Risk Factors Comparison 2024-02-28 to 2023-02-22 Form: 10-K

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

Risks Related to Our Business and Industry Food safety and food- borne illness concerns in our restaurants or throughout the industry or supply chain may have an adverse effect on our business by reducing demand and increasing costs. Regardless of the source or cause, any report of food- borne illnesses and other food safety issues, whether at one of our restaurants or in the industry or supply chain, generally could have a negative impact on our traffic and sales and adversely affect the reputation of our brands. Food safety issues could be caused by suppliers or distributors and, as a result, be out of our control and this risk may be exacerbated by current supply chain issues, which could delay deliveries and necessitate alternative sourcing on short notice. Health concerns or outbreaks of disease in a food product could also reduce demand for particular menu offerings. Even instances of food- borne illness, food tampering or food contamination occurring solely at restaurants of other companies could result in negative publicity about the food service industry generally and adversely impact our sales. There is also the risk of allergen cross contamination in our restaurants despite precautionary measures to minimize the risk. Social media has dramatically increased the rate at which negative publicity, including as it relates to food- borne illnesses, can be disseminated before there is any meaningful opportunity to respond or address an issue. The occurrence of food- borne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, resulting in higher costs and lower margins. We are subject to various federal and state employment and labor laws and regulations. **We and our vendors are subject to** ~~Various~~ **various** employment and labor laws and regulations ~~govern~~ **governing** ~~our~~ relationships with ~~our~~ employees throughout the world and **changes to laws and regulations may** affect operating costs. These laws and regulations relate to matters including employment discrimination **, pay transparency** , minimum wage requirements, scheduling, overtime, tip credits, unemployment tax rates, workers' compensation rates, working conditions, immigration status, tax reporting and other wage and benefit requirements. Any significant additional government regulations and new laws governing ~~our~~ relationships with employees, including minimum wage increases, regulations relating to union organizing rights and activities **, the employment status of third- party delivery drivers** , mandated benefits or other requirements that impose additional obligations on us ~~, including any temporary or permanent measures implemented in response to COVID- 19~~ , could increase our costs and adversely affect our business and results of operations. As a significant number of our food service and preparation personnel are paid at rates related to the applicable minimum wage, federal, state and local proposals related to minimum wage requirements or similar matters could, to the extent implemented, materially increase our labor and other costs. As minimum wage increases continue to be implemented in states in which we operate, we expect our labor costs will continue to increase. In addition, there have been in the past, and may be in the future, legislative efforts to significantly increase the federal minimum wage, which, if implemented, would materially increase our labor and other costs. Our distributors and suppliers could also be affected by higher minimum wage, benefit standards and compliance costs, which could result in higher costs for goods and services supplied to us. In addition, several U. S. jurisdictions have implemented fair workweek or " secure scheduling " legislation, which impose complex requirements related to scheduling for certain restaurant and retail employees, and additional jurisdictions are considering similar legislation. Several jurisdictions also have implemented sick pay / paid time off legislation, which requires employers to provide paid time off to employees, and " just cause " termination legislation, which restricts companies' ~~ability~~ **abilities** to terminate employees unless they can prove " just cause " or a " bona fide economic reason " for the termination. We also rely on our employees to accurately disclose the full amount of their tip income, and we base our FICA tax reporting on the disclosures provided to us by such tipped employees. Inaccurate employee FICA tax reporting could subject us to monetary liabilities, which could harm our business, results of operations and financial condition. BLOOMIN' BRANDS, INC. Failure to recruit, train and retain high- quality leadership, restaurant- level management and hourly team members may inhibit our ability to operate and grow successfully. Our success will continue to depend, to a significant extent, on our leadership team and other key management personnel. The **tight labor market** ~~" great resignation " trend that began in 2021~~ in the United States has further strained and could continue to strain our ability to keep our restaurants fully staffed. If we are unable to attract and retain sufficiently experienced and capable management personnel, our business and financial results may suffer. Our restaurant- level management and team members are largely responsible for the quality of our service. Our guests may be dissatisfied and our sales may decline if we fail to recruit, train and retain managers and team members that effectively implement our business strategy and provide high **-** quality guest service. There is active competition for quality management personnel and hourly team members, and such competition could require us to pay higher wages or incur higher costs for retaining and incentivizing our management personnel and hourly team members. If we experience high turnover, we may experience higher labor costs and have a shortage of adequate management personnel required for future growth. A shortage of team members also could cause our restaurants to operate with reduced staff, which could adversely affect our ability to provide high **-** quality guest service. Challenging economic, political and social conditions may have a negative effect on our business and financial results. Challenging economic, political and social conditions may negatively impact consumer spending and thus cause a challenging sales environment in the casual dining sector and a decline in our financial results. For example, international, domestic and regional economic conditions, continued economic downturn or recession, or slowing or stalled recovery therefrom, unemployment levels, consumer income levels, financial market volatility, credit conditions and availability, consumer debt levels, inflation, increased energy prices, weakness in the housing market, stock market performance, rising interests rates, tariffs and trade barriers, pandemics or public health concerns, population growth, changes in government and central bank monetary policies, social unrest and governmental, political and budget matters may have a negative effect on consumer confidence and discretionary spending, which the restaurant industry depends upon. **Further, it is difficult to predict what impact, if any, the U. S. presidential and congressional elections and their outcomes could have on consumer confidence and discretionary spending.