franchisor. In the event any of the majority owners of Developer shall also be the Managing Members and/or majority owners of any other entity which is a franchisee of Franchisor, then each such franchisee entity must be operationally and financially approved by Franchisor before approval for expansion will be granted to any one franchisee entity. "**Managing Members**" shall be any individuals who are designated as the primary decision makers or general managers of the franchisee entity and those individuals who (individually or collectively) own at least 51% interest in the franchisee entity.

2.5. Developer shall use its best efforts to retain qualified real estate professionals (including licensed brokers) to locate proposed sites for the El Pollo Loco® Restaurant(s). Developer shall submit proposed sites for each El Pollo Loco® Restaurant unit to be developed under this Agreement for acceptance by Franchisor's Real Estate Site Approval Committee ("**RESAC**"), together with such site information as may be reasonably required by Franchisor to evaluate the proposed site, no later than the dates set forth in **Exhibit B** as RESAC Submittal Dates, the first of which shall be approximately ninety (90) days after execution of this Agreement. Should the site be accepted by RESAC, it will be referred to as the "**Approved Site**". Such acceptance will expire one (1) year from the RESAC approval date. Franchisor may require, as a condition to its approval of a site, a "**Market Study**", which shall include a site description and analysis, traffic and other demographic information and an analysis of the impact of the proposed site on other company owned and franchised El Pollo Loco® restaurants surrounding or within the vicinity of such proposed site all in such format as the Franchisor may require. All such analyses, information and studies shall be prepared at the sole cost and expense of Developer.

2.6. Franchisor shall send representatives to evaluate proposed site(s) for each El Pollo Loco® Restaurant to be developed under this Agreement, and Franchisor will do so at its own expense for the first two (2) proposed sites for each El Pollo Loco® Restaurant. If Developer proposes, and Franchisor evaluates, more than two (2) sites for each El Pollo Loco® Restaurant, then Developer shall reimburse Franchisor for the reasonable costs and expenses incurred by Franchisor's representatives in connection with the evaluation of such additional proposed site(s), including, without limitation, the

costs of lodging, travel, meals and wages.

2.7. Provided there exists no default by Developer under this Agreement or any other development, franchise or other agreement between Franchisor and Developer, Franchisor shall evaluate each site proposed for which Developer has provided all necessary evaluation information, and shall promptly after receipt of Developer's proposal, send to Developer written notice of acceptance or non-acceptance of the site.

2.8. If RESAC determines through its evaluation of the proposed site that the proposed site may impact sales at any company-owned El Pollo Loco® restaurant, Franchisor has the sole and absolute right to accept or reject the proposed site, without any obligation to discuss a possible resolution with Developer. However, Franchisor may elect to discuss with Developer a possible resolution with regards to the proposed site; however, if such an agreement cannot be reached, Franchisor has the sole and absolute right to reject the proposed site. If RESAC determines through its evaluation of the proposed site that the proposed site may potentially impact sales at any existing El Pollo Loco® franchisee's restaurant, Franchisor shall notify Developer of the existing El Pollo Loco® franchisee's (or franchisees') location(s) and contact information. If nevertheless Developer wishes to try to proceed with that site, Developer must obtain a written waiver from those existing El Pollo Loco® franchisee(s) of any claims they might have against Developer and Franchisor with respect to the proposed new El Pollo Loco® Restaurant. Such waiver, if obtained, must be submitted along with the evaluation information required pursuant to this Section.

2.9. No later than the Site Commitment Dates set forth in **Exhibit B**, Developer shall submit for the Approved Site to Franchisor for its review and approval of:

a. A fully negotiated but unexecuted lease, which may only be subject to obtaining necessary governmental permits. The unexecuted form of the lease must be submitted to Franchisor to review for the required terms and conditions listed in Sections 2.9, 2.10, 2.11 and 2.12 below **prior** to full execution of the lease. Franchisor will promptly notify Developer upon their approval of the inclusion of such required terms and conditions. Developer will promptly then provide a final executed copy of the lease to Franchisor; or

b. A purchase agreement. Should Developer purchase the site using another entity other than the franchise entity, Developer must then enter into a lease with the Franchise entity as the lessee and the purchasing entity as the lessor and must comply with all the requirements of this Sections 2.9, 2.10, 2.11 and 2.12 below).

2.10. Any lease to be entered into by Developer shall include the terms and conditions set forth below and shall be in a form approved by Franchisor:

a. The tenant entity on the lease must match the franchise entity on the franchise agreement; and

b. The term (with renewal options) of the lease must match at least the initial term of the franchise agreement; and

c. The landlord consents to your use of the premises as an El Pollo Loco® restaurant which will be open during the required days and hours set out in the Operations Manual.

2.11. Franchisor shall have no liability under any lease or purchase agreement for any El Pollo Loco® Restaurant location developed under this Agreement and shall not guarantee Developer's obligations thereunder. Upon approval by Franchisor of the form of Developer's lease and execution of a lease for a site by Developer, Developer shall furnish to Franchisor a fully executed copy of such lease and any amendments thereto within fifteen (15) calendar days of such execution. Franchisor shall have no obligation to assist Developer to negotiate its leases.

2.12. The lease or deed may not contain any non-competition covenant which restricts Franchisor or any franchisee or licensee of Franchisor, from operating an El Pollo Loco® restaurant or any other retail restaurant, unless such covenant is approved by Franchisor in writing prior to the execution by Developer of the lease.

2.13. Each subsequent site to be developed pursuant to the Development Schedule shall be submitted for approval by RESAC by the date set forth in **Exhibit B.** Similarly, each fully executed lease (executed upon prior review and approval by Franchisor) or purchase agreement (with all contingencies to Developer's obligations waived or satisfied, except permitting contingencies) relating to each subsequent Approved Site shall: (1) be delivered to Franchisor on or before the Site Commitment Date for each respective El Pollo Loco® Restaurant as set forth in **Exhibit B** and (2) prior to the execution of your Franchise Agreements (3) prior to the payment of your initial franchise fees for each site and (4) prior to the commencement of construction of the El Pollo Loco® Restaurant.

2.14. RESAC site approval does not assure that a Franchise Agreement will be executed. Execution of the Franchise Agreement is contingent upon Developer completing the purchase or lease of the proposed site within sixty (60) days after approval of the site by the Franchisor or no later than the dates set forth in **Exhibit B** as Site Commitment Dates.

2.15. Developer acknowledges that time is of the essence in this Agreement. If Developer has not obtained approval and entered into a binding lease or purchase agreement for each site for El Pollo Loco® Restaurant(s) to be developed under this Agreement by the applicable Site Commitment Date, Developer shall be in default of its obligations under the Development Schedule and Franchisor shall be entitled to exercise its rights and remedies under this Agreement, up to and including termination of this Agreement.

2.16. Developer also acknowledges that it is required pursuant to this Agreement

to open El Pollo Loco® Restaurants in the future pursuant to dates set forth in the Development Schedule attached as **Exhibit B**. If Developer fails to meet the opening date for any El Pollo Loco® Restaurant to be developed under this Agreement, Developer shall be in default and Franchisor shall be entitled to exercise all rights and remedies available to Franchisor set forth in Section 11. Developer acknowledges that if Developer fails to open El Pollo Loco® Restaurants in a timely manner pursuant to the Development Schedule, Franchisor will suffer lost revenues, including royalties and other fees which would be difficult to calculate and which Franchisor would have received had Developer met the agreed schedule or had Franchisor had the right to grant development rights to others in the Territory.

2.17. Developer acknowledges that the estimated initial investment and estimated expenses set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to and likely to increase over time, and that future El Pollo Loco® Restaurants will likely involve a greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to your execution of this Agreement.

2.18. Developer understands and acknowledges that in accepting Developer's proposed site or by granting a franchise for each Approved Site, Franchisor does not in any way, endorse, warrant or guarantee either directly or indirectly the suitability of such site or the success of the franchise business to be operated by Developer at such site. The suitability of the site and the success of the franchise business depend upon a number of factors outside of Franchisor's control, including, but not limited to, the Developer's operational abilities, site location, consumer trends and such other factors that are within the direct control of the Developer.

2.19. The purpose of this Agreement is to promote orderly incremental growth within the El Pollo Loco® System. The acquisition of existing El Pollo Loco® restaurants by Developer does not represent incremental growth and, therefore, does not satisfy the terms of this Agreement pertaining to development.

2.20. (To be added where there are existing restaurants in the Territory) Developer acknowledges that Franchisor (i) is operating or has franchised another to operate, one (1) or more El Pollo Loco® restaurants in the Territory or (ii) has granted franchise rights to another in the Territory or (iii) approved a new site for development for those locations identified in Exhibit C attached hereto and incorporated herein by this reference. Developer further acknowledges that Franchisor retains the sole and absolute right to approve or disapprove any proposed location for development under this Agreement if, in Franchisor's reasonable judgment: (i) such proposed location is not suitable for an El Pollo Loco® Restaurant or (ii) such proposed location will have a material adverse effect on the profitability of another existing El Pollo Loco® location (or approved site) in the Territory. Developer covenants to use its reasonable best efforts to avoid selecting proposed locations that would adversely impact pre-existing locations in the Territory.

3. DEVELOPMENT FEE.

3.1. Developer shall pay to Franchisor upon execution of this Agreement a non-refundable Development Fee (the "**Development Fee**") equal to $20,000 in immediately available funds, for each El Pollo Loco® Restaurant to be developed under this Agreement. The Development Fee is consideration for this Agreement. The Development Fee is not consideration for any Franchise Agreement and is non-refundable. The $20,000 Development Fee for each El Pollo Loco® Restaurant shall be applied against the initial franchise fee payable upon the execution of the Franchise Agreement applicable to such El Pollo Loco® Restaurant. As a benefit of signing the Development Agreement, the initial franchise fee for the second and each subsequent restaurant developed under the same Development Agreement will be reduced by us to $30,000. As an example, the initial franchise fee for the first restaurant developed under a Development Agreement would be $40,000 to which $20,000 (from the Development Fee will be credited. The initial franchise fee for the second and remaining restaurants developed under the same Development Agreement would be $30,000, to which $20,000 from the Development Fee will be credited. If this Agreement is terminated pursuant to Sections 10 or 11 below, Developer will lose its right to develop and any and all Development Fees. Developer may qualify for development incentives as described in **Exhibit D**.

4. TERM OF DEVELOPMENT AGREEMENT.

4.1. This Agreement shall commence on the date specified in **Exhibit B**. Unless terminated pursuant to Section 10 or 11 below, it shall expire upon the earlier of the date specified in **Exhibit B** or upon the opening of the last El Pollo Loco® Restaurant listed in the Development Schedule.

5. TERRITORY CONFLICTS.

5.1. The rights granted Developer in this Agreement are subject to any prior territorial rights of other franchisees which may now exist in the Territory, whether or not those rights are currently being enforced. In the event of a conflict in territorial rights, whether under a Franchise Agreement or separate territorial or development agreement, Developer shall be free to negotiate with any person, corporation or other entity, which claims territorial rights adverse to the rights granted under this Agreement, for the assignment of those prior territorial rights. For this purpose, Franchisor agrees to approve any such assignment not in conflict with the other terms of this Agreement, subject to the condition of any Franchise Agreements involved, and current policies pertaining to assignments, including, but not limited to, satisfaction of all past due debts owed to Franchisor and the execution of a General Release.

5.2. In the event of third-party claims of the right to develop the Territory, it is the sole responsibility of Franchisor, where the right granted herein is exclusive, to protect and maintain Developer's right to the development of the Territory. However, if it appears

to Franchisor, as its sole and absolute right to determine, that protection of the Territory by legal action is not advisable, whether due to the anticipation of, or the actual protracted nature of the action, the costs involved, the uncertainty of outcome, or otherwise, Franchisor has the right to terminate this Agreement, provided that it refunds to Developer the balance, if any, of the Development Fee made pursuant to Section 3, which has not been applied against the initial franchise fees for Franchise Agreement(s) to be acquired under this Agreement.

6. PROPRIETARY RIGHTS OF FRANCHISOR.

6.1. Developer expressly acknowledges Franchisor's exclusive right, title, and interest in and to the trade name, service mark and trademark "**El Pollo Loco**", and such other trade names, service marks, and trademarks which are designated as part of the El Pollo Loco® System, and Developer agrees not to represent in any manner that Developer has any ownership in El Pollo Loco® Marks. This Agreement is not a Franchise Agreement. Developer may not open an El Pollo Loco® Restaurant or use the El Pollo Loco® Marks at a particular site until it executes a Franchise Agreement for that site. Developer's use of the El Pollo Loco® Marks shall be limited to those rights granted under each individual Franchise Agreement. Notwithstanding the foregoing, Franchisor may authorize Developer in writing to use the Marks in connection with advertising and marketing activities in connection with this Agreement. Developer expressly agrees that such usage is limited to those specific activities or promotional materials approved by Franchisor's marketing department in advance. Developer further agrees that its use of the Marks shall not create in its favor any right, title, or interest in or to El Pollo Loco® Marks, but that all of such use shall inure to the benefit of Franchisor, and Developer has no rights to the Marks except to the degree specifically granted by the individual Franchise Agreement(s). Building designs and specifications, color schemes and combinations, sign design specifications, and interior building layouts (including equipment, equipment specification, equipment layouts, and interior color schemes and combinations) are acknowledged by Developer to comprise part of the El Pollo Loco® System. Developer shall have no right to license or franchise others to use the Marks by virtue of this Agreement.

6.2. Developer acknowledges that, in connection with its execution of this Agreement, it may receive confidential and proprietary information regarding the El Pollo Loco® System, including, but not limited to, the El Pollo Loco® Operational Manual. Developer recognizes the unique value and secondary meaning attached to the El Pollo Loco® Marks and the El Pollo Loco® System, and Developer agrees that any noncompliance with the terms of this Agreement or any unauthorized or improper use will cause irreparable damage to Franchisor and its franchisees. Developer, therefore, agrees that if it should engage in any such unauthorized or improper use during, or after, the term of this Agreement, Franchisor shall be entitled to both seek temporary and permanent injunctive relief from any court of competent jurisdiction in addition to any other remedies prescribed by law.

6.3. Developer acknowledges that it will receive one (1) copy of the Operations

Manual on loan from Franchisor and that the Operations Manual shall at all times remain the sole property of the Franchisor.

7. INSURANCE AND INDEMNIFICATION.

7.1. Throughout the term of this Agreement, Developer shall obtain and maintain insurance coverage with insurance carriers acceptable to Franchisor in accordance with Franchisor's current insurance requirements as modified from time to time. A certificate of insurance will be issued to Franchisor evidencing the required insurance coverage detailed in this Section. Such insurance coverage shall commence upon execution of this Agreement. Promptly following the date any policy of insurance is renewed, modified or replaced during the term of this Agreement, Developer will issue to Franchisor certificates of insurance evidencing such coverage. Developer shall insure for commercial general liability, in the amount of at least $1,000,000 per occurrence. Automobile liability with at least $1,000,000 combined single limit. Umbrella excess liability insurance with a minimum limit of $5,000,000 limit per occurrence. Developer also shall carry such worker's compensation insurance as may be required by applicable law. All policies must contain provisions waiving rights of recovery against any named insured by subrogation. All coverages shall be placed with a financially stable insurer with a minimum AM Best Ratings of A-VII. In connection with and prior to commencing any construction, reimage or remodeling of the Restaurant, Developer, as franchisee, shall maintain Builder's All Risks Insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, acceptable to Franchisor.

7.2. For the benefit of Franchisor, Developer shall obtain an additional insured endorsement naming Franchisor. The endorsement shall state the above-described insurance shall be primary and not contributory, as to Franchisor; with a waiver of subrogation in favor of Franchisor. All commercial general liability and property damage policies shall contain a provision that Franchisor, although named as an insured, shall nevertheless be entitled to recover under such policies on any loss incurred by Franchisor, its affiliates, officers, agents and/or employees, by reason of the negligence of Developer, its principals, contractors, agents and/or employees. All policies shall extend to and provide indemnity for all obligations assumed by Developer hereunder and all other items for which Developer is required to indemnify Franchisor under the provisions of this Agreement, whether or not the liability arose from the negligence of Franchisor, its principals, contractors, agents or employees, and shall provide Franchisor with at least thirty (30) days' notice of cancellation, termination of coverage or material reduction of coverage. "**Affiliate**" is defined as any person or legal entity that directly or indirectly controls, is controlled by, or is under common control with the specified person or legal entity.

