

Risk Factors Comparison 2024-03-12 to 2023-02-24 Form: 10-K

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Except for the historical information contained herein or incorporated by reference, this report and the information incorporated by reference contain forward- looking statements that involve risks and uncertainties. These statements include projections about our accounting and finances, plans and objectives for the future, future operating and economic performance and other statements regarding future performance. These statements are not guarantees of future performance or events. Our actual results could differ materially from those discussed in this report. Factors that could cause or contribute to these differences include, but are not limited to, those discussed in the following section, as well as those discussed in Part II, Item 7 entitled “ Management’ s Discussion and Analysis of Financial Condition and Results of Operations ” and elsewhere throughout this report and in any documents incorporated in this report by reference. You should carefully consider the following risk factors and in the other information included or incorporated in this report. If any of the following risks, either alone or taken together, or other risks not presently known to us or that we currently believe to not be significant, develop into actual events, then our business, financial condition, results of operations or prospects could be materially adversely affected. If that happens, the market price of our common stock could decline, and stockholders may lose all or part of their investment. Risks Related to Our Franchised Business Model Our operating and financial results and growth strategies are closely tied to the success of our franchisees. Most of our restaurants are operated by franchisees, which makes us dependent on the financial success and cooperation of our franchisees. We have limited control over how our franchisees’ businesses are run, and the inability of franchisees to operate successfully could adversely affect our operating and financial results through decreased royalty payments. If our franchisees incur too much debt, if their operating expenses or commodity prices increase or if economic or sales trends deteriorate such that they are unable to operate profitably or repay existing debt, it could result in their financial distress, including insolvency or bankruptcy. If a significant franchisee or a significant number of our franchisees become financially distressed, our operating and financial results could be impacted through reduced or delayed royalty payments. Our success also depends on the willingness and ability of our franchisees to implement major initiatives, which may include financial investment. Our franchisees may be unable to successfully implement strategies that we believe are necessary for their further growth, which in turn may harm the growth prospects and financial condition of the company. Additionally, the failure of our franchisees to focus on the fundamentals of restaurant operations, such as quality service and cleanliness (even if such failures do not rise to the level of breaching the related franchise documents), could have a negative impact on our business. Our franchisees could take actions that could harm our business and may not accurately report sales. Our franchisees are contractually obligated to operate their restaurants in accordance with the operations, safety, and health standards set forth in our agreements with them and applicable laws. However, although we attempt to properly train and support all our franchisees, they are independent third parties whom we do not control. The franchisees own, operate, and oversee the daily operations of their restaurants, and their employees are not our employees. Accordingly, their actions are outside of our control. Although we have developed criteria to evaluate and screen prospective franchisees, we cannot be certain that our franchisees will have the business acumen or financial resources necessary to operate successful franchises at their approved locations, and state franchise laws may limit our ability to terminate or not renew these franchise agreements. Moreover, despite our training, support and monitoring, franchisees may not successfully operate restaurants in a manner consistent with our standards and requirements or may not hire and adequately train qualified managers and other restaurant personnel. The failure of our franchisees to operate their franchises in accordance with our standards or applicable law, actions taken by their employees or a negative publicity event at one of our franchised restaurants or involving one of our franchisees could have a material adverse effect on our reputation, our brands, our ability to attract prospective franchisees, our company- owned restaurants, and our business, financial condition or results of operations. Franchisees typically use a point of sale, or POS, cash register system to record all sales transactions at the restaurant. We require franchisees to use a specific brand or model of hardware or software components for their restaurant system. Currently, franchisees report sales manually and electronically, but we do not have the ability to verify all sales data electronically by accessing their POS cash register systems. We have the right under our franchise agreement to audit franchisees to verify sales information provided to us, and we have the ability to indirectly verify sales based on purchasing information but this cannot be done economically across all franchisees. However, franchisees may underreport sales, which would reduce royalty income otherwise payable to us and adversely affect our operating and financial results. If we fail to identify, recruit and contract with a sufficient number of qualified franchisees, our ability to open new franchised restaurants and increase our revenues could be materially adversely affected. The opening of additional franchised restaurants depends, in part, upon the availability of prospective franchisees who meet our criteria. Most of our franchisees open and operate multiple restaurants, and our growth strategy requires us to identify, recruit and contract with a significant number