** In addition, the effects on the global economy from the ongoing ~~conflict~~ **conflicts** in ~~the~~ **Israel and** Ukraine, particularly if ~~it~~ **they** ~~escalates~~ - **escalate** or ~~broadens~~ - **broaden** , are uncertain. Terrorist attacks, heightened security requirements, ~~attack~~ **attacks** of critical infrastructure, protests, demonstrations, riots, civil disturbance, disobedience, insurrection, customer intimidation, mass shootings or social and other political unrest, such as those seen in recent years, have and may continue to result in restrictions, curfews or other actions and give rise to significant changes in regional and global economic conditions. If such events or disruptions persist for a prolonged period of time, our overall business and results of operations may be adversely affected. In addition, it is difficult to predict what impact, if any, changes in federal policy, including tax, economic and monetary policies, will have on our industry, the economy as a whole, consumer confidence and discretionary spending. As a result, the nature, timing and impact on our business of potential changes to the current legal and regulatory frameworks are uncertain ~~. It is also difficult to predict what the long- term economic impacts of the ongoing COVID- 19 pandemic may be~~ . A decline in economic, political or social conditions or negative developments with respect to any of the other factors mentioned above, or a perception that such decline or negative developments are imminent, generally or in particular markets in which we operate, and our consumers' reactions to these trends could result in increased pressure with respect to our pricing, traffic levels, commodity and other costs and the continuation of our innovation and productivity initiatives, which could negatively impact our business and results of operations. Further, poor economic conditions may force nearby businesses to shut down, which could cause our restaurant locations to be less attractive. The restaurant industry is highly competitive and consumer options for other prepared food offerings continue to expand. Our inability to compete effectively could adversely affect our business, financial condition and results of operations. A substantial number of restaurant operators compete directly and indirectly with us with respect to price, service, location and food quality, some of which are well- established with significant resources. There is also active competition for management, team members and other personnel, and attractive suitable real estate sites. Consumer tastes, nutritional and dietary trends, traffic patterns and the type, number and location of competing restaurants often affect the restaurant business, and our competitors may react more efficiently, creatively and effectively to those conditions. In addition, our competitors may generate or better implement business strategies that improve the value and relevance of their brands and reputation, relative to ours. For example, our competitors may more successfully implement menu or technology initiatives, such as remote ordering, social media or mobile technology platforms that expedite or enhance the customer experience ~~. In addition~~ , ~~our~~ - **or artificial intelligence** ~~competitors may more successfully implement delivery and off- site initiatives or implement other measures~~ to **develop new customer insights** ~~better address COVID- related business risks~~ . Further, we face growing competition from quick service and fast- casual restaurants, the supermarket industry and meal kit and food delivery providers, with the improvement of prepared food offerings, " ghost " or " dark " kitchens where meals are prepared at a separate takeaway premises rather than a restaurant, and the trend towards convergence in grocery, deli, delivery, retail and restaurant services. Further, if this competitive environment and the breadth of alternatives results in a decline in casual dining customer traffic, it could make our financial operations dependent on our ability to increase our market share within the hyper- competitive casual dining segment. We believe all of the above factors have increased competitive pressures in the casual dining sector in recent periods and we believe they will continue to present a challenging competitive environment in future periods. If we are unable to continue to compete effectively, our traffic, sales and margins could decline and our business, financial condition and results of operations would be adversely affected. ~~Cyber security~~ **Cybersecurity** breaches of confidential consumer, personal employee and other material information and other threats to our technological systems may adversely affect our business. A cyber incident that compromises the information of our consumers or employees, whether affecting our technological systems or those of third- party service providers that we rely on, could result in widespread negative publicity, damage to the reputation of our brands, a loss of consumers, an interruption of our business and legal liabilities. The majority of our restaurant sales are by credit or debit cards, and we maintain certain personal information regarding our employees and confidential information about our customers, franchisees and suppliers. Although we segment our card data environment and employ a ~~cyber security~~ **cybersecurity** protection program based upon industry frameworks, as well as scan and improve our environment for any vulnerabilities, perform penetration testing and engage third parties to assess effectiveness of our security measures with oversight by our Audit Committee, there are no assurances that such programs will prevent or detect all potential ~~cyber security~~ **cybersecurity** breaches or technological failures. Our operations and corporate functions rely heavily on information systems, including point- of- sale processing in our restaurants, management of our supply chain, payment of obligations, collection of cash, data warehousing to support analytics, finance and accounting systems, payroll and human resource systems, mobile technologies to enhance the customer experience and other various processes and procedures, some of which are handled by third parties. Our ability to efficiently and effectively manage our business depends significantly on the reliability and capacity of these systems. The failure of these systems to operate effectively, system maintenance problems, upgrading or transitioning to new platforms, or any cyber incident relating to these systems could expose our systems or information to cyber threats, result in delays in consumer service, reduced efficiency in our operations or result in negative publicity. Despite our security measures, our technology systems may be vulnerable to damage, disability or failures due to physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, employee error or malfeasance, denial of service, hacking, " phishing " attacks, social engineering, malware, ransomware, viruses, worms and other attacks or disruptive problems, which have increased in sophistication, frequency and duration in recent years. **In addition, the rapid evolution and increased adoption of artificial intelligence technologies may increase our cybersecurity risks, including generative artificial intelligence augmenting threat actors' technological sophistication to enhance existing or create new malware.** We have been, and will continue to be, the target of attempted cyber and other security threats, including those common to most industries and those targeting us due to the confidential consumer information we obtain through our electronic processing of credit and debit card transactions. Like other restaurants and retailers, we are also susceptible to claims for purportedly fraudulent transactions arising out of actual or alleged theft of credit or debit card information. A security breach or even a perceived security breach or failure to appropriately respond to a cyber incident could result in litigation or governmental investigation, as well as damage to our reputation and brands. A claim or investigation resulting from a cyber or other security threat to our systems and data may have a material adverse effect on our business and distract ~~the~~ management from running the business. Responses to ~~cyber security~~ **cybersecurity** also ~~has~~ **have** the potential of incurring significant remediation costs, to the extent such costs are not covered by our applicable insurance policies. As ~~cyber security~~ **cybersecurity** ~~risk~~ **risks** and applicable laws and regulations evolve, we may incur significant additional costs in technology, third- party services and personnel to maintain systems designed to anticipate and prevent cyber- attacks. We are subject to a variety of continuously evolving laws and regulations regarding privacy, data protection and data security at federal, state and international levels. The California Consumer Privacy Act, for example, became effective January 1, 2020 and provides a ~~new~~ private right of action to California residents related to data breaches and imposes ~~new~~ disclosure and other requirements on companies with respect to their data collection, use and sharing practices as they relate to California residents. Other states and countries in which we operate have enacted, or are proposing to enact, similar laws or the laws expanding existing privacy rights. New areas of litigation related to privacy rights continue to emerge. Compliance with newly developed laws and regulations, which are subject to change and uncertain interpretations, may cause us to incur substantial costs. Increased commodity, energy and other costs could decrease our profit margins or cause us to limit or otherwise modify our menus or increase prices, which could adversely affect our business. Further, if our suppliers or ~~custom~~ distributors are unable to fulfill