7.3. Franchisor reserves the right to specify reasonable changes in the types and amounts of insurance coverage required by this Section 7. In the event that Developer fails or refuses to obtain or maintain the required insurance coverage from an insurance carrier acceptable to Franchisor, or to maintain it throughout the term of this Agreement, Franchisor may, as its sole and absolute right and without any obligations to

do so, procure such coverage for Developer. In such event, Developer shall pay the required premiums or reimburse Franchisor for such premiums and any related fees or costs upon written demand. The amount of such premiums and any related costs shall be set forth in a written invoice delivered to Developer by Franchisor. Developer shall reimburse Franchisor for the invoice amount within seven (7) days after the invoice has been delivered to Developer pursuant to Section 21.1 of this Agreement. Failure to maintain the required insurance or to promptly reimburse Franchisor for any premiums and any related fees or costs paid on behalf of Developer by Franchisor shall constitute a default hereunder. Should Franchisor elect to obtain such coverage for Developer, then Developer will assist Franchisor by providing the necessary information and access to enable Franchisor to obtain coverage for Developer.

7.4. Developer shall defend immediately upon tender of defense, at its own cost, the Franchisor, its subsidiaries, parent and affiliates, shareholders, directors, officers, employees and agents (collectively referred to, for Sections 7.4 and 7.5 only, as "**Franchisor**"), from and against any and all claims, lawsuits, complaints, cross complaints, arbitrations, demands, allegations, costs embraced by indemnity, loss, costs, expenses, internal and external (including internal and external attorneys' fees), liens and damages (collectively referred to, for Sections 7.4 and 7.5 only, f as "**Losses**"), however caused, and reimburse Franchisor for all costs and expenses, internal and external (including internal and external attorneys' fees) incurred by the Franchisor in defense of any Losses, resulting directly or indirectly from or pertaining to or arising out of, or alleged to arise out of, or in connection with Developer's activities under this Agreement, including, without limitation, any labor or employee-related claims whatsoever, (including, claims made by an employee of Developer resulting from the employee's training in a Franchisor operated facility or restaurant) and Developer's failure for any reason to fully inform any third party of Developer's lack of authority to bind the Franchisor for any purpose. Such Losses shall include, without limitation, (a) those arising from latent or other defects in any restaurant to be developed under this Agreement, whether or not discoverable by Franchisor, (b) those arising from the death of or injury to any person, and (c) those arising from damage to the property of Developer or the Franchisor, or any third party, whether or not any of the foregoing is a result of any strict liability imposed on Franchisor by fact, law, statute, or ordinance. Developer further agrees that Developer's duty to defend the Franchisor is separate from, independent of and free-standing of Developer's duty to indemnify the Franchisor and applies whether the issue of Developer's negligence, breach of contract, or other fault or obligation has been determined. Developer's duty to defend is regardless of the outcome of liability even if Developer is ultimately found not negligent and not dependent on the ultimate resolution of issues arising out of Losses.

7.5. Developer shall indemnify and hold harmless the Franchisor (as defined above) from and against any and all Losses (as defined above), however caused, resulting directly or indirectly from or pertaining to or arising out of or in connection with Developer's activities under the Development Agreement, including, without limitation, any labor or employee-related claims whatsoever (including any claims made by an employee of Developer resulting from the employee's training in a Franchisor operated

facility or restaurant) and Developer's failure for any reason to fully inform any third party of Developer's lack of authority to bind the Franchisor for any purpose. Such Losses shall include, without limitation, (a) those arising from latent or other defects in any restaurant to be developed under this Agreement, whether or not discoverable by Franchisor (b) those arising from the death of or injury to any person and (c) those arising from damage to the property of Developer or the Franchisor, or any third party, whether or not any of the foregoing is a result of any strict liability imposed on Franchisor by fact, law, statute, or ordinance. Developer further agrees to indemnify and hold harmless Franchisor from all said Losses and shall pay for and be responsible for all said Losses, however caused, whether by any individual, employee, third person or party, vendor, visitor, invitee, trespasser or any firm or corporation whatsoever, whether caused by or contributed to by Franchisor, the combined conduct of Developer and Franchisor, or active or passive negligence of Franchisor, but for the sole negligence or willful misconduct of Franchisor.

7.6. The provisions of this Section 7 shall expire as to each El Pollo Loco® Restaurant to be developed under this Agreement upon execution of a Franchise Agreement for such El Pollo Loco® Restaurant. The provision of the Franchise Agreement, in particular, Section 9 thereof (insurance and Indemnification) shall supersede this Section 7 and govern the rights and obligations of the parties prospectively.

8. TRANSFER OF RIGHTS.

8.1. This Agreement shall inure to the benefit of Franchisor and its successors and assigns, and it is fully assignable by Franchisor.

8.2. The parties acknowledge and agree that this Agreement is personal in nature with respect to Developer, being entered into by Franchisor in reliance upon and in consideration of the personal skills, qualifications and trust and confidence reposed in Developer and Developer's present partners, managing members or officers if Developer is a partnership, a limited liability company or a corporation. Therefore, the rights, privileges and interests of Developer under this Agreement shall not be assigned, sold, transferred, leased, divided or encumbered, voluntarily or involuntarily, in whole or in part, by operation of law or otherwise without the prior written consent of Franchisor, which consent may be given or withheld as Franchisor's sole and absolute right. For purposes of this Section, a sale of stock, or any membership or partnership interest in Developer, or a merger or other combination of Developer shall be considered a transfer of Developer's interest prohibited hereunder. To request Franchisor's approval for an assignment or other transfer of this Agreement, Developer shall pay an administrative fee of $10,000 per request, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid the earlier of (i) upon Developer's signing of the assignment documentation or (ii) upon receipt of invoice in connection with the assignment documentation of such transfer for each permitted transfer ("**Developer Transfer Administration Fee**"). Notwithstanding the foregoing, Developer shall be permitted to assign business organizations to serve as Franchisee after Developer individually executes the Franchise Agreements, provided the ownership mirrors that of Developer (e.g., Developer consists of persons A (50%), B (25%) and C (25%). Franchisee also

must be owned and controlled by the same three (3) persons with each retaining the same percentage of ownership). All other entity structures shall require the prior written approval of Franchisor. To request an assignment of this Agreement to a business organization that mirrors the current ownership, Developer shall pay an administrative fee of $500 per request, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Developer's signing of the assignment documentation or (ii) upon receipt of invoice in connection with the assignment documentation of such transfer ("**Entity Administration Fee**"). Where Developer desires to request to add new principals to the Developer or any Franchisee entity, Developer shall pay to Franchisor an additional $2,500 per new principal to cover Franchisor's administrative costs for reviewing the application and suitability of each new principal as participants in the franchise business, plus reimbursement of Franchisor's reasonable attorneys' fees to be fully paid by the earlier of (i) upon Developer's signing of the documentation adding the new principal(s) or (ii) upon receipt of invoice in connection with the documentation of such addition ("**New Principal Administration Fee**"). For the avoidance of doubt, the Developer Transfer Administration Fee, Entity Administration Fee and New Principal Administration Fee (including the reimbursement of Franchisor's reasonable attorneys' fee) is payable whether or not the Developer's request is granted.

9. ACKNOWLEDGMENT OF SELECTED TERMS AND PROVISIONS OF THE FRANCHISE AGREEMENT.

9.1. Developer represents that it has read each of the terms and provisions of the current form of Franchise Agreement and acknowledges and is willing to agree to each and every obligation of Franchisee thereunder (as they may be modified in then-current forms of Franchise Agreement) including, but not limited to:

a. The obligation to deliver executed Personal Guarantees or Investor Covenants Regarding Confidentiality and Non-Competition in connection with the execution of each franchise agreement for El Pollo Loco® Restaurants to be developed under this Agreement;

b. The obligation to obtain the consent of Franchisor to any security interests to be granted by Developer in the assets or business of the El Pollo Loco® Restaurant to lenders or other financing sources in advance of any agreement to provide those security interests to such third parties;

c. All in-term and post-term restrictive covenants; and

d. All territorial rights, options and rights of first refusal retained by Franchisor under the franchise agreement.

10. TERMINATION BY DEVELOPER; EXPIRATION DATE.

10.1. This Agreement shall terminate immediately upon Franchisor's receipt of Developer's notice to terminate. In such event, the Development Fee shall be forfeited to Franchisor in consideration of the rights granted in the Territory up to the time of

termination. Notwithstanding any provision to the contrary contained herein, unless earlier terminated by either party, this Agreement shall **expire on ______, 20___**, and all rights of Developer herein shall cease and all unapplied or unused Development Fees paid pursuant to Section 3 hereof shall be forfeited to Franchisor.

11. EVENTS OF DEFAULT.

11.1. The following events shall constitute a default by Developer, which shall result in Franchisor's right to declare the immediate termination of this Agreement.

a. Failure by Developer to meet the requirements of the Development Schedule within the time periods specified therein, including failure by Developer to meet the Site Commitment Date or Opening Date for each site for an El Pollo Loco® Restaurant in a timely manner as set forth in **Exhibit B** and Section 2 above.

b. Any assignment, transfer or sublicense of this Agreement by Developer without the prior written consent of Franchisor.

c. Any violation by Developer of any covenant, term, or condition of any note or other agreement (including any Franchise Agreement) between Developer and Franchisor (or an affiliate of Franchisor), the effect of which is to allow Franchisor to terminate (or accelerate the maturity of) such agreement before its stated termination (or maturity) date.

d. Developer's assignment for the benefit of creditors or admission in writing of its inability to pay its debts generally as they become due.

e. Any order, judgment, or decree entered adjudicating Developer bankrupt or insolvent.

f. Any petition, or application, by Developer to any tribunal for the appointment of a trustee, receiver, or liquidator of Developer (or a substantial part of Developer's assets), or commencement by Developer of any proceedings relating to Developer under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereinafter in effect.

g. Any filing of a petition or application against Developer, or the commencement of such proceedings, in which Developer, in any way, indicates its approval thereof, consent thereto, or acquiescence therein; or the entry of any order, judgment, or decree appointing any trustee, receiver, or liquidator, or approving the petition in any such proceedings, where the order, judgment, or decree remains unstayed and in effect for more than thirty (30) days.

h. Any entry in any proceeding against the Developer of any order, judgment, or decree, which requires the dissolution of Developer, where such order,

judgment, or decree remains unstayed and in effect for more than thirty (30) days.

i. Developer's voluntary abandonment of any of Developer's restaurants.

11.2. The following events shall constitute a default by Developer, which shall result in Franchisor's right to declare the termination of this Agreement, if such default is not cured within thirty (30) days after written notice by Franchisor to Developer:

a. Developer's default in the performance or observance of any covenant, term, or condition contained in this Agreement not otherwise specified in Section 11.1 above.

b. The creation, incurrence, assumption, or sufferance to exist of any lien, encumbrance, or option whatsoever upon any of Developer's property or assets, whether now owned or hereafter acquired, the effect of which substantially impairs Developer's ability to perform or observe any covenant, term, or condition of this Agreement.

c. Refusal by Developer or Developer’s partners, members, or shareholders to enter individually into the then-current form of Franchise Agreements and Personal Guarantee as provided in Section 1 above.

d. Any change, transfer or conveyance (“**Transfer**”) in the ownership of Developer, which Transfer has not been approved in advance by Franchisor. Franchisor reserves the right to approve or disapprove any Transfer as its sole and absolute right.

11.3. If Franchisor is entitled to terminate this Agreement in accordance with Sections 11.1 or 11.2 above, Franchisor shall also have the right to undertake the following action instead of terminating this Agreement:

a. Franchisor may terminate or modify any rights that Developer may have with respect to protected exclusive rights in the Territory, as granted under Section 1.1 above, effective ten (10) days after delivery of written notice thereof to Developer.

11.4. If any of Developer’s rights are terminated or modified in accordance with Section 11.3, such action shall be without prejudice to Franchisor’s right to terminate this Agreement in accordance with Sections 11.1 or 11.2 above, and/or to terminate any other rights, options or arrangements under this Agreement at any time thereafter for the same default or as a result of any additional defaults of the terms of this Agreement.

12. EFFECT OF TERMINATION.

12.1. Immediately upon termination or expiration of this Agreement, for any reason, all of Developer's development rights granted pursuant to this Agreement shall

revert to Franchisor. At the time of termination, only restaurants operating or to be operated under the El Pollo Loco® System by virtue of a fully executed Franchise Agreement shall be unaffected by the termination of this Agreement. Franchisor shall have no duty to execute any Franchise Agreement with Developer after the termination of this Agreement. The foregoing remedies are nonexclusive, and nothing stated in this Section 12 shall prevent Franchisor's pursuit of any other remedies available to Franchisor in law or at equity due to the termination of this Agreement.

12.2. Developer understands and agrees that upon the expiration or termination of this Agreement (or in the event of an exclusive development agreement, the failure of Developer to meet the Development Schedule and the resulting loss of exclusive development rights), Franchisor or its subsidiaries or affiliates, as their sole and absolute right, may open and/or operate restaurants in the Territory, or may authorize or franchise others to do the same, whether it is in competition with or in any other way affects the sales of Developer at the Developer's El Pollo Loco® Restaurants. In addition, upon termination or expiration of this Agreement, or if Developer's rights herein are terminated or modified pursuant to Section 11.1 or Section 11.2, above, all unapplied or unused Development Fees paid pursuant to Section 3 hereof shall be forfeited to Franchisor and Developer shall have no claim or right to any such Development Fees.

13. NON-WAIVER.

13.1. Franchisor's consent to or approval of any act or conduct of Developer requiring such consent or approval shall not be deemed to waive or render unnecessary Franchisor's consent to or approval of any subsequent act or conduct hereunder.

14. INDEPENDENT CONTRACTOR AND INDEMNIFICATION.

14.1. This Agreement does not constitute Developer an agent, legal representative, joint venturer, partner, employee or servant of Franchisor for any purpose whatsoever, and it is understood between the parties hereto that Developer shall be an independent contractor and is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor. The parties agree that this Agreement does not create a fiduciary relationship between them.

14.2. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, or any other obligation of Developer arising out of or in any way related to this Agreement. Developer shall indemnify, defend and hold harmless Franchisor against any such claim and the cost of defending it arising directly or indirectly from or as a result of, or in connection with, Developer's actions pursuant to this Agreement.

15. ENTIRE AGREEMENT.

15.1. This Agreement, including **Exhibits A, B, C and D** attached hereto, constitutes the entire full and complete agreement between Franchisor and Developer concerning the subject matter hereof and supersedes any and all prior written

agreements. No other representations have induced Developer to execute this Agreement, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties, not embodied herein, which are of any force or effect with reference to this Agreement or otherwise. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Developer to waive reliance on any representation that Franchisor made in the most recent disclosure document (including its exhibits and amendments) that Franchisor delivered to Developer or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that disclosure document and reflected in this Agreement (including any riders or addenda signed at the same time as this Agreement). The provisions of this Agreement may not be contradicted by any other statement concerning the subject matter herein. No amendment or modification of this Agreement shall be binding on either party unless written and fully executed.

15.2. This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between Developer and Franchisor on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that Franchisor furnished to Developer.