of new franchisees each year. We may not be able to identify, recruit or contract with suitable franchisees in our target markets on a timely basis or at all. In addition, our 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 they may elect to cease restaurant development for other reasons. If we are unable to recruit suitable franchisees or if franchisees are unable or unwilling to open new restaurants as planned, our growth may be slower than anticipated, which could materially adversely affect our ability to increase our revenues and materially adversely affect our business, financial condition and results of operations. If we fail to open new domestic and international franchisee- owned restaurants on a timely basis, our ability to increase our revenues could be materially adversely affected. A significant component of our growth strategy includes the opening of new domestic and international franchised restaurants. Our

franchisees face many challenges associated with opening new restaurants, including: • identification and availability of suitable restaurant locations with the appropriate size; visibility; traffic patterns; local residential neighborhood, retail and business attractions; and infrastructure that will drive high levels of customer traffic and sales per restaurant; • competition with other restaurants and retail concepts for potential restaurant sites and anticipated commercial, residential and infrastructure development near new or potential restaurants; • ability to negotiate acceptable lease arrangements; • availability of financing and ability to negotiate acceptable financing terms; • recruiting, hiring and training of qualified personnel; • construction and development cost management; • completing their construction activities on a timely basis; • obtaining all necessary governmental licenses, permits and approvals and complying with local, state and federal laws and regulations to open, construct or remodel and operate our franchised restaurants; • unforeseen engineering or environmental problems with the leased premises; • avoiding the impact of adverse weather during the construction period; and • other unanticipated increases in costs, delays or cost overruns. As a result of these challenges, our franchisees may not be able to open new restaurants as quickly as planned or at all. Our franchisees have experienced, and expect to continue to experience, delays in restaurant openings from time to time and have abandoned plans to open restaurants in various markets on occasion. Any delays or failures to open new restaurants by our franchisees could materially and adversely affect our growth strategy and our results of operations. Negative publicity relating to one of our franchised restaurants could reduce sales at some or all of our other franchised restaurants. Our success is dependent in part upon our ability to maintain and enhance the value of our brands, consumers' connection to our brands and positive relationships with our franchisees. We may, from time to time, be faced with negative publicity relating to food quality, public health concerns, restaurant facilities, customer complaints or litigation alleging illness or injury, health inspection scores, integrity of our franchisees or their suppliers' food processing, employee relationships or other matters, regardless of whether the allegations are valid or whether or not the Company is held to be responsible. The negative impact of adverse publicity relating to one franchised restaurant may extend far beyond that restaurant or franchisee involved to affect some or all our other 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 control a franchisee's operations and messaging, especially on a real-time basis. The considerable expansion in the use of social media over recent years can further amplify any negative publicity that could be generated by such incidents. A similar risk exists with respect to unrelated food service businesses, if consumers associate those businesses with our own or franchised operations. Additionally, employee claims against us based on, among other things, wage and hour violations, discrimination, harassment or wrongful termination may also create negative publicity that could adversely affect us and divert our financial and management resources that would otherwise be used to benefit the future performance of our operations. A significant increase in the number of these claims or an increase in the number of successful claims would have a material adverse effect on our business, financial condition and results of operations. Consumer demand for our products and our brands' value could diminish significantly if any such incidents or other matters create negative publicity or otherwise erode consumer confidence in us or our products, which would likely result in lower sales and could have a material adverse effect on our business, financial condition and results of operations. Our brands' value may be limited or diluted through franchisee and third-party activity. Although we monitor and regulate certain aspects of franchisee activities under the terms of our franchise agreements, franchisees or other third parties may refer to or make statements about our brands that do not make proper use of our trademarks or required designations, that improperly alter trademarks or branding, or that are critical of our brands or place our brands in a context that may tarnish our reputation. This may result in dilution of, or harm to, our intellectual property or the value of our brands. Franchisee noncompliance with the terms and conditions of our franchise agreements may reduce the overall goodwill of our brands, whether through the failure to meet health and safety standards, engage in quality control or maintain product consistency, or through the participation in improper or objectionable business practices. Moreover, unauthorized third parties may use our intellectual property to trade on the goodwill of our brands, resulting in consumer confusion or dilution of our brands' value. Any reduction of our brands' goodwill, consumer confusion, or reputational dilution is likely to impact sales, and could materially and adversely impact our business and results of operations.