their obligations under their contracts or we are unable to develop or maintain relationships with these or new suppliers or distributors, if needed, we could encounter supply shortages and incur higher costs. The performance of our restaurants depends on our ability to anticipate and react to changes in the price and availability of food commodities. Our business also incurs significant costs for energy, utilities, insurance, health care, labor, marketing and real estate over which we have little control. We have experienced and continue to experience the impact of inflation and fluctuations in costs on our operating expenses and anticipate the inflationary conditions will continue in the near future. We are anticipating ~~mid single digits~~ **3 % to 4 % commodity** inflation for ~~both commodities and labor during 2023~~ **2024** , but there can be no assurance ~~it~~ **that our expectations** will ~~not~~ be **accurate** ~~greater than that~~ or that we will be able to **efficiently** pass through **any** increased costs in our prices. Increased prices or shortages could affect the cost and quality of the items we buy or require us to raise prices, limit our menu options or implement alternative processes or products. In response, customers may be less willing to patronize our restaurants in favor of our competitors or lower- priced alternatives. Prices may also be affected by supply, market changes, increased competition, changes in laws, shortages or interruptions in supply due to weather, disease or other conditions beyond our control, labor shortages or other reasons. As a result, these events, combined with other more general economic and demographic conditions, could impact our pricing and negatively affect our sales and profit margins. We depend on frequent deliveries of fresh food products that meet our specifications, and we have a limited number of suppliers and distributors for our major products, such as beef **and pork** . These factors subject us to the risk that shortages or interruptions in products could adversely affect the availability, quality or cost of products or require us to incur more costs to obtain adequate products if we are unable to manage supply chain risk. During ~~2022~~ **2023** , we purchased: (i) more than 95 % of our U. S. beef raw materials from four beef suppliers that represent **a significant portion** ~~more than 80 %~~ of the total beef marketplace in the U. S. and (ii) more than ~~95~~ **80** % of our Brazil ~~beef~~ **pork** raw materials from four ~~beef~~ **pork** suppliers that represent more than ~~50~~ **45** % of the total ~~beef~~ **pork** marketplace in Brazil. Our dependence on a small number of suppliers subjects us to the risks of ingredient shortage, supply interruption, animal disease outbreak, and price volatility. An external disruption or an internal dispute ~~that~~ **could** ~~forces~~ -- **force** us to sever ties with our suppliers **, and we** may not **be** ~~enable~~ -- **able** ~~us~~ to find a suitable replacement in a timely or cost- efficient manner. Beef ~~is~~ **and pork are** a significant cost to us, and we may also incur higher costs to secure adequate suppliers or make substantial changes to our menu offerings, at the risk of ~~materially~~ -- **material** adverse harm to our business. Due to the nature of our industry, we expect to continue to purchase a substantial amount of our beef **and pork** from a small number of suppliers. Global economic factors continue to place significant pressure on suppliers, making the supply environment more expensive and causing supply chain issues. Supply shortages or disruptions caused by inclement weather, climate change, natural disasters, pandemics ~~(including COVID- 19)~~ , armed conflict, sanctions, financial or solvency issues of our suppliers or distributors, fuel increases or other conditions beyond our control could adversely affect our operations and operating results. In recent years, climate- related issues ~~such~~ **, including** drought and flooding in our key supplier region **,** have led to volatility in the prices of our ingredients, such as produce and meats. In addition, if any of our suppliers or distributors were unable to fulfill their responsibilities or we were unable to maintain current purchasing terms or ensure service availability and we were unable to locate substitutes in a timely manner, ~~especially given the prolonged effects of COVID- 19,~~ we may encounter supply shortages, lose consumers and experience an increase in costs in seeking alternative supplier or distribution services. The failure to develop and maintain supplier and distributor relationships and any resulting disruptions to the provision of food and other supplies to our restaurant locations could adversely affect our operating results . The COVID- 19 pandemic has...... by causing staffing shortages in our stores . Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media could have a material adverse impact on our business. Social media allows individuals to access a broad audience of consumers and other interested persons. The availability of information on social media platforms is virtually immediate as is its impact, and users can post information often without filters or checks on the accuracy of the content posted. Adverse or inaccurate information concerning our Company or concepts may be posted at any time, and such information can quickly reach a wide audience. Social media has also been utilized to target specific companies or brands as a result of a variety of actions or inactions, or perceived actions or inactions, and such campaigns can rapidly accelerate and impact consumer behavior. The harm may be immediate without affording us an opportunity for redress or correction, and it is challenging to monitor, anticipate and promptly respond to such developments. These factors could have a material adverse effect on our business. Regardless of its basis or validity, any unfavorable publicity could adversely affect public perception of our brands. Our failure to use social media responsibly in our marketing efforts may further expose us to these risks. As part of our marketing efforts, we rely on search engine marketing and social media platforms to attract and retain guests. We need to continuously innovate and develop our social media strategies in order to maintain broad appeal with guests and brand relevance. We also continue to invest in other digital marketing initiatives that allow us to reach our guests across multiple digital channels and build their awareness of, engagement with, and loyalty to our brands. These initiatives may not be successful, resulting in expenses incurred without the benefit of higher revenues, increased employee engagement or brand recognition. In addition, a variety of risks are associated with the use of social media, including the improper disclosure of proprietary or personal information and negative publicity. The inappropriate use of social media vehicles by our guests or employees could increase our costs, lead to litigation or result in negative publicity that could damage our reputation. We face a variety of risks associated with doing business in foreign markets that could have a negative impact on our financial performance. We have a significant number of restaurants outside of the United States, and we intend to continue our efforts to grow internationally. There is no assurance that international operations will be profitable or international growth will continue. In addition, if we have a significant concentration of restaurants in a foreign market, the impact of any negative local conditions can have a sizable impact on our results. Our foreign operations are subject to all of the same risks as our U. S. restaurants, as well as additional risks including, among others, international economic, political, social and legal conditions and the possibility of instability and unrest, differing cultures and consumer preferences, diverse government regulations and tax systems, **cybersecurity threats,** corruption, anti- American sentiment, the ability to source high **-** quality ingredients and other commodities in a cost- effective manner, uncertain or differing interpretations of rights and obligations in connection with international franchise agreements and the collection of ongoing royalties from international franchisees, the availability and costs of land, construction and financing, and the availability of experienced management, appropriate franchisees and ~~area~~ operating partners. Local or regional events or conditions in our international markets could disrupt our business operations and affect our results. In recent years, there were protests in cities throughout the **United States** ~~U. S.