16. DISPUTE RESOLUTION

16.1. Initial Meeting and Mediation - Except as otherwise provided in this Agreement, before any legal action is filed involving any claim or controversy between Franchisor and Developer (including its affiliates, investors, and Owners) relating to (a) this Agreement, (b) the parties business activities conducted as a result of this Agreement, or (c) the parties' relationship or business dealings with each other generally, the following procedure shall be complied with:

a. The party wishing to resolve a dispute shall initiate negotiation proceedings by first requesting in writing a meeting with the other party or parties. Within forty-five (45) days of receipt of the initial request for a meeting, the parties shall meet within the county in which Developer is then located, to discuss and negotiate toward a resolution of the controversy.

b. If negotiation efforts do not succeed, the parties shall engage in mandatory but non-binding mediation by a mediator jointly chosen by the parties or if the parties cannot agree upon a mediator, appointed by, and in accordance with the procedures of, JAMS or, if JAMS is no longer in existence, an organization of similar quality

c. A mediation meeting will be held at a place and at a time mutually agreeable to the parties and the mediator. The Mediator will determine and control the format and procedural aspects of the mediation meeting which will be designed to ensure that both the mediator and the parties have an opportunity to present and hear an oral

presentation of each party's views regarding the matter in controversy. The parties act in good faith to resolve the controversy in mediation.

d. The mediation will be held as soon as practicable after the negotiation meeting is held. The mediator will be free to meet and communicate separately with each party either before, during or after the mediation meeting within 60 days of demand by either party.

16.2. At the election of the Franchisor, the provisions of this Section 16 shall not apply to controversies relating to any fee due the Franchisor by Developer or its affiliates, any promissory note payments due the Franchisor by Developer, or any trade payables due the Franchisor by Developer as a result of the purchase of equipment, goods or supplies. The provisions of this Section 16 shall also not apply to any controversies relating to the use and protection of the El Pollo Loco® Marks, the Manual or the El Pollo Loco® System, including without limitation, the Franchisor's right to apply to any court of competent jurisdiction for appropriate injunctive relief for the infringement of the El Pollo Loco® Marks or the El Pollo Loco® System.

16.3. In the event of the bringing of any action by either party against the other arising out of or in connection with this Agreement or the enforcement thereof, or by reason of the breach of any term, covenant or condition of this Agreement on the part of either party, the party in whose favor final judgment is entered shall be entitled to have and recover from the other party reasonable attorneys' fees (internal and external) plus costs and expenses (internal and external) reasonably incurred from commencing, and prosecuting the legal proceeding and until the proceeding has come to a complete end (including appeals and settlements), the amount to be fixed by the court rendering such judgment.

17. SEVERABILITY.

17.1. Each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid, contrary to, or in conflict with, any existing or future law or regulation, by any court or agency having valid jurisdiction, then such shall be deemed not to be a part of this Agreement, but such shall not impair the operation of, or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, which will continue to be given full force and effect and bind the parties hereto.

18. APPLICABLE LAW; CHOICE OF FORUM; WAIVER OF JURY TRIAL.

18.1. This Agreement, after review by Developer and Franchisor, was accepted in the state in which Franchisor's then-current headquarters (currently the State of California) is located and shall be governed by and construed in accordance with the laws of such state, except that the provisions in Section 20.1 covering competition following the expiration, termination or assignment of this Agreement shall be governed by the laws of the state in which the breach occurs. **THE PARTIES AGREE THAT ANY**

ACTION BROUGHT BY EITHER PARTY AGAINST EACH OTHER IN ANY COURT, WHETHER FEDERAL OR STATE, WILL BE BROUGHT WITHIN THE STATE IN WHICH FRANCHISOR'S HEADQUARTERS (CURRENTLY THE STATE OF CALIFORNIA) IS THEN LOCATED. THE PARTIES HEREBY WAIVE ANY RIGHT TO DEMAND OR HAVE TRIAL BY JURY IN ANY ACTION RELATING TO THIS AGREEMENT IN WHICH THE FRANCHISOR IS A PARTY. THE PARTIES CONSENT TO THE EXERCISE OF PERSONAL JURISDICTION OVER THEM BY SUCH COURTS AND TO THE PROPRIETY OF VENUE OF SUCH COURTS FOR THE PURPOSE OF CARRYING OUT THE PROVISION, AND THEY WAIVE ANY OBJECTION THAT THEY WOULD OTHERWISE HAVE TO THE SAME. ANY ACTION BETWEEN DEVELOPER AND FRANCHISOR SHALL INVOLVE ONLY THE INDIVIDUAL CLAIMS OF DEVELOPER AND SHALL NOT INVOLVE ANY CLASS, GROUP, CONSOLIDATED, REPRESENTATIVE OR ASSOCIATIONAL ACTION. NOTHING IN THIS SECTION 18.1 IS INTENDED BY THE PARTIES TO SUBJECT THIS AGREEMENT TO ANY FRANCHISE OR SIMILAR LAW, RULE OR REGULATION TO WHICH THIS AGREEMENT WOULD NOT OTHERWISE BE SUBJECT.

19. DOCUMENT INTERPRETATION.

19.1. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include the singular or plural tense, and any gender, whether masculine, feminine or neuter, as the context or sense of this Agreement or any paragraph or clause may require, the same as if such words had been fully and properly written in the appropriate number or gender. In the event of a conflict in the language, terms, or conditions between this Agreement and any Franchise Agreement issued pursuant to this Agreement, the Franchise Agreement shall control.

20. COVENANT NOT TO COMPETE.

20.1. To further protect the El Pollo Loco® System while this Agreement is in effect, Developer and each officer, director, shareholder, member, manager, partner and other equity owner, as applicable, of Developer, if Developer is an entity, shall neither directly nor indirectly own, operate, control or any financial interest in any other business which would constitute a "**Competitive Business**" (as hereinafter defined) without the prior written consent of Franchisor; provided further, that Franchisor may, as its sole and absolute right, consent to the Developer's continued operation of any business already in existence and operating at the time of execution of this Agreement. In addition, Developer covenants that, except as otherwise approved in writing by the Franchisor, Developer shall not, for a continuous, uninterrupted period commencing upon the expiration, termination or assignment of this Agreement, regardless of the cause for termination, and continuing for two (2) years thereafter, either directly or indirectly, for itself, or through or on behalf of, or in conjunction with any person, partnership, corporation or other entity, own, operate, control or have any financial interest in any Competitive Business which is located or has outlets or restaurant units within the Territory. The foregoing shall not apply to operation of an El Pollo Loco® restaurant by Developer pursuant to a Franchise

Agreement with Franchisor or the ownership by Developer of less than five percent (5%) of the issued or outstanding stock of any company whose shares are listed for trading on any public exchange or on the over-the-counter market, provided that Developer does not control or become involved in the operations of any such company. For purposes of this Section 20.1, a Competitive Business shall mean a self-service restaurant or fast-food business which sells chicken and/or Mexican food products, which products individually or collectively represent more than twenty percent (20%) of the revenues from such self-service restaurant or fast-food business operated at any one location during any calendar quarter. A "**Competitive Business**" shall not include a full-service restaurant.

20.2. In the event that any provision of Section 20.1 above shall be determined by a court of competent jurisdiction to be invalid or unenforceable, this Agreement shall not be void, but such provision shall be limited to the extent necessary to make it valid and enforceable.

20.3. Developer understands and acknowledges that Franchisor shall have the right to reduce the scope of any obligation imposed on Developer by Section 20.1, without Developer's consent, and that such modified provision shall be effective upon Developer's receipt of written notice thereof.

20.4. Developer acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Developer hereby consents to the entry of a preliminary and permanent injunction prohibiting any conduct by Developer in violation of the terms of those covenants not to compete set forth in this Agreement. Developer expressly agrees that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through Developer's unlawful utilization of Franchisor's Confidential Information, know-how, methods and procedures

21. NOTICES.

21.1. For the purpose of this Agreement, all notices shall be in writing and shall be sent to the party to be charged with receipt thereof either (i) served personally, or (i) sent by certified or registered United States mail, or (ii) sent by reputable overnight delivery service, or (iv) sent by facsimile. Notices served personally are effective immediately on delivery, and those served by mail shall be deemed given forty-eight (48) hours after deposit of such notice in a United States post office with postage prepaid and duly addressed to the party to whom such notice or communication is directed. Notices served by overnight delivery shall be deemed to have been given the day after deposit of such notice with such service. Notices served via facsimile shall be deemed to have been given the day of faxing such notice. All notices to Franchisor shall be addressed as follows:

El Pollo Loco, Inc.
Attn: Legal Department re: DA# _____

3535 Harbor Blvd, Suite 100
Costa Mesa, CA 92626
(714) 599-5503 (fax)

21.2. All notices to Developer shall be faxed and mailed or sent via overnight service to the Developer's number and address shown on **Exhibit B**. Either party may from time to time change its address for the purposes of this Section by giving written notice of such change to the other party in the manner provided in this Section. Notwithstanding anything to the contrary contained herein, the Franchisor may deliver bulletins and updates to the Developer by electronic means, such as by the internet (e-mail) or an intranet, if any, established by Franchisor.

22. SECTION HEADINGS.

22.1. The section headings appearing in this Agreement are for reference purposes only and shall not affect, in any way, the meaning or interpretation of this Agreement.

23. ACKNOWLEDGMENTS.

23.1. Developer acknowledges that it has received a complete copy of the El Pollo Loco® Franchise Disclosure Document, issuance date March 27, 2024 (Control No. 032724) at least fourteen (14) calendar days prior to the date on which this Agreement was executed by Developer or payment of any monies to the Franchisor.

23.2. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

24. COUNTERPARTS.

24.1. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute a single instrument. A signature on this Agreement transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

25. COMPLIANCE WITH LAWS, RULES OR REGULATIONS.

25.1. Developer shall at all times develop El Pollo Loco® restaurant(s) in the Territory in accordance with the lease or sublease, if any, for the El Pollo Loco® restaurant(s) and in accordance with all applicable federal, state or local laws, rules, or

regulations, including, but not limited to, OSHA related safety training and compliance. Any citations or penalties issued shall be the sole responsibility of Developer.

SIGNATURE PAGE(S) TO FOLLOW

26. SIGNATURES.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this El Pollo Loco® Franchise Development Agreement in duplicate original as of the dates set forth below.

FRANCHISOR:
El Pollo Loco, Inc., a Delaware Corporation

By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

DEVELOPER:
__________________, a __________________

By:
Name:
Title:
Date:

EXHIBIT A TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT - TERRITORY

EXHIBIT B TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT - DEVELOPMENT SCHEDULE

DEVELOPER NAME:

NOTICE ADDRESS:

OFFICE PHONE:

OFFICE FAX:

PRINCIPAL1:

PRINCIPAL1 MOBILE & EMAIL:

PRINCIPAL2:

PRINCIPAL2 MOBILE & EMAIL:

COMMENCEMENT DATE:

EXPIRATION DATE:

TOTAL DEVELOPMENT FEE:

DEVELOPMENT SCHEDULE:

RESTAURANT NUMBER	INITIAL FRANCHISEE AMOUNT[1]	RESAC SUBMITTAL DATES	SITE COMMITMENT DATES (Date for delivery of signed leases or purchase agreements)	OPENING DATE OF RESTAURANT
Restaurant #1	$40,000.00			
Restaurant #2	$30,000.00			
Restaurant #3	$30,000.00			

[1] Initial Franchise Fee is the total amount applicable to this unit, without applying the Development Fee deposited with Franchisor at the time of execution of this Agreement.

EXHIBIT C TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT - EXISTING EL POLLO LOCO® RESTAURANTS IN THE TERRITORY

EXHIBIT D TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT – DEVELOPMENT INCENTIVES (IF APPLICABLE)

FIRST AMENDMENT TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO EL POLLO LOCO® FRANCHISE DEVELOPMENT AGREEMENT ("**Amendment**") is made and entered into this ____________, 20___, by and between **El Pollo Loco, Inc.,** a Delaware corporation ("**Franchisor**"), with its principal place of business at 3535 Harbor Blvd, Suite 100, Costa Mesa, California 92626 and __________________, a ______________ with its principal place of business at _____________ ("**Developer**" or **"You"**).

RECITALS:

A. Franchisor and Developer entered into an El Pollo Loco® Franchise Development Agreement #________ dated ____________, 20___ ("**Development Agreement**).

B. Developer has met the conditions to be eligible for the Development Incentive Program.

C. Franchisor and Developer wish to modify the terms of the Development Agreement as described in this Amendment.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and obligations herein contained, the parties hereto agree as follows:

1. Recitals. Recitals listed above are incorporated herein and by this reference made a part of this Amendment.

2. Development Incentive Program - Reduced Royalty and Reduced Advertising Fee. If You qualify for the development incentive program and You open new Restaurants developed under the Development Agreement during the calendar years 2024, 2025 or 2026, the Royalty and Advertising Fee will be reduced as detailed in the table below. If You open (a) Restaurant(s) developed under the Development Agreement, during 2027 and subsequent years, or You are currently operating (an) existing El Pollo Loco® Restaurant(s) as an El Pollo Loco® franchisee, You will not be eligible for the reduced Royalty and reduced Advertising Fee. The reduced Royalty and reduced Advertising Fee shall be assignable subject to the terms of the Franchise Agreement. If the Restaurant closes at the Location, the reduced Royalty and reduced Advertising Fee will terminate. If the Restaurant relocates to another location in accordance with Franchisor's site selection and approval procedures, the (non-reduced) Royalty and Advertising Fee will apply.

Applicable Time Period (Measured from the Opening Date)	Reduced Royalty	Reduced Advertising Fee
Year 1	2.5%	2.5%
Year 2	2.5%	2.5%
Year 3	2.5%	2.5%
Year 4	3.5%	3.5%
Year 5	4.5%	4.5% (or 4% if in LA DMA)
Year 6 and subsequent years	5.0%	5.0% (or 4% if in LA DMA

3. Development Incentive Program – Reduced Initial Franchise Fees ("**IFF**"). Provided that (a) You qualify for the development incentive program; (b) You open a new Restaurant developed under the Development Agreement during the calendar years 2024, 2025 or 2026 and (c) You remain in good standing with Franchisor during the term of all Agreements do not default on Your obligations under any of the Agreements, then Franchisor shall reduce the IFF to $20,000 for the application Franchise Agreements.

4. Development Fees. The following is added after Section 3.1 of the Development Agreement:

3.2. Deferral and Conditional Abatement of Development Fees. Developer's obligation to pay the total Development Fees ("**DF**") due pursuant to the Development Agreement is hereby deferred and conditionally abated in accordance with the terms and conditions of this Amendment (collectively, the "**Deferred DF**") listed below:

a. Except for the Deferred DF (which shall be paid in accordance with this Amendment), Developer shall have the continuing obligation to pay, as and when due under the Development Agreement, all other monetary obligations of Developer under the Development Agreement.

b. Provided Developer is not in default under its obligations under this Amendment, the Development Agreement or any other agreement between Developer (or it's related affiliates) and Franchisor (collectively, the "**Agreements**"), the DF shall be deferred, due and payable in one (1) lump sum payment upon the expiration of the Development Agreement listed on Exhibit B. At Franchisor's option (but without obligation to exercise such right), the entire Deferred DF shall become immediately due and payable, upon Developer's default under any of the Agreements.

3.3. Terms and Conditions for the Abatement of Development Fees by Franchisor: Developer agrees that Developer will be eligible for the full abatement of Deferred DF provided Developer remains in good standing with Franchisor during the term of all Agreements and Developer does not default on its obligations under any of the Agreements.

3.4. Assignment of Deferred DF . Franchisor's agreement herein as to the Deferred DF (i) is specific consideration given only to the undersigned Developer and is personal to the undersigned Developer and, at Franchisor's sole election, shall be null and void and of no further force or effect in the event of any transfer of the Development Agreement in whole or in part by assignment or subletting or otherwise, and (ii) is not a waiver or forgiveness of the Deferred DF and shall not reduce the amount of DF due under the Development Agreement.

3.5. Waivers. As a material inducement to cause Franchisor to agree to the deferring and/or abating of the Deferred DF as provided herein, Developer knowingly and intentionally waives and agrees not to assert or raise any claims, whether at law, equity or otherwise, to release, and forever discharges Franchisor, and all Franchisor's affiliates, and all the respective directors, officers, employees, attorneys, representatives and agents of said corporations, as well as parent corporations, subsidiaries, affiliates and any other legal entities which it owns or controls, individually or jointly, from any and all obligations, liabilities, claims, demands, actions and causes of action in law or in equity of whatsoever kind or nature arising prior to and including the Commencement Date hereof (collectively, the "**Claims**"), which Developer now has or may hereafter have by reason of any act, omission, event, deed or course of action having taken place, or which should have taken place, or on account of or arising out of any claimed violation of the Amendment, Development Agreement, any claim for breach of any other express or implied agreement, claim for breach of any implied violation of the covenant of good faith and fair dealing or any other claims which relate or refer in any way to the relationship between Franchisor and Developer which arises on or before the date hereof insofar as said claims relate to the Development Agreement or any other agreement between Developer and Franchisor, any claim arising under or alleged violation of the California Franchise Relations Act, any Federal antitrust law or State antitrust law except as prohibited by law.