Risks Relating to Our Business and Operations We have significant outstanding indebtedness under our whole-business securitization facilities, which require that we generate sufficient cash flow to satisfy the payment and other obligations under the terms of our debt and exposes us to the risk of default and lender remedies. We have financed our acquisitions and operations through the issuance of notes by four special purpose, wholly-owned financing subsidiaries, which own substantially all of our operations. The Company acts as the manager of each of these subsidiaries under a Management Agreement and performs management, franchising, distribution, intellectual property and operational functions on behalf of the subsidiaries for which it receives a management fee. The aggregate principal balance of the indebtedness under our whole-business securitization facilities was \$ 1.02 billion as of December 25-31, 2022-2023. Subject to contractual restrictions, we and our financing subsidiaries may incur additional indebtedness for various purposes, including to fund future acquisitions, the construction of company-owned restaurants and operational needs. The terms of our outstanding indebtedness provide for significant principal and interest payments, and subjects us to certain financial and non-financial covenants, including a debt service coverage ratio calculation, as defined in the applicable Indentures for these facilities. If certain covenants are not met, the indebtedness under these facilities may become partially or fully due and payable on an accelerated schedule. Our ability to meet the payment obligations under our debt depends on our ability to generate significant cash flow in the future. We cannot assure you that our business will generate cash flow from operations, or that other capital will be available to us, in amounts sufficient to enable us to meet our payment obligations under our Indentures and to fund our other liquidity needs. If we are not able to generate sufficient cash flow to service these obligations, we may need to refinance or restructure our debt, sell unencumbered assets (if any) or seek to raise additional capital. If we are unable to implement one or more of these options, we may not be able to meet these payment obligations, and the imposition of remedies by the note holders could materially and adversely affect our business, financial condition and liquidity. We may pursue opportunistic acquisitions of additional brands,

and we may not find suitable acquisition candidates or successfully operate or integrate any brands that we may acquire. As part of our growth strategy, we may opportunistically acquire new brands and restaurant concepts. Although we believe that opportunities for future acquisitions may be available from time to time, competition for acquisition candidates may exist or increase in the future. Consequently, there may be fewer acquisition opportunities available to us as well as higher acquisition prices. There can be no assurance that we will be able to identify, acquire, manage or successfully integrate additional brands or restaurant concepts (including brands and concepts that we have already acquired) without substantial costs, delays or operational or financial problems. The difficulties of integration include coordinating and consolidating geographically separated systems and facilities, integrating the management and personnel of the acquired brands, maintaining employee morale and retaining key employees, implementing our management information systems and financial accounting and reporting systems, establishing and maintaining effective internal control over financial reporting, and implementing operational procedures and disciplines to control costs and increase profitability. In the event we are able to acquire additional brands or restaurant concepts, the integration and operation of such acquisitions may place significant demands on our management, which could adversely affect our ability to manage our existing restaurants. In addition, we may be required to obtain additional financing to fund future acquisitions, but there can be no assurance that we will be able to obtain additional financing on acceptable terms or at all. ~~Health concerns arising from outbreaks of diseases, other than COVID-19, may have an adverse effect on our business. The outbreak of the COVID-19 pandemic in March 2020 had a number of adverse effects on our business and that of our franchisees, including temporary and permanent closures of restaurant locations, reduced or modified store operating hours, difficulties in staffing restaurants and supply chain disruptions. While the disruptions to our business from the COVID-19 pandemic have mostly subsided, the resurgence of COVID-19 or its variants, as well as an outbreak of other widespread health epidemics or pandemics, could cause a closure of restaurants and disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Furthermore, since diseases may be transmitted through human contact, the risk of contracting diseases could cause employees or guests to avoid gathering in public places, which could adversely affect restaurant guest traffic or the ability to adequately staff our restaurants. We could also be adversely affected if jurisdictions in which our restaurants operate impose mandatory closures, seek voluntary closures or impose restrictions on operations of restaurants. Even if such measures are not implemented and a virus or other disease, the perceived risk of infection or health risk may adversely affect our business.