~~ as well as globally, including in Hong Kong and Brazil, in connection with civil rights, liberties, and social and governmental reform. Currency regulations and fluctuations in exchange rates could also affect our performance. We have operations in many foreign countries, including direct investments in restaurants in Brazil, Hong Kong and China, as well as international franchises. As a result, we may experience losses from fluctuations in foreign currency exchange rates or any hedging arrangements that we enter into to offset such fluctuations, and such losses could adversely affect our overall sales and earnings. We are subject to governmental regulation of our foreign operations, including antitrust and tax requirements, anti- boycott regulations, import / export / customs regulations and other international trade regulations, the USA Patriot Act and the Foreign Corrupt Practices Act. Any new regulatory or trade initiatives could impact our operations in certain countries. Failure to comply with any such legal requirements could subject us to monetary liabilities and other sanctions, which could harm our business, results of operations and financial condition. If we fail to adequately address **corporate citizenship** ~~environmental, social~~ and **sustainability** ~~governance (" ESG ")~~ matters ~~, including those related to climate change and sustainability~~ , it could have an adverse effect on our business, financial condition, and operating results and may damage our reputation. In recent years, there has been an increasing focus from certain investors, customers, consumers, employees **, state, federal and international governments and agencies,** and other stakeholders concerning ~~ESG~~ **corporate citizenship and sustainability** matters **, including practices and disclosures related to environmental stewardship; social responsibility; diversity, equity and inclusion; and workplace rights** . Companies across all industries are facing increasing scrutiny relating to their ~~ESG~~ **corporate citizenship and sustainability** practices. We are also subject to ~~ESG~~ **corporate citizenship and sustainability disclosure** rules and regulations ~~promulgated by self- regulatory organizations~~ **and institutional investor voting policies that seek this information** , ~~including the Nasdaq Stock Market~~ **making it more accessible for scrutiny** . Changing consumer preferences may result in increased demands regarding our products and supply chain and their respective environmental and social impact, including on sustainability. These demands could require additional transparency, due diligence, and reporting and could cause us to incur additional costs or to make changes to our operations to comply with such demands. We may also determine that certain changes are required in anticipation of further evolution of consumer preferences and demands. Increased focus and activism related to ~~ESG~~ **corporate citizenship and sustainability** may also result in investors reconsidering their investment decisions as a result of their assessment of a company' s ~~ESG~~ **corporate citizenship and sustainability** practices **. Any failure or perceived failure by us to adequately address stakeholder expectations regarding corporate citizenship, including diversity, equity and inclusion, employee health, safety and welfare, and workplace rights, among others, may damage our reputation and adversely affect our business and results of operations** . Further, concern over climate change and other environmental sustainability matters, has and may in the future result in new or increased legal and **federal and state** regulatory requirements **to provide extensive disclosure regarding and** to reduce or mitigate impacts to the environment, including greenhouse gas emissions ~~regulations~~ , alternative energy policies, water consumption **, packaging** and **waste management, responsible sourcing and other** sustainability initiatives. **For example, state, federal and international regulations on sustainability matters, including the recently enacted Climate Corporate Data Accountability Act and the Climate-Related Financial Risk Act in California and the SEC' s climate change rule proposals, have been or are expected to be implemented that will require reporting and third- party assurance on greenhouse gas emissions and other environmental matters.** If we fail to achieve ~~any~~ goals, targets, or objectives we may set with respect to ~~ESG~~ **corporate citizenship and sustainability** matters, if we do not meet or comply with new regulations or evolving consumer, investor, industry, or stakeholder expectations and standards, including those related to reporting, or if we are perceived to have not responded appropriately to the growing concern for ~~ESG~~ **corporate citizenship and sustainability** matters, we may face legal or regulatory actions, the imposition of fines, penalties, or other sanctions, adverse publicity, and decreased demand from consumers, or the price of our common stock could decline, any of which could materially harm our reputation or have a material adverse effect on our business, financial condition, or operating results. The food service industry is affected by consumer preferences and perceptions. Changes in these preferences and perceptions may lessen the demand for our products, which would reduce sales and harm our business. Food service businesses are affected by changes in consumer tastes and demographic trends. For instance, if prevailing health or dietary preferences cause consumers to avoid steak and other products we offer in any of our concepts in favor of foods or ingredients that are perceived as healthier or otherwise reflect popular demand, our business and operating results would be harmed. Various factors such as menu labeling rules, nutritional guidelines and academic studies, whether issued by government agencies, research institutions, or advocacy organizations, may impact consumer choice and cause consumers to select foods other than those that are offered by our restaurants. Consumer preference on sourcing, or in response to environmental and animal welfare ~~concern~~ **concerns** may also cause some groups of consumers to select foods other than those that are offered by our restaurants. **Our business may be negatively impacted by customer** ~~If we are unable to anticipate or successfully respond to changes in consumer~~ preferences **regarding** ~~, our results of operations could be adversely affected, generally or in particular concepts or markets. Our relationships with third- party delivery services and ability to grow sales through delivery orders are subject to risks. We maintain relationships with various~~ third- party delivery apps and services **with which we engage** ~~. Our ability to efficiently manage our business~~ , **particularly if** ~~service our customers and process digital orders through third- party delivery partnerships depends significantly on~~ the **availability, performance and** reliability ~~and performance~~ of **the apps** ~~our~~ - **or** ~~systems and those managed by our service~~ **services** ~~providers. Our sales may be negatively affected if these platforms are damaged or interrupted through technological failures, power loss, user errors, cyber-attacks, other forms of sabotage, inclement weather or natural disasters or otherwise. This could cause reputational harm or~~ adversely impact ~~sales and~~ customer satisfaction. **If we** ~~Our sales through these services may also depend on the availability of delivery drivers, who~~ are **unable** ~~generally independent contractors. These drivers may make errors, fail~~ to **anticipate** ~~make timely deliveries, damage our~~ - **or** ~~food~~ **successfully respond to changes in consumer preferences,** ~~or~~ **our results of operations could** ~~poorly represent our brands, which may lead to customer disappointment, reputational harm and unmet sales expectations. Our sales may also~~ be adversely **affected, generally** ~~impacted if there is a shortage of drivers that are willing and available to make deliveries from our~~ - **or in particular concepts** ~~restaurants. If the third- party aggregators that we utilize for~~ - **or markets** ~~delivery cease or curtail their operations, fail to maintain sufficient labor force to satisfy demand, materially change fees, access or visibility to our products or give greater priority or promotions on their platforms to our competitors, our business may be negatively impacted~~ . Changes in tax **laws, uncertainty in the judicial interpretation of those** laws and unanticipated tax liabilities could