With respect to the Claims, Developer acknowledges that Developer has either been advised by legal counsel or has made itself familiar with the provisions of California Civil Code section 1542. It is expressly acknowledged by each of the undersigned that any and all rights granted under Section 1542 of the California Civil Code, or any similar provisions, are hereby expressly waived. Such statute reads as follows:

"SECTION 1542. A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Developer, being aware of the foregoing code section, hereby expressly waives any rights Developer may have thereunder, as well as under any other statutes or common-law principles of similar effect, pertaining to the Claims. Developer voluntarily waives all benefits and protections of Civil Code Section 1542, and any comparable law, and intends the release above to apply to known and unknown claims alike. Developer certifies Franchisor is not in breach or default and Developer does not have any claims, defenses, offsets or credits against Franchisor or the DF due under the Development Agreement.

5. Entire Agreement. This Amendment and the Development Agreement embodies the entire understanding between Franchisor and Developer with respect to the modifications set forth above and can be changed only by a writing signed by Franchisor and Developer. Except as modified herein, all the terms and conditions of the Development Agreement shall be unaffected and remain in full force and effect. In the event of any inconsistency between the terms of this Amendment and the terms of the Development Agreement, the terms of this Amendment shall control.

Miscellaneous. All capitalized terms not otherwise defined in this Amendment shall have the meanings given in the Development Agreement. Titles and captions are for convenience only and shall not constitute a portion of this Amendment. The parties hereto acknowledge that they have read and fully understand the provisions of this Amendment and that said provisions constitute a complete and exclusive expression of its terms and conditions. The parties executing this Amendment on behalf of Franchisor and Developer are duly authorized to do so. This Amendment may be executed in one or more counterparts, each of which will constitute an original, but all of which together will constitute but a single document. A signature on this Amendment transmitted via facsimile or electronic mail/PDF or equivalent, electronic signature (such as DocuSign, or equivalent) shall be considered an original for all purposes hereunder.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this First Amendment to El Pollo Loco® Franchise Development Agreement in duplicate original as of the date(s) set forth below.

FRANCHISOR:
El Pollo Loco, Inc., a Delaware Corporation

By:	By:
Name:	Name:
Title:	Title:
Date:	Date:

DEVELOPER:
_________________, a _________________

By: ______________________________
Name: ______________________________
Title: ______________________________
Date: ______________________________

Exhibit 10.12

DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENT

AGREEMENT, dated as of _____________, 2025 (this “Agreement”), between El Pollo Loco Holdings, Inc., a Delaware corporation (the “Company”), and _____________ (“Indemnitee”).

WHEREAS, it is essential to the Company to retain and attract as directors and officers the most capable persons available;

WHEREAS, Indemnitee is a director and/or officer of the Company;

WHEREAS, both the Company and Indemnitee recognize the increased risk of litigation and other claims being asserted against directors and officers of public companies in today’s environment;

WHEREAS, the Company’s Amended and Restated Certificate of Incorporation, as amended from time to time (the “Certificate of Incorporation”) and Amended and Restated By-Laws, as amended from time to time (the “By-Laws”) require the Company to indemnify and advance expenses to its directors and officers to the fullest extent permitted by law and Indemnitee has been serving and continues to serve as a director and/or officer of the Company in part in reliance on such Certificate of Incorporation and By-Laws;

WHEREAS, uncertainties as to the availability of indemnification created by recent court decisions may increase the risk that the Company will be unable to retain and attract as directors and officers the most capable persons available;

WHEREAS, the board of directors of the Company (the “Board”) has determined that the inability of the Company to retain and attract as directors and officers the most capable persons would be detrimental to the interests of the Company and that the Company therefore should seek to assure such persons that indemnification and insurance coverage will be available in the future; and

WHEREAS, in recognition of Indemnitee’s need for protection against personal liability, and in part to provide Indemnitee with specific contractual assurance that the protection promised by the Certificate of Incorporation and By-Laws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such Certificate of Incorporation and By-Laws or change in the composition of the Board or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancing of expenses to Indemnitee to the fullest extent (whether partial or complete) permitted by law and as set forth in this Agreement, and to the extent insurance is maintained, for the coverage of Indemnitee under the directors’ and officers’ liability insurance policy of the Company.

NOW, THEREFORE, in consideration of the premises and of Indemnitee’s agreement to serve the Company as a director and/or officer directly or, at its request, of another enterprise, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement:

(a) Change in Control: shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), other than (A) Trimaran Capital Partners, Freeman Spogli & Co. and their respective affiliates, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or (C) a corporation or other entity owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of shares of common stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing 20% or more of the total voting power represented by the Company's then-outstanding Voting Securities, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Board and any new director whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the stockholders of the Company approve a merger or consolidation of the Company with any other entity other than a merger or consolidation which would result in the Voting Securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into Voting Securities of the surviving entity) at least 80% of the total voting power represented by the Voting Securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of (in one transaction or a series of transactions) all or substantially all of the Company's assets.

(b) Claim: means any threatened, asserted, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or other, including any arbitration or other alternative dispute resolution mechanism, or any appeal of any kind thereof, or any inquiry or investigation, whether instituted by (or in the right of) the Company or any governmental agency or any other person or entity, in which Indemnitee was, is, may be or will be involved as a party, witness or otherwise.

(c) ERISA: means the Employee Retirement Income Security Act of 1974, as amended.

(d) Expenses: include attorneys' fees and all other direct or indirect costs, expenses and obligations, including judgments, fines, penalties, interest,

appeal bonds, amounts paid in settlement with the approval of the Company, and counsel fees and disbursements (including, without limitation, experts' fees, court costs, retainers, appeal bond premiums, transcript fees, duplicating, printing and binding costs, as well as telecommunications, postage and courier charges) paid or incurred in connection with investigating, prosecuting, defending, settling, arbitrating, being a witness in or participating in (including on appeal), or preparing to investigate, prosecute, defend, settle, arbitrate, be a witness in or participate in, any Claim relating to any Indemnifiable Event, and shall include (without limitation) all attorneys' fees and all other expenses incurred by or on behalf of an Indemnitee in connection with preparing and submitting any requests or statements for indemnification, advancement or any other right provided by this Agreement (including, without limitation, such fees or expenses incurred in connection with legal proceedings contemplated by Section 2(d) hereof).

(e) Indemnifiable Amounts: means (i) any and all liabilities, Expenses, damages, judgments, fines, penalties, ERISA excise taxes and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such liabilities, Expenses, damages, judgments, fines, penalties, ERISA excise taxes or amounts paid in settlement) arising out of or resulting from any Claim relating to an Indemnifiable Event, (ii) any liability pursuant to a loan guaranty or otherwise, for any indebtedness of the Company or any subsidiary of the Company, including, without limitation, any indebtedness which the Company or any subsidiary of the Company has assumed or taken subject to, and (iii) any liabilities which an Indemnitee incurs as a result of acting on behalf of the Company (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the United States Internal Revenue Service, penalties assessed by the United States Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise).

(f) Indemnifiable Event: means any event or occurrence, whether occurring before, on or after the date of this Agreement, related to the fact that Indemnitee is or was (or agreed to serve as) a director and/or officer or fiduciary of the Company, or is or was serving (or agreed to serve) at the request of the Company as a director, officer, employee, manager, member, partner, tax matter partner, trustee, agent, fiduciary or in a similar capacity, of or for another company, corporation, limited liability company, partnership, joint venture, employee benefit plan, trust or other entity or enterprise, or by reason of anything done or not done by Indemnitee in any such capacity (in all cases whether or not Indemnitee is acting or serving in any such capacity or has such status at the time any

Indemnifiable Amount is incurred for which indemnification, advancement or any other right can be provided by this Agreement). The term "Company," where the context requires when used in this Agreement, may be construed to include such other company, corporation, limited liability company, partnership, joint venture, employee benefit plan, trust or other entity or enterprise.

(g) Indemnitee-Related Entity: means any company, corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity or enterprise (other than the Company or any other company, corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other entity or enterprise Indemnitee has agreed, on behalf of the Company or at the Company's request, to serve as a director, officer, employee or agent and which service is covered by the indemnity described in this Agreement) from whom an Indemnitee may be entitled to indemnification or advancement of Expenses with respect to which, in whole or in part, the Company may also have an indemnification or advancement obligation.

(h) Independent Legal Counsel: means an attorney or firm of attorneys (following a Change in Control, selected in accordance with the provisions of Section 3 hereof) who or which is experienced in matters of corporate law and who or which shall not have otherwise performed services for the Company or Indemnitee on any matter material to such party within the last three years (other than with respect to matters concerning the rights of Indemnitee under this Agreement, or of other indemnitees under similar indemnity agreements).

(i) Jointly Indemnifiable Claim: means any Claim for which Indemnitee may be entitled to indemnification from both an Indemnitee-Related Entity and the Company pursuant to applicable laws, any indemnification agreements or the certificate of incorporation, by-laws, partnership agreement, operating agreement, certificate of formation, certificate of limited partnership or comparable organizational documents of the Company or an Indemnitee-Related Entity.

(j) Reviewing Party: means any appropriate person or body consisting of a member or members of the Board or any other person or body appointed by the Board who or which is not a party to the particular Claim for which Indemnitee is seeking indemnification, or Independent Legal Counsel.

(k) Voting Securities: means any securities of the Company which vote generally in the election of directors.

2. Basic Indemnification Arrangement; Advancement of Expenses.

(a) In the event Indemnitee was, is or becomes a party to or witness or other participant in, or is threatened to be made a party to or witness or other participant in, a Claim by reason of (or arising in part out of) an Indemnifiable Event, the Company shall indemnify Indemnitee, or cause Indemnitee to be indemnified, to the fullest extent permitted by applicable law as soon as practicable but in any event no later than thirty (30) days after written demand is presented to the Company, and hold Indemnitee harmless against any and all Indemnifiable Amounts.

(b) If so requested by Indemnitee, the Company shall advance, or cause to be advanced promptly (and in any event within five (5) business days of such request), any and all Expenses incurred by Indemnitee (an "Expense Advance"). The Company shall, in accordance with such request (but without duplication), either (i) pay, or cause to be paid, such Expenses on behalf of Indemnitee or (ii) reimburse, or cause the reimbursement of, Indemnitee for such Expenses. Subject to Section 2(d), Indemnitee's right to an Expense Advance is absolute and shall not be subject to any prior determination by the Reviewing Party that Indemnitee has satisfied any applicable standard of conduct for indemnification.

(c) Notwithstanding anything in this Agreement to the contrary, Indemnitee shall not be entitled to indemnification or advancement of Expenses pursuant to this Agreement in connection with any Claim initiated by Indemnitee unless (i) the Company has joined in or the Board has authorized or consented to the initiation of such Claim or (ii) the Claim is one to enforce Indemnitee's rights under this Agreement.

(d) Notwithstanding the foregoing, (i) the indemnification obligations of the Company under Section 2(a) shall be subject to the condition that the Reviewing Party shall not have determined (in a written legal opinion, in any case in which the Independent Legal Counsel is involved as required by Section 3 hereof) that Indemnitee would not be permitted to be indemnified under applicable law and (ii) the obligation of the Company to make an Expense Advance pursuant to Section 2(b) shall be subject to the condition that, if, when and to the extent that the Reviewing Party determines (in a written legal opinion, in any case in which the Independent Legal Counsel is involved as required by Section 3 hereof) that Indemnitee would not be permitted to be so indemnified under applicable law, the Company shall be entitled to be reimbursed by Indemnitee (who hereby agrees to reimburse the Company) for all such amounts theretofore paid (it being understood and agreed that the foregoing agreement by Indemnitee shall be deemed to satisfy any requirement that Indemnitee provide the Company with an undertaking to repay any Expense Advance if it is ultimately determined that Indemnitee is not entitled to indemnification under applicable law); provided,

however, that if Indemnitee has commenced or thereafter commences legal proceedings in a court of competent jurisdiction to secure a determination that Indemnitee should be indemnified under applicable law, any determination made by the Reviewing Party that Indemnitee would not be permitted to be indemnified under applicable law shall not be binding and Indemnitee shall not be required to reimburse the Company for any Expense Advance until a final judicial determination is made that Indemnitee is not permitted to be indemnified under applicable law (as to which all rights of appeal therefrom have been exhausted or lapsed). Indemnitee's undertaking to repay such Expense Advances shall be unsecured and interest-free. If there has not been a Change in Control, the Reviewing Party shall be selected by the Board, and if there has been such a Change in Control, the Reviewing Party shall be the Independent Legal Counsel referred to in Section 3 hereof. If there has been no determination by the Reviewing Party within thirty (30) days after written demand is presented to the Company or if the Reviewing Party determines that Indemnitee would not be permitted to be indemnified in whole or in part under applicable law, Indemnitee shall have the right to commence litigation in any court in the State of Delaware having subject matter jurisdiction thereof and in which venue is proper seeking an initial determination by the court or challenging any such determination by the Reviewing Party or any aspect thereof, including the legal or factual bases therefor, and the Company hereby consents to service of process and to appear in any such proceeding. Any determination by the Reviewing Party otherwise shall be conclusive and binding on the Company and Indemnitee.

3. Change in Control. The Company agrees that if there is a Change in Control then with respect to all matters thereafter arising concerning the rights of Indemnitee to indemnity payments and Expense Advances under this Agreement or any provision of the Certificate of Incorporation or By-Laws now or hereafter in effect, the Company shall seek legal advice only from Independent Legal Counsel selected by Indemnitee and approved by the Company (which approval shall not be unreasonably delayed, conditioned or withheld). Such counsel, among other things, shall render its written opinion to the Company and Indemnitee as to whether and to what extent Indemnitee would be permitted to be indemnified under applicable law. The Company agrees to pay the reasonable fees of the Independent Legal Counsel and to indemnify fully such counsel against any and all expenses (including attorneys' fees), claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

4. Indemnification for Additional Expenses. The Company shall indemnify, or cause the indemnification of, Indemnitee against any and all Expenses and, if requested by Indemnitee, shall advance such Expenses to Indemnitee subject to and in accordance with Section 2(b), which are incurred by Indemnitee in connection with any action brought by Indemnitee for (i) indemnification or an Expense Advance by the Company under this Agreement or any provision of the Certificate of Incorporation or By-Laws now or hereafter in effect or (ii) recovery under any directors' and officers' liability insurance policies maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, Expense

Advance or insurance recovery, as the case may be; provided that Indemnitee shall be required to reimburse such Expenses in the event that a final judicial determination is made (as to which all rights of appeal therefrom have been exhausted or lapsed) that such action brought by Indemnitee, or the defense by Indemnitee of an action brought by the Company or any other person, as applicable, was frivolous or in bad faith.

5. Partial Indemnity, Etc. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses or other Indemnifiable Amounts in respect of a Claim but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, to the extent that Indemnitee has been successful on the merits or otherwise in defense of any or all Claims relating in whole or in part to an Indemnifiable Event or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

6. Burden of Proof, Etc. In connection with any determination by the Reviewing Party or otherwise as to whether Indemnitee is entitled to be indemnified hereunder, the Reviewing Party, a court, any finder of fact or any other relevant person shall presume that Indemnitee has satisfied the applicable standard of conduct and is entitled to indemnification, and the burden of proof shall be on the Company (or any other person or entity disputing such conclusions) to establish, by clear and convincing evidence, that Indemnitee is not so entitled.