~~ Food safety and foodborne illness concerns may have an adverse effect on our business. Foodborne illnesses, such as E. coli, hepatitis A, trichinosis and salmonella, occur or may occur within our system from time to time. In addition, food safety issues such as food tampering, contamination and adulteration occur or may occur within our system from time to time. Any report or publicity linking one of our franchisee's restaurants, or linking our competitors or our industry generally, to instances of foodborne illness or food safety issues could adversely affect our brands and reputations as well as our revenues and profits, and possibly lead to product liability claims, litigation and damages. If a customer of one of our franchisees' restaurants becomes ill as a result of food safety issues, restaurants in our system may be temporarily closed, which would decrease our revenues. In addition, instances or allegations of foodborne illness or food safety issues, real or perceived, involving our franchised restaurants, restaurants of competitors, or suppliers or distributors (regardless of whether we use or have used those suppliers or distributors), or otherwise involving the types of food served at our franchisees' restaurants, could result in negative publicity that could adversely affect our revenues or the sales of our franchisees. Additionally, allegations of foodborne illness or food safety issues could result in litigation involving us and our franchisees. The occurrence of foodborne illnesses or food safety issues could also adversely affect the price and availability of affected ingredients, which could result in disruptions in our supply chain and / or lower revenues and margins for us and our franchisees. The sale of alcoholic beverages at Twin Peaks **and Smokey Bones** Restaurants subjects us to additional regulations and potential liability. The Twin Peaks **and Smokey Bones** restaurants that we own and operate sell alcoholic beverages, and we are therefore required to comply with the alcohol licensing requirements of the federal government, states and municipalities where such restaurants are located. Alcoholic beverage control regulations require applications to state authorities and, in certain locations, county and municipal authorities for a license and permit to sell alcoholic beverages on the premises and to provide service for extended hours and on Sundays. Typically, the licenses are renewed annually and may be revoked or suspended for cause at any time. Alcoholic beverage control regulations relate to numerous aspects of the daily operations of the restaurants, including minimum age of guests and employees, hours of operation, advertising, wholesale purchasing, inventory control and handling, storage and dispensing of alcoholic beverages. If we fail to comply with federal, state or local regulations, such licenses may be revoked and our Twin Peaks **and Smokey Bones** restaurants may be forced to terminate the sale of alcoholic beverages. Any termination of the sale of alcoholic beverages could have a significant negative impact on our revenues. Similarly, any reduction in state blood alcohol content limits on drivers, or laws relating to vehicle interlocking devices, could also have a significant negative impact on revenues of the Twin Peaks **and Smokey Bones** restaurants. In certain states in which Twin Peaks **and Smokey Bones** restaurants are situated, we may be subject to dram shop statutes. 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 individual. Recent litigation against restaurant chains has resulted in significant judgments and settlements under dram shop statutes. Because these cases often seek punitive damages, which may not be covered by insurance, such litigation could have an adverse impact on our business, results of operations or financial condition. Regardless of whether any claims against us or our Twin Peaks **and Smokey Bones** operations are valid or whether we are liable, claims may be expensive to defend and may divert time and money away from operations and hurt our financial performance. A judgment significantly in excess of insurance coverage or not covered by insurance could have a material adverse effect on our business, results of operations and financial condition. Adverse publicity resulting from these allegations may materially affect us and the Twin Peaks **and Smokey Bones** restaurants. In addition, it may not be possible to obtain adequate levels of insurance coverage in the future for alcohol related claims, and such coverage may not be available for reasonable insurance premiums .

The impact global and domestic economic conditions have on consumer discretionary spending and our costs of operations could materially adversely affect our financial performance. Geopolitical and macroeconomic events have impacted consumer spending and our costs of operations and may continue to do so for some time in the future. Dining out is a discretionary expenditure that is influenced by domestic and global economic conditions, including, but not limited to: geopolitical instability, including armed conflicts, supply shortages, interest rates (including recent interest rates above historical norms), unemployment, significant cost inflation, health emergencies including the COVID- 19 pandemic, consumer confidence, consumer purchasing and saving habits, credit conditions, stock market performance, home values, population growth, household incomes and tax policy. Material changes to governmental policy related to domestic and international fiscal concerns, and / or changes in central bank policies with respect to monetary policy, also could affect consumer discretionary spending. Any factor affecting consumer discretionary spending may influence customer traffic in our restaurants and average check amount, thus potentially having a material impact on our financial performance. Furthermore, negative economic conditions resulting from war, terrorist activities, global economic occurrences or trends or other geopolitical events or conflicts could cause consumers to make long- term changes to their discretionary spending behavior, whether on a temporary, extended or permanent basis. Reductions in staff levels and restaurant closures could result from prolonged negative economic conditions, which could materially adversely affect our business, financial condition or results of operations .