adversely affect the taxes we pay and our profitability. We are subject to income and other taxes in the United States and numerous foreign jurisdictions. Our effective income tax rate and other taxes in the future could be adversely affected by a number of factors, including changes in the mix of earnings in countries with different statutory tax rates, changes in the valuation of deferred tax assets and liabilities, **an** " ownership change " as defined under Section 382 of the Internal Revenue Code, changes in U. S. or foreign tax laws **,** including the ~~impact of~~ **proposed 15 % global minimum tax under the Organization for Economic Co- operation and Development (" OECD ") Pillar Two (" Pillar Two "), Global Anti-** Base Erosion ~~and Profits Shifting (" BEPS ") model~~ rules **, uncertainty in the interpretation of tax laws** , comprehensive tax reform measures or other legislative changes **,** and the outcome of income tax audits and tax litigation **, such as in Brazil. Further, differences in interpretations of Pillar Two and other rules by multiple jurisdictions may cause increased complexities as to compliance and increased audit controversy with tax authorities in jurisdictions where we operate** . Although we believe our tax estimates are reasonable, the final determination of tax audits and tax litigation could be materially different from our historical income tax provisions and accruals. These results could have a material effect on our results of operations or cash flows in the period or periods for which these determinations are made. In addition, our effective income tax rate and our results may be impacted by our ability to realize deferred tax benefits, including our FICA tip credit carryforwards, and by any increases or decreases of our valuation allowances applied to our existing deferred tax assets. Our failure to comply with government regulation related to our restaurant operations, and the costs of compliance or non- compliance, could adversely affect our business. We are subject to various federal, state, local and foreign laws affecting our business. Each of our restaurants is subject to licensing and regulation by a number of governmental authorities, which may include, among others, alcoholic beverage control, food safety, nutritional menu labeling, health care, sanitation, hazardous material, building, zoning, land use, traffic, environmental and fire agencies in the state, municipality or country in which the restaurant is located. Our suppliers are also subject to regulation in some of these areas. Any difficulties or inabilities to retain or renew licenses, or increased compliance costs due to changed regulations, could adversely affect operations at existing restaurants. Additionally, difficulties in obtaining or failing to obtain the required licenses or approvals could delay or prevent the development of new restaurants. We are subject to various U. S. federal, state and international laws and regulations related to the offer and sale of franchises. Failure to comply with these laws could adversely affect the results we generate from franchises or otherwise impose costs on us. Alcoholic beverage sales represent 11 % of our consolidated restaurant sales and are subject to extensive state and local licensing and other regulations. The failure of a restaurant to obtain or retain a liquor license would adversely affect that restaurant' s operations. In addition, we are subject to " dram shop " statutes in certain states. These statutes generally provide a person injured by an intoxicated person the right to recover damages from an establishment that wrongfully served alcoholic beverages to the intoxicated person. We may also incur costs of and challenges in ensuring compliance with measures implemented in response to ~~COVID- 19~~ **a widespread illness or a pandemic** , such as requirements for physical barriers or other preventative measures in restaurants or vaccination or testing requirements for our employees, which can vary by the location of the restaurant and may continue to change. We are subject to laws relating to information security, cashless payments and consumer credit, protection and fraud. Compliance with these laws and regulations can be costly, and any failure or perceived failure to comply with these laws or any breach of our systems could harm our reputation or lead to litigation, which could adversely affect our financial condition. Risks associated with our remodeling, relocation and expansion plans may have adverse effects on our operating results. As part of our business strategy, we intend to continue to remodel, relocate and expand our current portfolio of restaurants. Our ~~2023~~ **2024** development schedule calls for the construction of approximately ~~30~~ **40** to ~~35~~ **45** new system- wide locations, with approximately ~~20~~ **half** in Brazil. A variety of factors could cause the actual results and outcome of those plans to differ from the anticipated results, including among other things **, the selection of suitable locations for new or relocated restaurants** , the availability and terms on which we can lease attractive sites for new or relocated restaurants, availability and terms of funding, recruiting, training and retaining skilled management and restaurant employees, construction or other delays, the availability of construction materials or restaurant equipment, construction and renovation costs and consumer tastes and acceptance of our restaurant concepts and awareness of our brands in new regions. Governmental regulations or other health guidelines concerning **the** operations of ~~stores~~ **restaurants** , including due to ~~the COVID- 19 pandemic or other~~ public health emergencies **,** may also cause disruptions in our plans. It is difficult to estimate the performance of newly opened restaurants and whether they may attract customers away from other restaurants we own. If new or existing restaurants do not meet targeted performance, it could have a material adverse effect on our operating results, including any impairment losses that we may be required to recognize. Some of the challenges described above could be more significant in international markets in which we have more limited experience, either generally or with a particular brand. Those markets are likely to have different competitive conditions, consumer tastes, discretionary spending patterns and brand awareness, which may cause our new restaurants to be less successful than restaurants in our existing markets or make it more difficult to estimate the performance of new restaurants. In addition, in an effort to increase same- restaurant sales and improve our operating performance, we continue to make improvements to our facilities through remodels and relocations and close underperforming restaurants. We incur significant lease termination or continuation expenses and asset impairment and other charges when we close or relocate a restaurant. If the expenses associated with remodels, relocations or closures are higher than anticipated, we cannot find suitable locations or remodeled or relocated restaurants do not perform as expected, these initiatives may not yield the desired return on investment, which could have a negative effect on our operating results. Failure to achieve projected cost savings from our efficiency initiatives could adversely affect our results of operations and eliminate potential funding for growth opportunities. In recent years, we have identified strategies and taken steps to reduce operating costs and free up resources to reinvest in our business. These strategies include improved supply chain management, implementing labor scheduling tools **, improvements in kitchen equipment** and integrating restaurant information systems across our brands ~~. In addition, during 2020, we implemented certain measures to reduce costs and preserve liquidity in response to the impacts of COVID- 19. If we were required to implement similar measures in the future, they may not be sustainable or may be detrimental to continued operations~~ . We continue to evaluate and implement further cost- saving initiatives. However, the ability to reduce our operating costs through these initiatives is subject to risks and uncertainties, such as our ability to obtain improved supply pricing and the reliability of any new suppliers or technology, and we cannot assure that these activities, or any other activities that we may undertake in the future, will achieve the desired cost savings and efficiencies. **In addition, these measures may not be sustainable or may be detrimental to continued operations.