7. Reliance as Safe Harbor. For purposes of this Agreement, and without creating any presumption as to a lack of good faith if the following circumstances do not exist, Indemnitee shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company if Indemnitee's actions or omissions to act were taken in good faith reliance upon the records of the Company or any of its subsidiaries, including its financial statements, or upon information, opinions, reports or statements furnished to Indemnitee by the officers or employees of the Company or any of its subsidiaries in the course of their duties, or by committees of the Board, or by any other person (including legal counsel, accountants and financial advisors) as to matters Indemnitee reasonably believed at the time were within such other person's professional or expert competence and who had been selected with reasonable care by or on behalf of the Company. In addition, the knowledge and actions, or failures to act, of any director, officer, agent or employee of the Company shall not be imputed to Indemnitee for purposes of determining the right to indemnity hereunder.

8. No Other Presumptions. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere, or its equivalent, shall not create a presumption that Indemnitee did not meet any particular standard of conduct or did not have any particular belief or that a court has determined that indemnification is not permitted by applicable law. In addition, neither the failure of the Reviewing Party to have made a determination as to whether Indemnitee met any particular standard of conduct or had any particular belief, nor an actual determination by the Reviewing Party that Indemnitee did not meet any particular standard of conduct or did not have any particular belief, prior to the commencement of legal proceedings by Indemnitee to secure a

judicial determination that Indemnitee should be indemnified under applicable law, shall be a defense to Indemnitee's claim or create a presumption that Indemnitee did not meet any particular standard of conduct or did not have any particular belief.

9. Nonexclusivity, Etc. The rights of Indemnitee hereunder shall be in addition to any other rights Indemnitee may have under the Certificate of Incorporation or By-Laws, the Delaware General Corporation Law or otherwise. To the extent that a change in applicable law (whether by statute or judicial decision) permits greater indemnification by agreement than would be afforded as of the date hereof under the Certificate of Incorporation or By-Laws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. To the extent that there is a conflict or inconsistency among the terms of this Agreement, the Certificate of Incorporation and By-Laws, it is the intent of the parties hereto that Indemnitee shall enjoy the greatest benefits regardless of whether contained herein or in the Certificate of Incorporation or By-Laws. No agreement or amendment or alteration of the Certificate of Incorporation or By-Laws or of any agreement, other than of this Agreement pursuant to the terms hereof, shall adversely affect the rights provided to Indemnitee under this Agreement. No change in applicable law shall have the effect of reducing the benefits available to Indemnitee hereunder.

10. Liability Insurance. To the extent that the Company maintains insurance policies providing directors' and officers' liability insurance, Indemnitee shall be covered by such policies in accordance with their terms to the maximum extent of the coverage available for the Company's directors and officers. If the Company has such insurance policies in effect at the time that the Company receives from Indemnitee any notice of the commencement of an action, suit or proceeding, the Company shall give prompt notice of the commencement of such action, suit or proceeding to its insurers thereunder in accordance with the procedures set forth therein. The Company shall thereafter take all necessary or desirable actions to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of any such proceeding in accordance with the terms of such policies.

11. Period of Limitations. No legal action shall be brought and no claim or cause of action shall be asserted by or in the right of the Company against Indemnitee, Indemnitee's spouse, heirs, executors or personal or legal representatives after the expiration of two (2) years from the date of accrual of such claim or cause of action, and any claim or cause of action of or on behalf of the Company shall be extinguished and deemed released unless asserted by the timely filing of a legal action within that two-year period; provided, however, that if any shorter period of limitations is otherwise applicable to such a claim or cause of action, such shorter period shall govern.

12. Amendments, Etc. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed to, or shall, constitute a waiver of any other provisions hereof (whether or not similar), nor shall such a waiver constitute a continuing waiver.

13. Subrogation. Subject to Section 14 hereof, in the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of

recovery of Indemnitee, who shall execute all papers reasonably required and shall do everything that may be reasonably necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights. The Company shall pay or reimburse all Expenses actually and reasonably incurred by Indemnitee in connection with such subrogation.

14. Jointly Indemnifiable Claims. Given that certain Jointly Indemnifiable Claims may arise due to the relationships between an Indemnitee-Related Entity and the Company and the service of Indemnitee as a director and/or officer of the Company at the request of that Indemnitee-Related Entity, the Company acknowledges and agrees that the Company shall be fully and primarily responsible for the payment to Indemnitee in respect of indemnification and advancement of expenses in connection with any such Jointly Indemnifiable Claim, pursuant to and in accordance with the terms of this Agreement, irrespective of any right of recovery Indemnitee may have from the Indemnitee-Related Entity. Under no circumstance shall the Company be entitled to any right of subrogation or contribution by the Indemnitee-Related Entity, and no right of recovery Indemnitee may have from the Indemnitee-Related Entity shall reduce or otherwise alter the rights of Indemnitee or the obligations of the Company hereunder. In the event that any Indemnitee-Related Entity shall make any payment to Indemnitee in respect of indemnification or advancement of Expenses with respect to any Jointly Indemnifiable Claim, the Company agrees that such payment or advancement shall not extinguish or affect in any way the rights of Indemnitee under this Agreement and further agrees that the Indemnitee-Related Entity making such payment shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee against the Company. Every Indemnitee-Related Entity shall be a third-party beneficiary with respect to this Section 14, entitled to enforce this Section 14 against the Company as though such Indemnitee-Related Entity were a party to this Agreement.

15. No Duplication of Payments. Subject to Section 14 hereof, the Company shall not be liable under this Agreement to make any payment in connection with any Claim made against Indemnitee to the extent that Indemnitee has otherwise actually received payment of such amount otherwise indemnifiable hereunder, whether under any insurance policy, provision of the Certificate of Incorporation or By-Laws, or otherwise.

16. Defense of Claims. The Company shall be entitled to participate in the defense of any Claim relating to an Indemnifiable Event or to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee; provided that if Indemnitee believes, after consultation with counsel selected by Indemnitee, that (i) the use of counsel chosen by the Company to represent Indemnitee would present such counsel with an actual or potential conflict of interest, (ii) the named parties in any such Claim (including any impleaded parties) include both the Company, or any subsidiary of the Company, and Indemnitee, and Indemnitee concludes that there may be one or more legal defenses available to him or her that are different from or in addition to those available to the Company or such subsidiary, or (iii) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, then Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any particular Claim) at the Company's expense. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any Claim relating to an Indemnifiable Event effected without the Company's prior written consent. The Company shall not, without the prior written consent of

Indemnitee, effect any settlement of any Claim relating to an Indemnifiable Event to which Indemnitee is, was or could have been a party unless such settlement solely involves the payment of money and includes a complete and unconditional release of Indemnitee from all liability on all claims that are the subject matter of such Claim. Neither the Company nor Indemnitee shall unreasonably withhold, condition or delay its or his or her consent to any proposed settlement; provided that Indemnitee may withhold consent to any settlement that does not provide a complete and unconditional release of Indemnitee. In no event shall Indemnitee be required to waive, prejudice or limit attorney-client privilege or work-product protection or other applicable privilege or protection.

17. No Adverse Settlement. The Company shall not seek, nor shall it agree to, consent to, support, or agree not to contest any settlement or other resolution of, any Claim, claim, action, proceeding, demand, investigation or other matter that has the actual or purported effect of extinguishing, limiting or impairing Indemnitee's rights hereunder, including, without limitation, any entry of a bar order or other order, decree or stipulation, pursuant to 15 U.S.C. § 78u-4 (the Private Securities Litigation Reform Act) or any similar foreign, federal or state statute, regulation, rule or law.

18. Binding Effect, Etc. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties hereto and their respective successors (including any direct or indirect successor or continuing company by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), assigns, spouses, heirs, executors and personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect and whether by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee and his or her counsel, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. This Agreement shall continue in effect regardless of whether Indemnitee continues to serve as an officer and/or director of the Company or of any other entity or enterprise at the Company's request.

19. Security. To the extent requested by Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to Indemnitee for the obligations of the Company hereunder through an irrevocable bank line of credit, a funded trust or other collateral or by other means. Any such security, once provided to Indemnitee, may not be revoked or released without the prior written consent of such Indemnitee.

20. Severability. If any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason whatsoever, (i) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) will not in any way be affected or impaired thereby and (ii) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal or unenforceable) will be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable and to give effect to the terms of this Agreement.

21. Specific Performance, Etc. The parties recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to obtain damages, enforce specific performance, enjoin that violation, or obtain any relief or any combination of the foregoing as Indemnitee may elect to pursue.

22. Notices. Any notice, request, consent or other communication hereunder to any party shall be deemed to be sufficient if contained in a written document delivered in person or sent by facsimile, nationally recognized overnight courier or personal delivery, addressed to such party at the address or addresses indicated below. Such a communication shall be sent instead to such other address as may designated from time to time in writing by a party to the other party.

(a) If to the Company, to:

El Pollo Loco Holdings, Inc.
3535 Harbor Blvd., Suite 100
Costa Mesa, California 92626
Attention: Anne E. Jollay, Chief Legal Officer
Telephone Number: (714) 599-5000

(b) If to Indemnitee, to the address set forth below his or her signature hereto.

All such notices, requests, consents and other communications shall be deemed to have been given or made if and when received (including by overnight courier) by the parties at the aforementioned addresses, with confirmation received, to the facsimile numbers specified above (or at such other address or facsimile number for a party as shall be specified by like notice). Any notice delivered by any party hereto to any other party hereto shall also be delivered to each other party hereto simultaneously with delivery to the first party receiving such notice.

23. Counterparts. This Agreement may be executed in counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

24. Headings. The headings of the sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction or interpretation hereof.

25. Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in such state without giving effect to the principles of conflicts of laws.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

EL POLLO LOCO HOLDINGS, INC.

By: ______________________________
Name: Anne E. Jollay
Title: Chief Legal Officer

____

Indemnitee

Indemnitee's Address:

____

____

____

[Director and Officer Indemnification Agreement]

FORM OF
EL POLLO LOCO HOLDINGS, INC.
EQUITY INCENTIVE PLAN
PERFORMANCE STOCK UNIT AWARD AGREEMENT

(FOR OFFICERS)

This Performance Stock Unit Award Agreement (this "**Award Agreement**"), effective as of ________ (the "**Date of Grant**"), is made by and between El Pollo Loco Holdings, Inc., a Delaware corporation (the "**Company**") and __________ (the "**Employee**"). Capitalized terms not defined herein shall have the meaning ascribed to them in the El Pollo Loco Holdings, Inc. Equity Incentive Plan, formerly the El Pollo Loco Holdings, Inc. 2018 Omnibus Equity Incentive Plan (as amended from time to time, the "**Plan**"). Where the context permits, references to the Company shall include any successor to the Company.

1. Grant of Performance Stock Units. As approved by the Compensation Committee of the Board on the Date of Grant, the Company grants to the Employee ______ Performance Stock Units at target, or such lesser or greater number of PSUs as may be earned upon the attainment of applicable performance objectives set forth in *Schedule I* hereto (the "**PSUs**"), subject to all of the terms and conditions of this Award Agreement and the Plan. Each PSU constitutes an unfunded and unsecured promise of the Company to deliver (or cause to be delivered) to the Employee, subject to the terms and conditions of this Award Agreement, one (1) share of Common Stock of the Company ("**Shares**") upon becoming earned and vested in accordance with Section 2 and settlement in accordance with Section 3. The Company shall hold the PSUs in book-entry form. The Employee shall have no direct or secured claim in any specific assets of the Company or the Shares that may become issuable to the Employee hereunder, and shall have the status of a general unsecured creditor of the Company.

2. Vesting and Settlement.

(a) Generally. The period during which the PSUs awarded hereunder may become earned shall commence on ______ and end on the last day of the Company's ____ fiscal year (the "**Performance Period**"). Except as otherwise provided in this Section 2, the PSUs shall be wholly or partially earned to the extent of the attainment of the performance objectives set forth in *Schedule I* for the Performance Period and provided that the Employee has been continuously employed by the Company from the Date of Grant through the last day of the Performance Period, and the Employee shall forfeit any and all PSUs not becoming so earned.

(b) Vesting. PSUs that have been earned in accordance with Section 2(a) shall vest in three (3) equal installments as follows: one-third of the earned PSUs will vest when performance for the Performance Period has been determined and certified by the Administrator, one-third will vest on the last day of fiscal year ____, and the final one-third will vest on the last day of fiscal year ______(each, a "**Vesting Date**"), subject in all cases to the continued employment of the Employee with the Company from the date hereof through the applicable Vesting Date, and provided that the Employee has not given notice of resignation as

of such Vesting Date. Unless the Administrator determines otherwise, upon any attempt to Transfer the PSUs or any rights in respect of the PSUs prior to vesting, such PSUs, and all of the rights related thereto, shall be immediately canceled and forfeited.

(c) Termination of Service.

i Upon termination of the Employee's service with the Company and its Affiliates for any reason (including the death or Disability of the Employee), other than as set forth in Section 2(c)(ii), any PSUs that have not then been earned and vested as described in this Section 2 shall be immediately canceled and forfeited and neither the Employee nor any of the Employee's successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such PSUs.

ii If the Employee's employment with the Company and its Affiliates is terminated by the Company and its Affiliates without Cause or by the Employee for Good Reason (as defined in the Post-Termination Benefits letter agreement by and between the Company and the Employee dated as of _____, 20__ (the "**Letter Agreement**")), within 12 months after a Change in Control (as defined in the Letter Agreement), then all unearned PSUs shall become earned, with performance having been deemed attained at actual level of performance, and all unvested PSUs shall become vested, subject to the Employee's execution and non-revocation of a general release of claims as of the termination date.

3. Delivery of Shares Following Vesting. The Company shall settle any vested PSUs within 60 days after the applicable Vesting Date by causing its transfer agent for the Shares to register the Shares in book-entry form in the name of the Employee (or, in the discretion of the Administrator, issue to the Employee a stock certificate) representing a number of Shares equal to the number of PSUs that have become earned and vested pursuant to Section 2.

4. Adjustments. Pursuant to Section 5 of the Plan, in the event of a Change in Capitalization, the Administrator shall make such equitable changes or adjustments to the number and kind of securities or other property (including cash) issued or issuable in respect of the PSUs as it determines to be necessary in its sole discretion.

5. Certain Changes. The Administrator may accelerate the date on which the earned PSUs may be settled; provided that, subject to Section 5 of the Plan, no action under this section shall adversely effect the Employee's rights hereunder.

6. Notices. All notices and other communications under this Award Agreement shall be in writing and shall be given by facsimile or first class mail, certified or registered with return receipt requested, and shall be deemed to have been duly given three days after mailing or 24 hours after transmission by facsimile to the respective parties, as follows: (i) if to the Company, addressed to the Company in care of its Chief Legal Officer at the principal executive office of the Company and (ii) if to the Employee, using the contact information on file with the Company. Either party hereto may change such party's address for notices by notice duly given pursuant hereto.

---

7. Restrictions on Transferability.

(a) The PSUs, whether earned or unearned, may not be sold, assigned, pledged or otherwise transferred or encumbered by the Employee, and no purported sale, assignment, mortgage, hypothecation, transfer, charge, pledge, encumbrance, gift, transfer in trust (voting or other) or other disposition of, or creation of a security interest in or lien on, any of the PSUs or any agreement or commitment to do any of the foregoing (each a "**Transfer**") by any holder thereof in violation of the provisions of this Award Agreement will be valid, except with the prior written consent of the Administrator (such consent shall be granted or withheld in the sole discretion of the Administrator).

(b) Any purported Transfer of PSUs or any economic benefit or interest therein in violation of this Award Agreement shall be null and void *ab initio* and shall not create any obligation or liability of the Company, and any person purportedly acquiring any PSUs or any economic benefit or interest therein transferred in violation of this Award Agreement shall not be entitled to be recognized as a holder of such PSUs.

8. Withholding Taxes. The Company shall be entitled to require a cash payment by or on behalf of the Employee and/or to deduct from any compensation payable to the Employee the amount of any sums required by federal, state or local tax law to be withheld with respect to the PSUs and any amounts earned under this Agreement, up to the maximum statutory tax rates in the Employee's jurisdiction, as determined by the Company.