Our success depends substantially on our corporate reputation and on the value and perception of our brands. Our success depends in large part upon our and our franchisees' ability to maintain and enhance the value of our brands and our customers' loyalty to our brands. Brand value is based in part on consumer perceptions on a variety of subjective qualities. Business incidents, whether isolated or recurring, and whether originating from us, franchisees, competitors, suppliers or distributors, can significantly reduce brand value and consumer trust, particularly if the incidents receive considerable publicity or result in litigation. For example, our brands could be damaged by claims or perceptions about the quality or safety of our products or the quality or reputation of our suppliers, distributors or franchisees, regardless of whether such claims or perceptions are true. Similarly, entities in our supply chain may engage in conduct, including alleged human rights abuses or environmental wrongdoing, and any such conduct could damage our or our brands' reputations. Any such incidents (even if resulting from actions of a competitor or franchisee) could cause a decline directly or indirectly in consumer confidence in, or the perception of, our brands and / or our products and reduce consumer demand for our products, which would likely result in lower revenues and profits. Additionally, our corporate reputation could suffer from a real or perceived failure of corporate governance or misconduct by a company officer, or an employee or representative of us or a franchisee. Failure to protect our service marks or other intellectual property could harm our business. We regard our service marks and trademarks related to our franchise restaurant businesses, as having critical importance to our future operations and marketing efforts. We rely on a combination of protections provided by contracts, copyrights, patents, trademarks, service marks and other common law rights, such as trade secret and unfair competition laws, to protect our franchised restaurants and services from infringement. We have registered certain trademarks and service marks in the U. S. and foreign jurisdictions. However, from time to time we become aware of names and marks identical or confusingly similar to our service marks being used by other persons. Although our policy is to oppose any such infringement, further or unknown unauthorized uses or other misappropriation of our trademarks or service marks could diminish the value of our brands and adversely affect our business. In addition, effective intellectual property protection may not be available in every country in which our franchisees have, or intend to open or franchise, a restaurant. There can be no assurance that these protections will be adequate and defending or enforcing our service marks and other intellectual property could result in the expenditure of significant resources. We may also face claims of infringement that could interfere with the use of the proprietary know how, concepts, recipes, or trade secrets used in our business. Defending against such claims may be costly, and we may be prohibited from using such proprietary information in the future or forced to pay damages, royalties, or other fees for using such proprietary information, any of which could negatively affect our business, reputation, financial condition, and results of operations. If our franchisees are unable to protect their customers' credit card data and other personal information, our franchisees could be exposed to data loss, litigation, and liability, and our reputation could be significantly harmed. Privacy protection is increasingly demanding, and the use of electronic payment methods and collection of other personal information expose our franchisees to increased risk of privacy and / or security breaches as well as other risks. The majority of our franchisees' restaurant sales are by credit or debit cards. In connection with credit or debit card transactions in- restaurant, our franchisees collect and transmit confidential information by way of secure private retail networks. Additionally, our franchisees collect and store personal information from individuals, including their customers and employees. If a person is able to circumvent our franchisees' security measures or those of third parties, he or she could destroy or steal valuable information or disrupt our operations. Our franchisees may become subject to claims for purportedly fraudulent transactions arising out of the actual or alleged theft of credit or debit card information, and our franchisees may also be subject to lawsuits or other proceedings relating to these types of incidents. Any such claim or proceeding could cause our franchisees to incur significant unplanned expenses, which could have an adverse impact on our financial condition, results of operations and cash flows. Further, adverse publicity resulting from these allegations could significantly harm our reputation and may have a material adverse effect on us and our franchisees' business. We and our franchisees rely on computer systems to process transactions and manage our business, and a disruption or a failure of such systems or technology could harm our ability to effectively manage our business. Network and information technology systems are integral to our business. We utilize various computer systems, including our franchisee reporting system, by which our franchisees report their weekly sales and pay their corresponding royalty fees and required advertising fund contributions. When sales are reported by a franchisee, a withdrawal for the authorized amount is initiated from the franchisee' s bank on a set date each week based on gross sales during the week ended the prior Sunday. This system is critical to our ability to accurately track sales and compute royalties and advertising fund