** Failure to achieve such desired savings **or other negative effects from cost- saving measures** could adversely affect our results of operations and financial condition and curtail investment in growth opportunities. Our success depends substantially on the value of our brands and our ability to execute innovative marketing and consumer relationship initiatives to maintain brand relevance and drive profitable sales growth. Our success depends on our ability to preserve and grow our brands. Our brand value and reputation are especially important to differentiate our concepts in the highly competitive casual dining sector to achieve sustainable same- restaurant sales growth and warrant new unit growth. Brand value and reputation are based in large part on consumer perceptions, which are driven by both our actions and by actions beyond our control, such as new brand strategies or their implementation, business incidents, ineffective advertising or marketing efforts, or unfavorable mainstream or social media publicity involving us, our industry, our franchisees, or our suppliers. A failure to innovate and extend our brands in ways that are relevant to consumers and occasions in order to generate sustainable same- restaurant traffic growth, and produce non- traditional sales and earnings growth opportunities, could have an adverse effect on our results of operations. Additionally, insufficient focus on our competition or failure to adequately address declines in the casual dining industry, could adversely impact results of operations. If our competitors increase their spending on advertising, promotions and loyalty programs, if our advertising, media or marketing expenses increase, or if our advertising, promotions and loyalty programs become less effective than those of our competitors, or if we do not adequately leverage technology and data analytic capabilities needed to generate concise competitive insight, our results of operations could be materially and adversely affected. We have limited control with respect to the operations of our franchisees, which could have a negative impact on our business. Our franchisees are contractually obligated to operate their restaurants in accordance with our standards and we provide training and support to franchisees. However, franchisees are independent third parties that we do not control, and these franchisees own, operate and oversee the daily operations of their restaurants. As a result, the ultimate success and quality of any franchise restaurant rests with the franchisee. If franchisees do not successfully operate restaurants in a manner consistent with our product and service quality standards and contractual requirements, our image and reputation could be harmed, which in turn could adversely affect our business and operating results. A significant portion of our financial results are dependent upon the operational and financial success of our franchisees. If sales trends or economic conditions worsen for franchisees, their financial results may worsen and our royalty, rent and other fee revenues may decline. In addition, we may also incur expenses in connection with supporting franchise restaurants that are underperforming. As small businesses, some of our franchise operators may be negatively and disproportionately impacted by strategic initiatives, capital requirements, inflation, increased interest rates, labor costs, employee relations issues, or other causes. When Company- owned restaurants are sold to a franchisee, one of our subsidiaries is often required to remain responsible for lease payments for the sold restaurants to the extent the purchasing franchisees default on their leases. During periods of declining sales and profitability of franchisees, the incidence of franchisee defaults for these lease payments may increase and we may be required to make lease payments and seek recourse against the franchisee or agree to repayment terms. Significant adverse weather conditions and other disasters or unforeseen events and our ability to execute **,** or success in executing **,** a comprehensive business recovery plan at our restaurant support center for these events could negatively impact our results of operations and have a material adverse impact on our business. Adverse weather conditions and natural disasters and other unforeseen events, such as winter storms, severe temperatures, thunderstorms, floods, drought, fires, hurricanes and earthquakes, terrorist attacks, war and widespread / pandemic illness, and the effects of such events on economic conditions and consumer spending patterns, could disrupt our operations or supply chain and negatively impact our results of operations. These events may result in lost restaurant sales, as well as property damage, lost products, interruptions in supply, and increased costs, temporary and prolonged restaurant closures may occur and consumer traffic may decline due to the actual or perceived effects from these events. For example, the COVID- 19 pandemic, severe winter weather conditions and hurricanes have impacted our traffic, and that of our franchises, and results of operations in recent years. Although we cannot predict when or where we will be negatively impacted by **widespread illnesses or pandemics,** adverse weather events, to the extent that climate change or other factors result in more frequent, widespread or severe events, it could adversely impact our results. U. S. and foreign governmental officials also have placed an increasing focus on environmental matters, including climate change, reduction of greenhouse gases and water consumption. This increased focus could lead to legislative, regulatory or other efforts to combat these environmental concerns. These efforts could result in further increases in taxes, cost of supplies, transportation and utilities, which could increase our operating costs and those of our franchisees and require future investments in facilities and equipment. There may also be increased pressure for us to make commitments, set targets or establish goals to take actions to meet them, which could expose us and our franchisees to market, operational, execution and reputational costs or risks. Many of our corporate systems and processes and corporate support for our restaurant operations are centralized at one location in Tampa, Florida. We have disaster recovery procedures and business continuity plans in place to address crisis- level events, including hurricanes and other natural disasters, and back up and off- site locations for recovery of electronic and other forms of data and information, and the ~~COVID- 19 pandemic has provided a limited test of our~~ ability to manage our business remotely. However, if we are unable to fully implement our disaster recovery plans, we may experience delays in recovery of data, inability to perform vital corporate functions, tardiness in required reporting and compliance, failures to adequately support field operations and other breakdowns in normal communication and operating procedures that could have a material adverse effect on our financial condition, results of ~~operation~~ **operations** and exposure to administrative and other legal claims. In addition, these threats are constantly evolving, which increases the difficulty of accurately and timely predicting, planning for and protecting against the threat. As a result, our disaster recovery procedures and business continuity plans ~~security~~ may not adequately address all threats we face or protect us from loss **.The United States and other** countries have experienced,or may experience in the future,outbreaks of ~~other~~ viruses ~~,such as norovirus,the bird / avian flu~~ or other diseases **,including** ~~.As we have experienced with~~ the COVID- 19 pandemic ~~,if~~ **.If** a regional or global health pandemic occurs,depending upon its location,duration and severity,our business could be severely affected.In the event a health pandemic occurs,customers might avoid public places,and local,regional or national governments might limit or ban public gatherings to halt or delay the spread of disease.Jurisdictions in which we have restaurants may impose mandatory closures or impose restrictions on operations.If a virus is transmitted by human contact or respiratory transmission,our employees or guests could become infected,or could choose,or be advised,to avoid gathering in public places,any of which would adversely affect our restaurant guest traffic or **our ability to** perform functions at the corporate level.A regional or global health pandemic might also adversely affect our business by disrupting or delaying production and delivery of materials and products in our supply chain and by **causing staffing shortages in our stores** . There are risks and uncertainties associated