9. Governing Law. This Award Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein. Any suit, action or proceeding with respect to this Award Agreement, or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of Delaware, and the Company and the Employee hereby submit to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. The Employee and the Company hereby irrevocably waive (i) any objections which it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Award Agreement brought in any court of competent jurisdiction in the State of Delaware, (ii) any claim that any such suit, action or proceeding brought in any such court has been brought in any inconvenient forum and (iii) any right to a jury trial.

10. Incorporation of Plan. The Plan is hereby incorporated by reference and made a part hereof, and the PSUs and this Award Agreement shall be subject to all terms and conditions of the Plan and this Award Agreement.

11. Section 409A. The intent of the parties is that payments and benefits under this Award Agreement comply with Section 409A of Code to the extent subject thereto, and, accordingly, to the maximum extent permitted, this Award Agreement shall be interpreted and be administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Employee shall not be considered to have separated from service

or otherwise terminated employment with the Company for purposes of this Award Agreement, and no payment shall be due to the Employee under this Award Agreement on account of a separation from service or termination of employment, until the Employee would be considered to have incurred a "separation from service" with the Company within the meaning of Section 409A of the Code. Any payments described in this Award Agreement that are due within the "short-term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. Notwithstanding anything to the contrary in this Award Agreement, to the extent that any PSUs are payable upon the Employee's separation from service and such payment would result in the imposition of any individual income tax and late interest charges imposed under Section 409A of the Code based on the Employee's status as a "specified employee" within the meaning of Section 409A of the Code, the settlement and payment of such awards shall instead be made on the first business day after the date that is six (6) months following the Employee's separation from service (or death, if earlier). The Company makes no representation that any or all of the payments described in this Award Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Employee shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A.

12. Amendments; Construction. The Administrator may amend the terms of this Award Agreement prospectively or retroactively at any time, but no such amendment shall impair the rights of the Employee hereunder without his or her consent. Headings to Sections of this Award Agreement are intended for convenience of reference only, are not part of this Award Agreement and shall have no effect on the interpretation hereof.

13. Survival of Terms. This Award Agreement shall apply to and bind the Employee and the Company and their respective permitted assignees and transferees, heirs, legatees, executors, administrators and legal successors.

14. Rights as a Stockholder. The Employee shall have no rights as a stockholder of the Company with respect to any Shares underlying the PSUs until the date that the Company delivers such Shares to the Employee (or his or her representative).

15. Agreement Not a Contract for Services. Neither the Plan, the granting of the PSUs, this Award Agreement nor any other action taken pursuant to the Plan shall constitute or be evidence of any agreement or understanding, express or implied, that the Employee has a right to continue to be employed as an officer, director, employee, consultant or advisor of the Company or any Subsidiary or Affiliate for any period of time or at any specific rate of compensation.

16. Authority of the Administrator; Disputes. The Administrator shall have full authority to interpret and construe the terms of the Plan and this Award Agreement. The determination of the Administrator as to any such matter of interpretation or construction shall be final, binding and conclusive.

17. Waiver. The Employee acknowledges that a waiver by the Company of a

breach of any provision of this Award Agreement shall not operate or be construed as a waiver of any other provision of this Award Agreement, or of any subsequent breach by the Employee.

18. Severability. Should any provision of this Award Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this Award Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this Award Agreement.

19. Acceptance. The Employee hereby acknowledges receipt of a copy of the Plan and this Award Agreement. The Employee has read and understands the terms and provisions of the Plan and this Award Agreement, and the Employee accepts the PSUs subject to all the terms and conditions of the Plan and this Award Agreement. The Employee hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under this Award Agreement.

20. Clawback. The PSUs and any Shares issued upon settlement of the PSUs are subject to such recoupment policies of the Company as may be in effect from time to time pursuant to Section 28 the Plan.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Award Agreement on the day and year first above written.

EL POLLO LOCO HOLDINGS, INC.

By ________________________________
Name________________________________
Title EVP, Chief Legal Officer

EMPLOYEE

____
NAME

Exhibit 10.29

Re: ***Post-Termination Benefits***

Dear __________,

In recognition of your service to El Pollo Loco, Inc. or one of its affiliates ("we," "us," or the "Company"), we are entering into this letter agreement (the "Letter Agreement") with you to document certain post-termination benefits to which you will be entitled upon certain terminations of employment, as set forth below.

1. Double Trigger Equity Acceleration. If your employment with the Company is terminated by the Company without Cause (other than by reason of death or Disability) or by you for Good Reason within twelve (12) months following a Change in Control (each capitalized term, as defined below), subject to (a) your execution of a general release of claims in substantially the form attached hereto as Exhibit A (with any such changes so that the release is enforceable to the fullest extent permissible under then applicable law, the "Release"), (b) the expiration of the applicable revocation period with respect to such Release, and (c) your continued compliance with any restrictive covenants with the Company to which you are bound, all of your outstanding equity awards shall be deemed to have vested in full as of the date of your termination of employment with the Company (the "Termination Date").

2. Definitions.

(a) For purposes of this Letter Agreement, "Cause" shall have the meaning assigned to such term in your employment agreement entered into with the Company, or if no such agreement exists or if such agreement does not define such term, "Cause" shall mean (a) any action by you that constitutes an act of (1) fraud; (2) embezzlement; (3) willful insubordination; (4) willful misconduct; or (5) material dishonesty and which causes material harm to the Company; (b) your inability, failure, or refusal to perform any duty, responsibility, or obligation of your position, which (to the extent such inability, failure, or refusal to perform is curable in the judgment of the Company) you do not cure within five (5) days after receiving written notice from the Company of such inability, failure, or refusal; (c) your commission of, indictment for, or entering of a plea of guilty or no contest to, a felony crime; (d) your substance abuse or alcohol abuse which renders you unfit to perform your duties; or any breach of any restrictive covenants with the Company to which you are bound; (e) any violation of the Company's Policy Against Discrimination, Harassment and Retaliation; or (t) any violation of the Company's Insider Trading Policy. Any voluntary termination of employment by you in anticipation of an involuntary termination of your employment by the Company for Cause shall be deemed to be a termination for Cause. Your termination of employment shall not be effective as "for Cause" unless and until there has been written notice to you of such "for Cause" event, and you are given an opportunity to be heard before the Board of Directors of the Company (the "Board") within 5 days of delivery of such notice.

(b) For purposes of this Letter Agreement, "Change in Control" shall mean (i) the beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of securities representing more than 50% of the combined voting power of the Company is acquired by any "person" as defined in sections 13(d) and 14(d) of the Exchange Act (other than the Company, any subsidiary of the Company, or any trustee or other fiduciary holding securities under an employee benefit plan of the Company), (ii) the merger or consolidation of the Company with or into another entity where the shareholders of the Company, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, shares representing in the aggregate 50% or more of the combined voting power of the securities of the entity issuing cash or securities in the consolidation or merger (or of its ultimate parent, if

any) in substantially the same proportion as their ownership of the Company immediately prior to such merger or consolidation, (iii) the sale or other disposition of all or substantially all of the Company's assets to an entity, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned directly or indirectly by shareholders of the Company, immediately prior to the sale or disposition, in substantially the same proportion as their ownership of the Company immediately prior to such sale or disposition, or (iv) any transaction or event in which the Common Shares of the Company (or replacement equity interest in any surviving entity, acquirer successor, or transferee, as applicable (or the parent entity thereof) are no longer listed on a national securities exchange.

(c) For purposes of this Letter Agreement, "Good Reason" shall have the meaning assigned to such tenn in your employment agreement entered into with the Company, or if no such agreement exists or if such agreement does not define such term, "Good Reason" shall mean (i) your relocation, without your consent and other than for a temporary work assignment, by the Company outside Orange County, California; (ii) a material diminution of your authority, duties, title or responsibilities; (iii) a reduction of your base salary (as increased from time to time); or (iv) the material failure of the Company to offer or cause to be offered to you participation in the Company's employee benefit plans as in effect from time to time on the same basis as those benefits are generally made available to other similarly situated employees of the Company; provided that none of the events described in clauses (i) through (iv) of this Section l(c) shall constitute Good Reason unless you have notified the Company in writing describing the event which constitutes Good Reason within thirty (30) days of the initial occurrence of such event and then only if the Company has failed to cure such event within thirty (30) days after the Company's receipt of such written notice.

(d) For purposes of this Letter Agreement, "Disability" shall mean if you (A) are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, or (B) are, by reason of any medically detenninable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months, receiving income replacement benefits for a period of not less than three (3) months under an accident and health plan, or disability plan, covering employees of the Company or an affiliate of the Company.

3. Section 409A. It is intended that the post-termination benefits provided in this Letter Agreement either be exempt from or comply with Section 409A of the Code (including the Treasury regulations and other published guidance relating thereto) ("Code Section 409A") so as not to subject you to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Letter Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to you.

4. Withholding Taxes. The Company may withhold (or cause there to be withheld) from amounts payable hereunder such federal, state, local or other employment, income, or other taxes as may be required to be withheld pursuant to any applicable law or regulation.

Please sign where indicated below to acknowledge and agree to the terms of this Letter Agreement. Any signature delivered by DocuSign shall be deemed for all purposes as being a good and valid signature.

Sincerely,

El Pollo Loco, Inc.

____

Accepted and Agreed:

By:
Chief Executive Officer

Exhibit A

Form of Release Agreement

1. Release by the Executive. [ ] (the "Executive"), on his or her own behalf and on behalf of his or her descendants, dependents, heirs, executors, administrators, assigns and successors, and each of them, hereby acknowledges full and complete satisfaction of and releases and discharges and covenants not to sue El Pollo Loco, Inc. (the "Company"), its divisions, subsidiaries, parents, or affiliated corporations, past and present, and each of them, as well as its and their assignees, successors, directors, officers, stockholders, partners, representatives, attorneys, agents or employees, past or present, or any of them (individually and collectively, "Releasees"), from and with respect to any and all claims, agreements, obligations, demands and causes of action, known or unknown, suspected or unsuspected, arising out of or in any way connected with the Executive's employment or any other relationship with or interest in the Company or the termination thereof, including without limiting the generality of the foregoing, any claim for severance pay, profit sharing, bonus or similar benefit, equity-based compensation, pension, retirement, life insurance, health or medical insurance or any other fringe benefit, or disability, or any other claims, agreements, obligations, demands and causes of action, known or unknown, suspected or unsuspected resulting from any act or omission by or on the part of Releasees committed or omitted prior to the date of this Release Agreement (this "Agreement") set forth below, including, without limiting the generality of the foregoing, any claim under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Family and Medical Leave Act, or any other federal, state or local law, regulation or ordinance (collectively, the "Claims"); provided, however, that the foregoing release does not apply to any obligation of the Company to the Executive pursuant to any of the following: (1) the Letter Agreement dated as of[•], 2025 or any other agreement entered into by and between the Company and Executive providing for post-termination benefits; (2) any equity-based awards previously granted by the Company to the Executive, to the extent that such awards continue after the termination of the Executive's employment with the Company in accordance with the applicable terms of such awards; (3) any right to indemnification that the Executive may have pursuant to the Company's bylaws, its corporate charter or under any written indemnification agreement with the Company (or any corresponding provision of any subsidiary or affiliate of the Company) with respect to any loss, damages or expenses (including but not limited to attorneys' fees to the extent otherwise provided) that the Executive may in the future incur with respect to his or her service as an employee, officer or director of the Company or any of its subsidiaries or affiliates; (4) with respect to any rights that the Executive may have to insurance coverage for such losses, damages or expenses under any Company (or subsidiary or affiliate) directors and officers liability insurance policy; (5) any rights to continued medical and dental coverage that the Executive may have under COBRA; (6) any rights to payment of benefits that the Executive may have under a retirement plan sponsored or maintained by the Company that is intended to qualify under Section 401(a) of the Internal Revenue Code of 1986, as amended; or (7) any rights to accrued benefits under the Company's employee benefits plans. In addition, this release does not cover any Claim that cannot be so released as a matter of applicable law. For clarity, and as required by law, such waiver does not prevent Executive from filing a whistleblower claim or accepting a whistleblower award from the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended. The Executive acknowledges and agrees that he or she has received any and all leave and other benefits that he or she has been and is entitled to pursuant to the Family and Medical Leave Act of 1993.

2. Acknowledgement of Payment of Wages. Except for accrued vacation (which the parties agree totals approximately LJ days of pay) and salary for the current pay period, the Executive acknowledges that he or she has received all amounts owed for his or her regular and usual salary, and usual benefits through the date of this Agreement.

3. Waiver of Civil Code Section 1542. This Agreement is intended to be effective as a general release of and bar to each and every Claim hereinabove specified. Accordingly, the Executive hereby expressly waives any rights and benefits conferred by Section 1542 of the California Civil Code and any similar provision of any other applicable state law as to the Claims. Section 1542 of the California Civil Code provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

The Executive acknowledges that he or she later may discover claims, demands, causes of action or facts in addition to or different from those which the Executive now knows or believes to exist with respect to the subject matter of this

Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected its terms. Nevertheless, the Executive hereby waives, as to the Claims, any claims, demands, and causes of action that might arise as a result of such different or additional claims, demands, causes of action or facts.

4. ADEA Waiver. The Executive expressly acknowledges and agrees that by entering into this Agreement, he or she is waiving any and all rights or claims that he or she may have arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), which have arisen on or before the date of execution of this Agreement. The Executive further expressly acknowledges and agrees that:

(a) He or she is hereby advised in writing by this Agreement to consult with an attorney before signing this Agreement;

(b) He or she was given a copy of this Agreement on,________________. and informed that he or she had twenty-one (21) days within which to consider this Agreement and that if he or she wished to execute this Agreement prior to expiration of such 21-day period, he or she should execute the Acknowledgement and Waiver attached hereto as Exhibit A-1;

(c) Nothing in this Agreement prevents or precludes the Executive from challenging or seeking a detennination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law; and

(d) He or she was informed that he or she has seven (7) days following the date of execution of this Agreement in which to revoke this Agreement, and this Agreement will become null and void if the Executive elects revocation during that time. Any revocation must be in writing, addressed to the Company's Chief Executive Officer, and must be received by the Company during the seven-day revocation period. In the event that the Executive exercises his or her right of revocation, neither the Company nor the Executive will have any obligations under this Agreement.

5. No Transferred Claims. The Executive represents and warrants to the Company that he or she has not heretofore assigned or transferred to any person not a party to this Agreement any released matter or any part or portion thereof.

6. Miscellaneous. The following provisions shall apply for purposes of this Agreement:

(a) Number and Gender. Where the context requires, the singular shall include the plural, the plural shall include the singular, and any gender shall include all other genders.

(b) Section Headings. The section headings of, and titles of paragraphs and subparagraphs contained in, this Agreement are for the purpose of convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation thereof.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without giving effect to any choice of law or conflicting provision or rule (whether of the State of California or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of California to be applied. In fmtherance of the foregoing, the internal law of the State of California will control the interpretation and construction of this agreement, even if under such jurisdiction's choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

(d) Severability. It is the desire and intent of the parties hereto that the provisions of this Agreement be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated by a court of competent jurisdiction to be invalid, prohibited or unenforceable under any present or future law, and if the rights and obligations of any party under this Agreement will not be materially and adversely affected thereby, such provision, as to such jurisdiction, shall be ineffective, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction, and to this end the provisions of this Agreement are declared to be severable; furthermore, in lieu of such invalid or unenforceable provision there will be added automatically as a part

of this Agreement, a legal, valid and enforceable provision as similar in terms to such invalid or unenforceable provision as may be possible. Notwithstanding the foregoing, if such provision could be more narrowly drawn (as to geographic scope, period of duration or otherwise) so as not to be invalid, prohibited or unenforceable in such jurisdiction, it shall, as to such jurisdiction, be so narrowly drawn, without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

(e) Modifications. This Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this Agreement, which agreement is executed by both of the parties hereto.

(f) Waiver. Neither the failure nor any delay on the part of a party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the party asserted to have granted such waiver.