contributions and receive timely payments due from our franchisees. Our operations depend upon our ability to protect our computer equipment and systems against damage from physical theft, fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, viruses, worms and other disruptive problems. Any damage or failure of our computer systems or network infrastructure that causes an interruption in our operations could have a material adverse effect on our business and subject us to litigation or actions by regulatory authorities. Despite the implementation of protective measures, our systems are subject to damage and / or interruption as a result of power outages, computer and network failures, computer viruses and other disruptive software, security breaches, catastrophic events, and improper usage by employees. Such events could result in a material disruption in operations, a need for a costly repair, upgrade or replacement of systems, or a decrease in, or in the collection of, royalties and advertising fund contributions paid to us by our franchisees. To the extent that any disruption or security breach were to result in a loss of, or damage to, our data or applications, or inappropriate disclosure of confidential or proprietary information, we could incur liability which could materially affect our results of operations. It is also critical that we establish and maintain certain licensing and software agreements for the software we use in our day- to- day operations. A failure to procure or maintain these licenses could have a material adverse effect on our business operations. Our business may be adversely affected by cybersecurity incidents, which result in unauthorized access, theft, modification or destruction of confidential information that is stored in our systems or by third parties on our behalf. Cybersecurity incidents or other unauthorized access to systems may result in disruption to our operations, corruption or theft of critical data, confidential information or intellectual property. As reliance on technology continues to grow and more business activities have shifted online, the risk associated with any cybersecurity incidents have grown. While we and our third- party vendors have implemented security systems and infrastructure to prevent, detect and / or mitigate the risk of unauthorized access to technology systems or platforms, there can be no assurance that these measures will be effective. Any cybersecurity or similar incident involving confidential information of our business, our franchisees or our restaurant customers could result in negative publicity, damage to our reputation, a loss of revenues, disruption of our business, litigation and regulatory actions. Additional capital investments might be required to remediate any problems, infringements, misappropriations or other third- party claims. The retail food industry in which we operate is highly competitive. The retail food industry in which we operate is highly competitive with respect to price and quality of food products, new product development, advertising levels and promotional initiatives, customer service, reputation, restaurant location, and attractiveness and maintenance of properties. If consumer or dietary preferences change, if our marketing efforts are unsuccessful, or if our franchisees' restaurants are unable to compete successfully with other retail food outlets in new and existing markets, our business could be adversely affected. We also face growing competition as a result of convergence in grocery, convenience, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and entrees with side dishes. Competition from delivery aggregators and other food delivery services has also increased in recent years, particularly in urbanized areas. Increased competition could have an adverse effect on our sales, profitability or development plans, which could harm our financial condition and operating results. Supply chain shortages or interruptions in the availability and delivery of food and other supplies may increase costs or reduce revenues. The food products sold by our franchisees and in our company- owned restaurants, and the raw materials used in their these restaurants, are sourced from a variety of domestic and international vendors, suppliers and distributors. We, along with our franchisees, are also dependent upon third parties to make frequent deliveries of food products and supplies that meet our specifications at competitive prices. Shortages or interruptions in the supply of food items, raw materials and other supplies to our franchisees' restaurants could adversely affect the availability, quality and cost of items we use and the operations of our franchisees' and company- owned restaurants. If such shortages result in increased cost of food items and supplies, we and our franchisees may not be able to pass along all of such increased costs to restaurant customers. Such shortages or disruptions could be caused by inclement weather, natural disasters, increased demand, problems in production or distribution, restrictions on imports or exports, the inability of vendors to obtain credit, political instability in the countries in which suppliers and distributors are located, the financial instability of suppliers and distributors, suppliers' or distributors' failure to meet our standards, product quality issues, inflation, the price of gasoline, other factors relating to the suppliers and distributors and the countries in which they are located, food safety warnings or advisories or the prospect of such pronouncements, the cancellation of supply or distribution agreements or an inability to renew such arrangements or to find replacements on commercially reasonable terms, or other conditions beyond our control or