with initiatives that we may implement. From time to time, we consider various initiatives in order to grow and evolve our business and brands and improve our operating results. These initiatives could include, among other things, acquisitions, development or dispositions of restaurants or brands, new joint ventures, new franchise arrangements, restaurant closures and changes to our operating model. There can be no assurance that any such actions or initiatives will be successful or deliver their anticipated benefits. We may be exposed to new and unforeseen risks and challenges, particularly if we enter into markets or engage in activities with which we have no or limited prior experience, and it may be difficult to predict the success of such endeavors. If we incur significant expenses or divert management, financial and other resources to any initiative that is unsuccessful or does not meet our expectations, our results of operations and financial condition would be adversely affected. We may also incur significant asset impairment and other charges in connection with any such initiative. Regardless of the ultimate success of any initiative, the implementation and integration of new business or operational processes could be disruptive to our current operations. Even if we test and evaluate an initiative on a limited basis, the diversion of management time and resources could have an adverse effect on our business. Our failure or inability to enforce our trademarks or other proprietary rights could adversely affect our competitive position or the value of our brand. Our trademarks, including Outback Steakhouse, Carrabba' s Italian Grill, Bonefish Grill, Fleming' s Prime Steakhouse & Wine Bar and Bloomin' Onion, and other proprietary rights are important to our success and our competitive position. The protective actions that we take may not be sufficient to prevent unauthorized usage or imitation by others, which could harm our image, brand or competitive position. Furthermore, our ability to protect trademarks and other proprietary rights may be more limited in certain international markets where we operate. Litigation could have a material adverse impact on our business and our financial performance. We are subject to lawsuits, administrative proceedings and claims that arise in the regular course of business. These matters typically involve claims by consumers and others regarding issues such as food borne illness, food safety, premises liability, personal injury, discrimination, " dram shop " statute liability, promotional advertising and other operational issues common to the food service industry, as well as environmental, data privacy, contract disputes and intellectual property infringement matters. We are also subject to employee claims against us based on, among other things, discrimination, harassment, wrongful termination, disability, or violation of wage and labor laws. We are also subject to the risk of being named a joint employer of workers of our franchisees for alleged violations of labor and wage laws. These claims may divert our financial and management resources that would otherwise be used to benefit our operations. The ongoing expense of or diversion of management attention due to any resulting lawsuits, any substantial settlement payment or damage award against us and any damage to our reputation could adversely affect our business and results of operations. Significant legal fees and costs in complex class action litigation or an adverse judgment or settlement that is not insured or is in excess of insurance coverage could have a material adverse effect on our financial position and results of operations. Risks Related to Our Indebtedness We may not be able to generate sufficient cash to service all of our indebtedness and operating lease obligations, and we may be forced to take other actions to satisfy our obligations under our indebtedness and operating lease obligations, which may not be successful. If we fail to meet these obligations, we would be in default under our debt agreements and the lenders could elect to declare all amounts outstanding under them to be immediately due and payable and terminate all commitments to extend further credit. Our ability to make scheduled payments on our debt obligations and to satisfy our operating lease obligations depends upon our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to financial, business and other factors, many of which are beyond our control. We cannot be certain that we will maintain a level of cash flow from operating activities sufficient to permit us to pay the principal, premium, if any, and interest on our indebtedness, or to pay our operating lease obligations. For example, if ~~COVID- 19 capacity restrictions reoccur,~~ inflation persists, or our financial position deteriorates, our revenues and liquidity position may decline. If our cash flow and capital resources are insufficient to fund our debt service obligations and operating lease obligations, we may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance our indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. In the absence of sufficient operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations or take other actions to meet our debt service and other obligations. Our debt agreements restrict our ability to dispose of assets and how we may use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds that we could otherwise realize from such dispositions and any such proceeds that are realized may not be adequate to meet any debt service obligations then due. The failure to meet our debt service obligations or the failure to remain in compliance with the financial covenants under our debt agreements would constitute an event of default under those agreements and the lenders could elect to declare all amounts outstanding under them to be immediately due and payable and terminate all commitments to extend further credit. Our leverage could adversely affect our ability to raise additional capital to fund our operations or limit our ability to react to changes in the economy or our industry. As of December ~~25~~ **31** , ~~2022~~ **2023** , our total net indebtedness was $ ~~833~~ **780** . ~~3~~ **7** million and we had $ ~~550~~ **599** . ~~0~~ **2** million in available unused borrowing capacity under our revolving credit facility, net of undrawn letters of credit of $ ~~20~~ **19** . ~~0~~ **8** million ~~. In May 2020, we issued $ 230. 0 million of 5. 00 % convertible senior notes due in 2025 (the " 2025 Notes "), of which $ 105. 0 million in aggregate principal of the 2025 Notes remain outstanding as of December 25, 2022, and in April 2021 we issued $ 300. 0 million of 5. 125 % senior notes due in 2029 (the " 2029 Notes ")~~ . Our leverage could have important consequences, including: • making it more difficult for us to make payments on indebtedness; • increasing our vulnerability to general economic, industry and competitive conditions and the various risks we face in our business; • increasing our cost of borrowing or limiting our ability to obtain additional financing if needed; • reducing our ability to use our cash flow to fund our operations, capital expenditures, dividend payments, and future business and strategic opportunities; and • limiting our ability to adjust to changing market conditions and placing us at a competitive disadvantage compared to our competitors who may not be as highly leveraged. We may incur substantial additional indebtedness in the future, subject to the restrictions contained in our credit agreement. If new indebtedness is added to our current debt levels, the related risks that we now face could increase. We cannot be certain that our financial condition or credit and other market conditions will be favorable when our credit agreement matures in 2026, or at any earlier time we may seek to refinance our debt. Further, turmoil in global credit markets could adversely impact the availability and cost of credit. If we are unable to refinance our indebtedness on favorable terms, our financial condition and results of operations would be adversely affected. Our debt agreements contain restrictions that limit our flexibility in operating our business. Certain of our debt agreements limit our and our subsidiaries' abilities to, among other things, incur or guarantee additional indebtedness, pay dividends ~~on~~ **above certain thresholds** , redeem or repurchase our capital stock, make certain acquisitions or investments, incur or permit to exist certain liens, enter into transactions with affiliates or sell our assets to, merge or consolidate with or into, another company. Our debt agreements require us to satisfy certain financial tests