(g) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original as against any party whose signature appears thereon, and all of which together shall constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

[Remainder of page intentionally left blank]

The undersigned have read and understand the consequences of this Agreement and voluntarily sign it. The undersigned declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

EXECUTED this ___ day of ___ 20_, at ______________________ County, ____ _

"EXECUTIVE"

____

EXECUTED this ___ day of ___ 20___, at ______________________ County, ____

"COMPANY"

EL POLLO LOCO, INC.

By: ______________________________

[Name] [Title]

Exhibit A-1

ACKNOWLEDGMENT AND WAIVER

I, Maria Hollandsworth, hereby acknowledge that I was given 21 days to consider the foregoing Agreement and voluntarily chose to sign the Agreement prior to the expiration of the 21-day period.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

EXECUTED this_ day of ________________,at ____________County, ____ _

____

EL POLLO LOCO HOLDINGS, INC.
INSIDER TRADING POLICY (EFFECTIVE AS OF JULY 24, 2014)

(AS AMENDED AS OF FEBRUARY 1, 2023 AND NOVEMBER 22, 2024)

INTRODUCTION

Federal and state laws prohibit purchasing, selling or making other transfers of securities by persons who have material information about the applicable company or its securities that is not generally known or available to the public. These laws also prohibit persons with such material non-public information from disclosing this information to others who trade.

In light of these prohibitions, El Pollo Loco Holdings, Inc., together with its subsidiaries (collectively, the "Company"), has adopted the following policy (this "Policy") regarding trading in securities by its directors, officers, employees and service providers. This Policy also applies to anyone who lives in your household (other than household employees), corporations or other business entities controlled or managed by you, and trusts for which you are the trustee or have a beneficial economic interest (collectively, "Restricted Affiliates"). The Company may also determine that other persons should be subject to this Policy, such as consultants and agents who have access to material non-public information about the Company or its securities.

We designed this Policy to promote compliance with federal and state securities laws, rules and regulations and the applicable listing standards of the Nasdaq Stock Market, Inc. ("Nasdaq") and to protect the Company and you from the serious liabilities and penalties that can result from violations of these laws. **You, however, are responsible for ensuring that you do not violate federal or state securities laws or this Policy.** Keep in mind that the Securities and Exchange Commission ("SEC") and federal prosecutors may presume that trading by family members is based on information you supplied and may treat any such trades as if you had traded yourself.

If you have any questions about this Policy or its application to a particular transaction, you should contact the Company's Chief Legal Officer (the "Chief Legal Officer") or an attorney in the Company's Legal Department (the "Legal Department").

INSIDER TRADING PENALTIES

The penalties for violating insider trading laws and this Policy are severe. If you violate the federal insider trading laws, you may have to pay civil fines of up to three times (×3) the profit gained or loss avoided by such trading, as well as criminal fines of up to $5,000,000 for individuals and of up to $25,000,000 for non-natural persons. You also may have to serve a jail sentence of up to 20 years.

In addition, the Company could be subject to paying a civil fine of up to the greater of $1,000,000 or three times (×3) the profit gained or loss avoided as a result of your insider trading violations, and a criminal penalty of up to $5,000,000 for individuals and of up to $25,000,000 for non-natural persons. The Company could also be forced to disclose non-public information before it would be obligated or prepared to do so, which could damage the Company's competitive position, jeopardize important or strategic plans and threaten or eliminate opportunities such as acquisitions or financings.

In addition to penalties, firms or persons sanctioned for violations of securities laws may be

limited from engaging in other types of business in the future, *e.g.*, many regulated industries will not permit such firms or persons to engage in regulated activity. Further, for a Company director, officer or employee to even be accused of securities law violations would have very damaging effects on the Company's reputation.

Because a violation of these laws or this Policy poses significant risks to the Company, any violation of this Policy may result in immediate disciplinary measures being taken against you, including potential termination of employment or service with the Company.

The SEC, Nasdaq, the Financial Industry Regulatory Authority ("FINRA") and state regulators (as well as the New York and California Attorneys General and the Department of Justice) use sophisticated surveillance techniques to uncover insider trading and are very effective at detecting and pursuing insider trading cases. The SEC has successfully prosecuted cases against employees trading through foreign accounts, trading by family members and friends, and trading involving only a small number of shares. The size of the transaction or the amount of profit received does not have to be large to result in prosecution. Therefore, it is important that you understand the breadth of activities that constitute illegal insider trading.

You must carefully read this Policy and follow its directives at all times. You are responsible for ensuring the compliance of any family member, household member or entity whose transactions are subject to this Policy. Accordingly, you should make your family and household members aware of the need to confer with you before they trade in Company securities. Failure to adhere to this Policy or certify as to the matters contained in the acknowledgment form attached as **Exhibit A** to this Policy may result in immediate disciplinary measures being taken against you including, where appropriate, termination of employment or service with the Company.

If you become aware of a possible insider trading violation, you should immediately report the potential violation to the Chief Legal Officer or the Legal Department.

POLICIES AND PROCEDURES

A. Insider Trading Policy

This Policy prohibits: (1) trading when you have "material non-public information" (as explained below), (2) "tipping" (as explained below), and (3) certain types of speculative trading. Please be aware that these restrictions will continue to apply to you after the termination of your employment or service with the Company for so long as you are in possession of material non- public information about the Company or its securities or about any other company obtained as a result of your employment or service with the Company.

1. Trading When You Are Aware of Material Non-Public Information Is Prohibited

You may not purchase or sell stock or other securities of the Company when you are aware of material non-public information about the Company or its securities. This Policy against insider trading applies to "purchases and sales" (at the times described in this Policy) of any Company securities. "Company securities" may include common stock, options for common stock, restricted common stock, restricted common stock units, debt securities and any other securities of the Company, such as preferred stock, warrants and convertible debentures, as well as derivative securities relating to Company securities, including securities convertible or exchangeable into, or whose value is derived by the value of, Company securities, whether or not

issued by the Company.
In addition, you may not purchase or sell stock or other securities of any other company, including a customer or supplier of the Company, when you are aware of material non-public information about that company as a result of your employment with or work for the Company.
"Purchase" and "sale" are defined broadly under the federal securities law:

- "Purchase" includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security for value.

- "Sale" includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security for value.

In light of the broad range of transactions that these definitions pick up, it is important to understand that the restrictions in this policy apply, among other things, to the following types of "purchases" and "sales":

- conventional cash-for-stock transactions;

- making gifts of Company securities (including charitable donations);

- broker-assisted cashless exercises of stock options (as defined below);

- engaging in short sales and other hedging transactions (as described below);

- a sale of Company securities obtained through the exercise of employee stock options granted by the Company; and

- purchases and sales of derivative securities (*e.g.*, options, warrants, convertible securities, stock appreciation rights or any similar security with a value derived from the value of an equity security), including exchange traded options and other convertible securities.

References to "purchase and sale" and "purchases and sales" throughout this policy include the types of transactions noted above, unless the otherwise noted.
The restrictions in this policy do not, however, apply to (i) the exercise of Company stock options for cash as long as none of the underlying shares acquired upon exercise are concurrently or immediately sold in the open market or to third parties for the purpose of generating the cash needed to pay the exercise price of such options, (ii) the vesting of Company stock options, restricted stock or restricted stock units, or (iii) the exercise of a tax withholding right pursuant to which the Company withholds shares to satisfy a tax withholding obligation upon the vesting of restricted stock or restricted stock units or upon the exercise of an option. **Therefore, you may freely exercise your stock options for cash (where no shares are to be sold), and the Company may withhold shares to satisfy your tax obligations to the extent required or permitted by the terms of your equity award, without violating this Policy.**
Subject to the conditions noted below, the restrictions in this policy do not apply to the exercise of Company stock options on a "net exercise" basis (as long as none of the underlying option shares are concurrently sold in the open market or to third parties in connection with the net exercise, provided that, net exercises by directors, executive officers and other persons listed on Exhibit B (collectively, "Covered Persons") must occur during a Trading Window (as defined

below). Note that a "net exercise" is the use of the underlying shares to pay the Company the exercise price of a stock option, without any open market transaction, whereas a broker-assisted cashless exercise (which is subject to the restrictions in this Policy), involves the broker selling some or all of the shares underlying the stock option on the open market to cover the exercise price of the stock option.
The restrictions in this policy also do not apply to transactions in mutual funds whose portfolio of investments may include the Company's securities.

2. "Tipping" Is Prohibited

You may not disclose to anyone, including without limitation, family members and co-workers (except as may be required by your job position), any material non-public information about the Company or its securities, or any other company or its securities when you are aware of material non-public information about that company as a result of your employment with or work for the Company. This includes refraining from making purchase, sell or hold recommendations to anyone about the Company or any other company while in possession of material non-public information. This practice, known as "tipping," also violates the federal securities laws, and can result in the same civil and criminal penalties that apply if you engage in insider trading directly, even if you do not receive any money or derive any benefit from the trade made by persons to whom you passed material non-public information. This Policy does not restrict legitimate business communications on a "need to know" basis, where you have a basis to expect that the other person will not trade while in possession of the information.

3. Speculative Trading Is Prohibited

You are encouraged to consider a purchase of Company securities as a long-term investment, and through ownership, to develop an alignment of interest with the performance and prospects of the Company. Consistent with that philosophy, you are prohibited (subject to Section 4 below) from engaging in certain types of speculative trading involving Company securities, including without limitation:

- purchasing or selling "put" options, "call" options or other publicly traded options on Company securities; or
- engaging in short sales of Company securities.

In addition, Section 16(c) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") prohibits directors and executive officers of the Company (as listed on **Exhibit B** to this Policy from time to time) from engaging in short sales. The Board of Directors will periodically determine which of the Company's officers are "executive officers" for purposes of Section 16, and the Company will modify Exhibit B as appropriate.

4. Hedging Transactions

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an officer, director or employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the officer, director or employee to continue to own the covered

securities, but without the full risks and rewards of ownership. When that occurs, the officer, director or employee may no longer have the same objectives as the Company's other stockholders. For this reason, directors and officers are prohibited, and other employees are discouraged, from entering into hedging or monetization transactions or similar arrangements (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) that hedge or offset, or are designed to hedge or offset, any decrease in the market value of the Company's securities. The Board may determine, from time to time, to limit or prohibit non-officer employees from entering into such transactions.

5. Margin Accounts and Pledges

Securities held in a margin account may be sold by the broker without the customer's consent if the customer fails to meet a margin call. Similarly, securities pledged (or hypothecated) as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because a margin sale or foreclosure sale may occur at a time when the pledgor is aware of material non- public information or is otherwise is not permitted to trade in Company securities, directors and officers are prohibited, and other employees are discouraged, from holding Company securities in a margin account or pledging Company securities as collateral for a loan. These restrictions on the use of margin accounts and pledging by officers and directors will apply as of the effective date of this Policy; however, margin accounts and pledging arrangements in existence as of the effective date of this Policy may continue until they expire in accordance with the current terms of the accounts or arrangements, as the case maybe.
An exception to this prohibition may be granted where a person wishes to pledge Company securities as collateral for a loan (not including margin debt) and clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities. Any person who wishes to pledge Company securities as collateral for a loan must submit a request for approval to the Chief Legal Officer at least two weeks prior to the proposed execution of documents evidencing the proposed pledge.

Standing and Limit Orders
You may not place standing or limit orders on Company securities except pursuant to the procedures described in the section below entitled "Policies and Procedures—When and How to Trade Company Securities—Rule 10b5–1 Trading Plans." Standing and limit orders create heightened risks for insider trading violations because there is no control over the timing of purchases or sales that result from standing instructions to a broker, and as a result the broker could execute a transaction when a director, officer or other employee or service provider is in possession of material non-public information.

B. <u>Unauthorized Disclosure</u>

1. Use or Disclosure of Material Non-Public Information Is Prohibited

You must maintain the confidentiality of Company information for competitive, security and other business reasons, as well as to comply with securities laws. All information you learn about the Company or its business plans is potentially non-public information until we publicly disclose it. You should treat this information as confidential and proprietary to the Company.
You may not disclose it to others, such as family members, other relatives, or business or social

acquaintances. You also may not discuss the Company or its business in any "chat room" or similar internet-based forum, including anonymously or by use of an alias.
Also, legal rules govern the timing and nature of our disclosure of material information to outsiders and the public. Violation of these rules could result in substantial liability for you, the Company and its management. For this reason, we permit only specifically designated representatives of the Company, as identified below, to discuss the Company with the news media, securities analysts and investors.

2. Third Party Inquiries

If you receive any inquiries about the Company from third parties such as industry analysts or members of the media, you should direct them to the Company's Chief Financial Officer, Chief Legal Officer or Chief Marketing Officer.

C. What is "Material Non-Public Information"?

1. Material Information

Information is generally considered material if there is a likelihood that a reasonable investor would consider it important in making an investment decision to purchase, sell or hold securities. It includes any information that could reasonably affect the price of a security and may be either positive or negative information.

Although the materiality of information may vary depending on the circumstances of each case, be assured it will be scrutinized by federal, state and FINRA investigators with "20/20 hindsight." Consequently, **any appearance of impropriety should be avoided,** and the particular facts of each such situation should be carefully reviewed. You should always err on the side of deciding that the information is material and not trade. The following pieces of information about a company are likely to be considered material:

- earnings, revenues, expenses, dividends, cash-flows from operations, liquidity and other non-public financial information;
- financial projections, including affirmations of prior earnings guidance and whether a company will or will not meet earnings expectations;
- unexpected financial results and unexpected events affecting such results;
- mergers, acquisitions, tender offers, joint ventures, divestitures or other changes in assets or business;
- the opening or closing of a significant number of restaurants, the expansion of the Company or its franchisees into a new city or region, or the signing of a significant franchise or development or similar agreement;

- launch of new products or new versions of existing products and accomplishment of significant milestones in product or intellectual property development (such as formulation of new recipes or registration or grant of trademarks or patents);
- bank borrowings or financing transactions, including proposed new financing, refinancing or capital market transactions and actual or potential liquidity problems;
- events regarding a company's securities (including, without limitation, defaults on debt securities, redemptions of securities, repurchase plans, changes in dividends or dividend policy, stock splits, changes in rights of security holders, and public or private sales of additional securities);
- major incidents;
- changes in or curtailment of operations;
- developments regarding our joint venture partners, agents, distributors, customers or acquisition/investment targets (including the entry into, amendment or loss of an important contract or other arrangement with any of the foregoing);
- information concerning changes in senior management, key personnel or the composition of the Board of Directors, including information concerning the business and personal lives of the foregoing;
- changes in compensation policy;
- a change in auditors or an auditor notification that a company may no longer rely on an audit report;
- threatened or pending litigation, developments in ongoing material litigation and other changes to contingent liabilities;
- regulatory proceedings and governmental investigations; and
- bankruptcy, corporate restructuring or receivership.

This list is not exhaustive and, depending upon the circumstances, other information may be material. In short, if you would consider the information relevant in making an investment decision, you should assume it is material. Even if you would not consider the information relevant in making an investment decision but believe that a third party might consider it relevant, you should assume it is material. Remember that both positive and negative information may be material information. You should always treat information as material if you have any reason to believe that it may be important.

If you are unsure about the materiality of certain information or a specific transaction, please call the Chief Legal Officer or the Legal Department for advice.

2. Non-Public Information

Non-public information is information that is not generally known or available to the public. We consider information to be available to the public only when:

- it has been released to the public by a company through appropriate channels (*e.g.*, by means of a press release, filing with the SEC, communicated by the media for broad public access or a widely disseminated statement from a senior officer); and

- enough time has elapsed to permit the market to absorb the information.

Although there is no fixed period for how long it takes the market to absorb information, out of prudence a person in possession of material non-public information should refrain from any trading activity for two (2) full trading days following its release. If you are unsure or have questions, please call the Chief Legal Officer or the Legal Department for advice.

D. When and How to Trade Company Securities

1. Overview

No one is able to purchase or sell Company securities if they are in possession of material non-public information, and if you are a director, officer or employee of the Company, or a Restricted Affiliate of a director, officer or employee of the Company, you may only purchase or sell Company securities if the purchase or sale falls within the Trading Window (as defined below). In addition, Covered Persons may not engage in purchase and sale transactions unless the transaction has been pre-cleared under the Company's mandatory pre-clearance policy as detailed below. Finally, all directors and executive officers are also strongly encouraged to make all purchases and sales only pursuant to a Qualified Rule 10b5-1 Plan as detailed below.