the control of our franchisees or us. Increasing weather volatility or other long- term changes in global weather patterns, including any changes associated with global climate change, could have a significant impact on the price, availability and timing of delivery of some of our ingredients. If inflation in food ingredients or supplies persists, our financial condition and business operations could be adversely impacted. A shortage or interruption in the availability of certain food products, raw materials or supplies could increase costs and limit the availability of products critical to our franchisees' and company- owned restaurant operations, which in turn could lead to restaurant closures and / or a decrease in sales and therefore, and a reduction in our revenues and royalty fees paid to us. In addition, failure by a key supplier or distributor to our franchisees to meet its service requirements could lead to a disruption of service or supply until a new supplier or distributor is engaged, and any disruption could have an adverse effect on our franchisees and therefore our business. See " Business — Supply Chain Assistance. "

Climate change and the shift to more sustainable business practices could negatively affect our business or damage our reputation. Climate change may increase the risk of severe weather or the risk that those events happen more frequently, which could cause negatively affect restaurant sales volumes in some of the markets in which we operate and may result in decreased availability or less favorable pricing for certain commodities used in our products, such as beef, chicken and dairy. In addition, climate change may increase the frequency or severity of natural disasters and other extreme weather conditions, which could disrupt our supply chain generally or otherwise impact demand for our products. Also, concern over climate change and other sustainable business practices may result in new or increased legal and regulatory requirements or generally accepted business

practices, which could significantly increase our costs. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in the cost of raw materials, taxes, transportation and utilities, which could affect our results of operations and necessitate future investments in facilities and equipment. In addition, a failure to reduce our greenhouse gas emissions or adopt other sustainable business practices or the perception of a failure to act responsibly with respect to the environment or to effectively respond to regulatory requirements concerning climate change or other sustainable business practices can lead to adverse publicity, diminish the value of our brands and result in an adverse effect on our business. Our business may be adversely impacted by changes in consumer discretionary spending, general economic conditions, or consumer behavior. Purchases at our franchisees' restaurants are generally discretionary for consumers and, therefore, our results of operations are susceptible to economic slowdowns and recessions. Our results of operations are dependent upon discretionary spending by customers of our franchisees' restaurants, which may be affected by general economic conditions globally or in one or more of the markets we serve. Some of the factors that impact discretionary consumer spending include unemployment rates, fluctuations in the level of disposable income, the price of gasoline, stock market performance, changes in the level of consumer confidence, and long-term changes in consumer behavior related to social distancing behaviors resulting from COVID-19 or other widespread health events. These and other macroeconomic factors could have an adverse effect on sales at our franchisees' restaurants, which could lead to an adverse effect on our profitability or development plans and harm our financial condition and operating results. Our expansion into international markets exposes us to a number of risks that may differ in each country where we have franchised restaurants. We currently have franchised restaurants in 40-38 countries, including 48-49 states within the United States, and we plan to continue to grow internationally. Expansion in international markets may be affected by local economic and market as well as geopolitical conditions. Therefore, as we expand internationally, our franchisees may not experience the operating margins we expect, and our growth and our results of operations and growth may be materially and adversely affected. Our financial condition and results of operations may be adversely affected if global markets in which our franchised restaurants compete are affected by changes in political, economic or other factors. These factors, over which neither our franchisees nor we have control, may include such issues as (but not limited to): • recessionary or expansive trends in international markets; • changing labor conditions and difficulties in staffing and managing our foreign operations; • increases in the taxes we pay and other changes in applicable tax laws; • legal and regulatory changes, and the burdens and costs of our compliance with a variety of foreign laws; • changes in inflation rates; • changes in exchange rates and the imposition of restrictions on currency conversion or the transfer of funds; • difficulty in protecting our brand, reputation and intellectual property; • difficulty in collecting our royalties and longer payment cycles; • expropriation of private enterprises; • increases in anti-American sentiment and the identification of our brands as American brands; • political and economic instability; and • other external factors. We depend on key executive management. We depend on the leadership and experience of our relatively small number of key executive management personnel. The loss of the services of any of our executive management