and ratios. Our ability to satisfy such tests and ratios may be affected by events outside of our control. If we breach the covenants under our debt agreements, the lenders could elect to declare all amounts outstanding under the agreements to be immediately due and payable and terminate all commitments to extend further credit. If we are unable to repay those amounts, the lenders could proceed against the collateral granted to them to secure that indebtedness. We have pledged substantially all of our assets as collateral under our credit agreement. If our lenders accelerate the repayment of borrowings, we cannot be certain that we will have sufficient assets to repay them. Risks Related to Our Common Stock Our ability to raise capital in the future may be limited, which could make us unable to fund our capital requirements. Our business and operations may consume resources faster than we anticipate. In the future, we may need to raise additional funds through the issuance of new equity securities, debt or a combination of both. Additional financing may not be available on favorable terms or at all. If adequate funds are not available on acceptable terms, we may be unable to fund our capital requirements. If we issue new debt securities, the debt holders would have rights senior to common stockholders to make claims on our assets, and the terms of any debt could restrict our operations, including our ability to pay dividends **above certain thresholds** on our common stock. If we issue additional equity securities, existing stockholders may experience dilution, and the new equity securities could have rights senior to those of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future securities offerings reducing the market price of our common stock and diluting their interest. Our stock price is subject to volatility. The stock market in general is highly volatile. As a result, the market price of our common stock is similarly volatile. The price of our common stock could be subject to wide fluctuations in response to a number of factors, some of which may be beyond our control. These factors include actual or anticipated fluctuations in our operating results, changes in or our ability to achieve estimates of our operating results by analysts, investors or management, analysts' recommendations regarding our stock or our competitors' stock, sales of substantial amounts of our common stock by our stockholders, actions or announcements by us or our competitors, the maintenance and growth of the value of our brands, litigation, legislation or other regulatory developments affecting us or our industry, widespread / pandemic illness, natural disasters, cyber- attacks, terrorist acts, war or other calamities and changes in general market and economic conditions. Provisions in our certificate of incorporation and bylaws and Delaware law may discourage, delay or prevent a change of control of our ~~company~~ **Company** or changes in our management and, therefore, may depress the trading price of our stock. Our certificate of incorporation and bylaws include certain provisions ~~(including provisions related to our classified board structure through 2024)~~ that could have the effect of discouraging, delaying or preventing a change of control of our ~~company~~ **Company** or changes in our management. These provisions may discourage, delay or prevent a transaction involving a change in control of the Company that is in the best interests of our stockholders. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if they are viewed as discouraging future takeover attempts. Section 203 of the Delaware General Corporation Law may affect the ability of an " interested stockholder " to engage in certain business combinations, including mergers, consolidations or acquisitions of additional shares, for a period of three years following the time that the stockholder becomes an " interested stockholder. " An " interested stockholder " is defined to include persons owning directly or indirectly 15 % or more of the outstanding voting stock of a corporation. Although we have elected in our certificate of incorporation not to be subject to Section 203 of the Delaware General Corporation Law **,** our certificate of incorporation contains provisions that have the same effect as Section 203. General Risk Factors An impairment in the carrying value of our goodwill or other intangible or long- lived assets could adversely affect our financial condition and results of operations. Along with other intangible assets, we test goodwill for impairment annually and whenever events or changes in circumstances indicate that its carrying value may not be recoverable. We also evaluate long- lived assets on a quarterly basis or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We cannot accurately predict the amount and timing of any impairment of assets. A significant amount of judgment is involved in determining if an indication of impairment exists. Unforeseen events ~~, for example the COVID- 19 pandemic,~~ could make developing forecasts for, and the accounting of, valuation of goodwill and certain other assets slower and more difficult. Should the value of goodwill or other intangible or long- lived assets become impaired, there could be an adverse effect on our financial condition and consolidated results of operations. Failure to maintain effective systems of internal control over financial reporting and disclosure controls and procedures could adversely affect our business and financial results. Effective internal control over financial reporting is necessary for us to provide accurate financial information. If we are unable to adequately maintain effective internal control over financial reporting, we may not be able to accurately report our financial results. Furthermore, we cannot be certain that our internal control over financial reporting and disclosure controls and procedures will prevent all possible ~~error~~ **errors** and fraud, including through cyber- attacks. Because of inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of error or fraud, if any, in our ~~company~~ **Company** have been detected. These inherent limitations include the realities that judgments in decision- making can be faulty and that breakdowns can occur because of a simple error or mistake, which could have an adverse impact on our business. A significant financial reporting failure or a lack of sufficient internal control over financial reporting could cause a loss of investor confidence and decline in the market price of our common stock, increase our costs, lead to litigation or result in negative publicity that could damage our reputation. Future changes to existing accounting rules, accounting standards, new pronouncements and varying interpretations of pronouncements, or the questioning of current accounting practices may adversely affect our reported financial results. Additionally, our assumptions, estimates and judgments related to complex accounting matters could significantly affect our financial results. Generally accepted accounting principles and related accounting pronouncements, implementation guidelines and interpretations with regard to a wide range of matters that are relevant to our business, including but not limited to, revenue recognition, impairment of long- lived assets, leases and related economic transactions, derivatives, intangibles, self- insurance, income taxes, property and equipment, unclaimed property laws and litigation, and stock- based compensation are highly complex and involve many subjective assumptions, estimates and judgments by us. Changes in these rules or their ~~interpretation~~ **interpretations** or changes in underlying assumptions, estimates or judgments by us could significantly change our reported or expected financial performance. Our insurance policies may not provide adequate levels of coverage against all claims, and fluctuating insurance requirements and costs could negatively impact our profitability. We carry insurance programs with specific retention levels or high per- claim deductibles for a significant portion of our risks and associated liabilities with respect to workers' compensation, general liability, liquor liability, employment practices liability, property, health benefits, ~~cyber security~~ **cybersecurity** and other insurable risks. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure. These losses, if they occur, could have a material and adverse effect on our business and results of operations. Additionally, if our insurance costs increase, there can be no assurance that we will be able to successfully offset the effect of such increases and our results of operations may be adversely affected.