In addition, Covered Persons may purchase or sell securities of public companies in which the Company has a material interest or relationship or, to the knowledge of the Covered Person, is contemplating having a material interest or relationship (namely, a material interest or relationship (actual or contemplated) in the Company's business partners, agents, distributors, customers and acquisition/investment targets, which we collectively refer to herein as "Restricted Companies"), **only if** the following two requirements are satisfied: (1) you are not aware of material non-public information relating to the Restricted Companies; and (2) the trade was pre- cleared under the Company's mandatory pre-clearance policy as detailed below.

Before you purchase or sell Company securities or securities of any Restricted Company, you should bear in mind a potential liquidity trap that you could face: you could receive permission to purchase a security or have your interest in a security vest, but later be refused permission to sell it (or exercise and then sell it) (at least temporarily) because the Trading Window is closed at that time or you do not receive pre-clearance from the Chief Legal Officer. These situations are frequently beyond the control of the Company and could lock you into an unwanted investment for a considerable period of time. This risk is an inherent, and necessary, part of the Company's policy with respect to trading Company securities and securities of Restricted Companies.

2. Trading Window

You and your Restricted Affiliates may only purchase or sell Company securities during a certain period during each quarter (the "Trading Window"). The Trading Window begins two (2) full trading days after the Company's public announcement of its annual or quarterly earnings and ends fourteen calendar days prior to the end of the then current quarter, unless ended earlier by the Chief Legal Officer.

However, even if the Trading Window is open, you and your Restricted Affiliates may not trade in Company securities or securities of any Restricted Company when aware of material non-public information about the Company or such Restricted Company. In addition, Covered Persons must pre-clear all purchases and sales with the Chief Legal Officer even if the transaction is initiated when the Trading Window is open.

From time to time, the Company may close the Trading Window due to material non-public information developments. In such an event, the Chief Legal Officer or the Legal Department may notify particular individuals or the Company as a whole that they should not engage in any purchase or sale of Company securities (trading restrictions may also be imposed on securities of one or more Restricted Companies if the material non-public information pertains to such Restricted Companies), and such individuals should not disclose to others the fact that the Trading Window has been closed. If you are in doubt whether a Trading Window is open, consult with the Chief Legal Officer or the Legal Department.

Generally, all pending purchase/sale orders regarding Company securities must be executed within the Trading Window or otherwise cancelled when the window closes.

Even if the Trading Window is closed, certain transactions in Company securities may be made, as follows:

- You may exercise Company stock options if no shares are to be sold (or exercise a tax withholding right pursuant to which the Company withholds shares subject to an option to satisfy tax withholding obligations); you may not, however, effect sales of the underlying stock issued upon the exercise of stock options (including same- day sales and "cashless exercises").

- Purchase and sales of Company securities pursuant to a pre-cleared Qualified Rule 10b5–1 Plan may occur or continue, as discussed below. If you expect a need to sell Company securities at a specific time in the future, you may wish to consider entering into such a plan as described below.

- You may also be permitted to gift (including a transfer to a trust for no consideration or other payment) or make charitable donations of Company securities when the Trading Window is closed, provided any such gift or donation is pre-approved by the Chief Legal Officer and you are not in possession of material non-public information at the time of the gift or contribution.

If you are subject to Section 16(a) of the Exchange Act, such transactions, including bona fide gifts and charitable contributions of equity securities, must be reported to the SEC on a Form 4 within two (2) business days after such gift or contribution is made. It is your responsibility to promptly inform the Company of any such transaction.

3. Mandatory Pre-Clearance Procedures

The Company requires all Covered Persons who are not in possession of material non-public information and who wish to engage (or have a Restricted Affiliate who wishes to engage) in any purchase, sale or any other transaction involving Company securities or securities of Restricted Companies (including without limitation any option exercise, gift, permitted loan, pledge or hedge, contribution to a trust, or any other transfer) to first obtain pre-clearance for such transaction from the Chief Legal Officer, unless the purchase or sale is pursuant to a previously established Qualified Rule 10b5–1 Plan, as discussed below.
A request for pre-clearance must be submitted to the Chief Legal Officer at least two (2) business days in advance of the proposed transaction, unless the Chief Legal Officer agrees to a shorter period. The Chief Legal Officer will then determine whether the purchase or sale may proceed and will promptly notify you of this determination. **When making a pre-clearance request, you need to be certain to include all relevant information concerning the proposed transaction and how best to be reached.**

The Chief Legal Officer may withhold clearance for the proposed transaction, in his or her discretion, for various reasons including the following:

- you may possess or have access to material non-public information;
- the Trading Window is not open;
- the proposed transaction does not comply with Rule 144 of the Securities Act of 1933, as amended, and other legal requirements;
- the proposed transaction could result in adverse publicity or have a material adverse impact on the Company or on trading in Company securities;
- you are subject to Section 16(a) of the Exchange Act and you did not give sufficient advance notice to allow time to prepare and review a Form 4;
- the proposed transaction could result in liability to you under the short-swing trading rules of Section 16(b) of the Exchange Act; or
- other relevant considerations cause the proposed transaction to be inappropriate.

Please be aware that, if the clearance is withheld by the Chief Legal Officer, the decision cannot be "overruled" by any member of management. In the event of a disagreement regarding a proposed transaction, the Chief Legal Officer may report the proposed transaction to the Audit Committee of the Board of Directors, and the Chief Legal Officer and the Audit Committee may obtain the advice of outside legal counsel or counsels with respect to a contested pre-clearance request. You may not in any event engage in the proposed purchase or sale until a request has been pre-cleared in writing.

If a transaction is approved under the pre-clearance policy, the transaction must occur within five (5) business days after pre-clearance is obtained, otherwise pre-clearance of the proposed transaction must be re-requested and obtained from the Chief Legal Officer before it may be executed. Notwithstanding the Chief Legal Officer's approval of a trade, your trade may not be executed if (i) you acquire material non-public information concerning the

company whose securities you wish to trade during that time, (ii) the Chief Legal Officer subsequently revokes his or her approval, or (iii) the Trading Window is subsequently closed. If a proposed purchase or sale is not approved under the pre-clearance policy, you should refrain from initiating any trade in Company securities, and you should not inform anyone within or outside of the Company of the restriction.

4. Rule 10b5–1 Trading Plans

Rule 10b5–1 adopted by the SEC provides an affirmative defense to insider trading that is available to a person making a purchase or sale of securities who demonstrates that the purchase or sale was effected pursuant to a pre-arranged "trading plan" that meets certain conditions. Notwithstanding the other provisions of this Policy, purchases or sales of Company securities and securities of Restricted Companies may occur regardless of whether you may be aware of material non-public information at the time of trading, provided that the purchase or sale is made pursuant to a plan validly established in compliance with the provisions of Rule 10b5–1 and this Policy and the following criteria are satisfied (a "Qualified Rule 10b5–1 Plan"):

- you must enter into the plan (including any modifications or terminations thereof) only during an open Trading Window and at a time when you are not aware of material non-public information about the Company or its securities, and the plan must contain a representation confirming that you are not aware of material non-public information about the Company or its securities;

- you must enter into the plan (including any modifications or terminations thereof) in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1, you must act in good faith with respect to the plan, and the plan must contain a representation confirming that such plan is being "entered into in good faith" and not as part of a plan or scheme to evade the prohibitions of Rule 10b5-1;

- the plan must be a written plan or binding contract (*i.e.*, the plan may not consist of an oral arrangement or order to purchase or sell Company securities in the future) that does not allow you to exercise any subsequent influence over how, when or whether to effect the trade;

- the plan must specify the amount, price and date of trades, or include a written formula, algorithm or computer program for their determination. Alternatively, you could delegate trading decisions to a third party who, at the time of trading did not have, and was not influenced by anyone who had, material non-public information about the Company or its securities;

- sales or purchases may not commence under the plan until the expiration of a waiting period which is the later of (i) 90 days after such plan is adopted or modified, or (ii) two (2) business days following the filing of the Company's Form 10-Q or Form 10-K containing financial results for the fiscal quarter in which the plan was adopted (subject to a maximum waiting period of 120 days), and any subsequent material modification of the plan must be subject to the same waiting period from the date of such modification, in all cases subject to longer minimum

waiting periods as may be required by applicable law or SEC rules from time to time (such period in which trades may not occur, the "Cooling-Off Period");

- the plan must provide for a minimum term of six months and a maximum term of one year, unless a shorter or longer term is approved by the Chief Legal Officer;
- No more than one plan may be in effect at any time with respect to Company securities beneficially owned by you, except that, during the term of a plan, you may:
  - adopt a plan in compliance with this Policy with any transactions to take effect upon the completion or expiration of your current plan; provided, however, that if your current plan is terminated before its originally scheduled completion date, then the Cooling-Off Period for the later-commencing plan shall run from the date of such termination (and not from the date the later-commencing plan was adopted); and
  - enter into another contract, instruction or plan providing only for the sale of such securities as are necessary to satisfy tax withholding obligations arising exclusively from the vesting of a compensatory award, such as restricted stock or restricted stock units, and provided that you do not exercise control over the timing of such sales (a "Sell-to-Cover Plan");
- other than Sell-to-Cover Plans, during any 12-month period, you may not adopt more than one "single-trade" 10b5-1 trading plan, which is a plan that is designed to effect the open market purchase or sale of the total amount of the securities subject to the 10b5-1 trading plan as a single transaction;
- the plan must contain and comply with such other terms, conditions and restrictions as may be required by Rule 10b5-1 and SEC and Nasdaq rules and regulations as in effect from time to time; and
- the plan (including any modifications or terminations thereof) must be pre-cleared in advance by the Chief Legal Officer as described below.

The Company may also require that all Qualified Rule 10b5–1 Plans include additional safeguards for the benefit of the Company (e.g., customary lockup commitments associated with underwritings of Company securities). After a Qualified Rule 10b5–1 Plan is adopted, any purchases or sales of securities covered by the Qualified Rule 10b5–1 Plan must occur pursuant to the Qualified Rule 10b5–1 Plan you may not exercise any subsequent influence over how, when, or whether to make purchases or sales of those securities or otherwise alter or deviate from the Qualified Rule 10b5–1 Plan or enter into or alter a corresponding or hedging transaction or position with respect to the securities to be purchased or sold under the Qualified Rule 10b5–1 Plan.

For purposes of the foregoing, a modification of a Qualified Rule 10b5–1 Plan includes any change to the amount, price, or timing of the purchase or sale of securities under such plan, but shall not include the substitution of the broker executing trades thereunder as long as such modified plan does not change the price, amount of securities to be purchased or sold or dates on which such purchases or sales are to be executed.

Trades effected pursuant to a Qualified Rule 10b5–1 Plan will not require further pre-clearance at the time of the trade if the plan complies with the requirements set forth above. You may not

alter or deviate from the terms of a Qualified Rule 10b5–1 Plan and you may not engage in any corresponding or hedging transactions.

The Company strongly encourages all officers and directors to effect all open market purchases and sales of Company securities only pursuant to a Qualified Rule 10b5-1 Plan. Directors and executive officers who have appropriate circumstances and wish to effect an open market purchase or sale of Company securities outside of a Qualified Rule 10b5-1 Plan should first discuss that decision with the Chief Legal Officer. Officers and directors may not in any event engage in any purchase or sale until a request has been pre-cleared in writing and all such purchases and sales must be in compliance with the terms and conditions of this Insider Trading Policy.

Because a Qualified Rule 10b5–1 must be entered into and acted on in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5, a Qualified Rule 10b5–1 Plan should be adopted with the intention that it will not be amended or modified frequently, since changes to a 10b5-1 Trading Plan may raise issues as to an individual's good faith. For this reason, although modifications to or early termination of a 10b5-1 Trading Plan are not prohibited, if you wish to implement, amend or voluntarily terminate a Qualified Rule 10b5–1 Plan, you must first have the plan (or any modification or proposal to terminate) pre-cleared by the Chief Legal Officer by submitting a draft of the proposed plan at least five (5) business days prior to entry into the plan, or two (2) business days prior to entry into any modification or termination. Again, a Qualified Rule 10b5–1 Plan may only be entered into, modified or terminated during an open Trading Window and at a time when you are not aware of material non-public information. **In pre-clearing the implementation, modification or termination of a Qualified Rule 10b5–1 Plan, the Chief Legal Officer shall not be responsible for determining whether such plan is in compliance with the provisions of Rule 10b5–1.**

Compliance with Rule 10b5–1 is solely your responsibility, and we recommend you consult with your advisors regarding compliance.

You should be aware that applicable federal securities laws will require the Company to disclose the entry into, the material terms of and any material modifications to Rule 10b5-1 Plans entered into by Company directors and executive officers.

To the extent required by applicable SEC rules or regulations, the Company shall provide quarterly disclosure on Forms 10-Q and 10-K on: (i) whether any Section 16 Insider has adopted, modified or terminated a 10b5-1 trading plan during the last completed quarter; and (ii) a description of the material terms of the plan. In addition, any Form 4 (which are filed whenever there is a Section 16 Insider transaction of Company stock) required for transactions made under a 10b5-1 Trading Plan must expressly indicate that the transaction was made pursuant to a 10b5- 1 Trading Plan.

5. Post-Termination Transactions

This Policy continues to apply to your transactions in Company securities even after you have terminated employment or service with the Company if you are in possession of material non-public information when your employment or service terminates, and you may not trade in Company securities until that information has become public or is no longer material.

REPORTING VIOLATIONS AND SEEKING ADVICE

You should refer suspected violation of this Policy to the Chief Legal Officer and the Legal Department. For assistance with any of the matters discussed in this Policy, please contact the Chief Legal Officer or the Legal Department.

EXHIBIT A

ACKNOWLEDGMENT FORM

The undersigned, a director, officer, employee, service provider or consultant of El Pollo Loco Holdings, Inc., or one of its subsidiaries (collectively, the "Company"), as applicable, hereby certifies and represents to the Company that he or she has received, has read and understands the Company's Insider Trading Policy, as effective as of July 24, 2014, as amended, (the "Policy") on December 12, 2024, and agrees to comply with the Policy in its entirety, including obtaining pre-clearance of all transactions in Company securities and securities of Restricted Companies, as such term is defined in the Policy.

Executed on ______________________, 20___ By: ____________________________________

Name: ___________________________

Title: ___________________________________

EXHIBIT B

DIRECTORS, OFFICERS AND OTHER COVERED PERSONS

Name and Position
Chief Executive Officer
Chief Financial Officer
Chief Development Officer
President and Chief Operating Officer
Chief Legal Officer
Chief People Officer
Each member of the Board of Directors
All employees who are director-level and above in Operations
All Support Center employees

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-269807) and Form S-8 (No. 333-259661, No. 333-226621, No. 333-224730, No. 333-197698 and No. 333-279794) of El Pollo Loco Holdings, Inc. (the “Company”) of our reports dated March 7, 2025, relating to the consolidated financial statements, and the effectiveness of the Company’s internal control over financial reporting, which appear in this Annual Report on Form 10-K.

/s/ BDO USA, P.C.
Costa Mesa, California
March 7, 2025

Exhibit 31.1

CERTIFICATIONS

I, Elizabeth Williams, certify that:

1. I have reviewed this annual report on Form 10-K of El Pollo Loco Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: March 7, 2025

/s/ Elizabeth Williams
Elizabeth Williams
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Ira Fils, certify that:

1. I have reviewed this annual report on Form 10-K of El Pollo Loco Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a–15(e) and 15d–15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2025

/s/ Ira Fils
Ira Fils
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION

Under 18 U.S.C. section 1350, adopted by section 906 of the Sarbanes-Oxley Act of 2002, in connection with the accompanying Annual Report on Form 10-K (the “Report”), the undersigned officers of El Pollo Loco Holdings, Inc. (the “Company”) each certify that (i) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 7, 2025

/s/ Elizabeth Williams
Elizabeth Williams
Chief Executive Officer

/s/ Ira Fils
Ira Fils
Chief Financial Officer