members could have a material adverse effect on our business and prospects, as we may not be able to find suitable individuals to replace such personnel on a timely basis or without incurring increased costs, or at all. ~~We do not maintain key person life insurance policies on any of our executive officers other than Andrew Wiederhorn. We~~ believe that our future success will depend on our continued ability to attract and retain highly skilled and qualified personnel. There is a high level of competition for experienced, successful personnel in our industry. Our inability to meet our executive staffing requirements in the future could impair our growth and harm our business. Labor shortages or difficulty finding qualified employees could slow our growth, harm our business and reduce our profitability. Restaurant operations are highly service oriented, and our success depends in part upon our franchisees' and our ability to attract, retain and motivate a sufficient number of qualified employees, including restaurant managers and other crew members. The market for qualified employees in our industry is very competitive. Any future inability to recruit and retain qualified individuals may delay the planned openings of new restaurants by us and our franchisees and could adversely impact our existing franchised and company owned restaurants. Any such delays, material increases in employee turnover rate or widespread employee dissatisfaction could have a material adverse effect on our and our franchisees' business and results of operations. In addition, strikes, work slowdowns or other job actions may become more common in the United States. Although none of the employees employed by our franchisees or by us are represented by a labor union or are covered by a collective bargaining agreement, in the event of a strike, work slowdown or other labor unrest, the ability to adequately staff our restaurants could be impaired, which could result in reduced revenue and customer claims, and may distract our management from focusing on our business and strategic priorities. Changes in labor and other operating costs could adversely affect our results of operations. An increase in the costs of employee wages, benefits and insurance (including workers' compensation, general liability, property and health) **at our franchised and corporate owned restaurants** could result ~~arise~~ **from government imposition of higher** **an increase in the federal or state** ~~wages- wage~~ or from general economic or competitive conditions. In addition, competition for qualified employees could compel **us or** our franchisees to pay higher wages to attract or retain key crew members, which could result in higher labor costs and decreased profitability. ~~Any~~ **As more state and local jurisdictions implement minimum wage increases, we expect that labor costs will continue to increase. For example, California recently adopted a state-wide minimum wage of \$ 20 per hour for employees of restaurants that are part of a national fast food chain effective April 1, 2024. The increased labor costs at certain of our franchised restaurants in California could impact their profitability and the desire to open new stores or renew their franchise agreements for existing stores and result in price increases, which could impact demand for our products or lead to operational changes. Further, the California law could prompt similar legislation in other states or localities. A material** increase in labor expenses, as well as increases in general operating costs such as rent and energy, could adversely affect our franchisees' profit margins, their sales volumes and their ability to remain in business, which would adversely affect our results of operations. Risks Related to Government Regulation and Litigation The Company faces risks related to pending government investigations. The government investigations mentioned below in Item 3,

Legal Proceedings present certain risks. At this stage, we are not able to reasonably estimate the outcome or duration of these investigations, nor can we predict what consequences any investigation may have on us, including significant legal and accounting expenses. Moreover, there could be developments of which we are not aware, which could result in further proceedings against our Company, Mr. Wiederhorn and our other directors, officers and employees. These matters may also divert management's attention from other business concerns, or result in the loss of the services of Mr. Wiederhorn or our other directors, officers or employees, which could harm the business and could result in reputational damage. Any proceedings commenced against us or Mr. Wiederhorn by a regulatory agency could result in administrative orders, the imposition of penalties and / or fines, and the imposition of sanctions against us, Mr. Wiederhorn and other of our current or former officers, directors and employees. These investigations, the results of the investigations or remedial actions that we have taken or may take as a result of such investigations may materially adversely affect our business, financial condition and reputation. If we are subject to adverse findings resulting from the U. S. Attorney or SEC investigations, or from our own independent investigations, we could be required to pay damages and / or penalties or have other remedies imposed on us, and the Company or our officers, directors or employees may be subject to additional civil litigation against the Company or our officers and directors regarding such matters. We maintain director and officer liability insurance for losses or advancement of defense costs in the event legal actions are brought against the Company's directors, officers or employees for alleged wrongful acts in their capacity as directors, officers or employees. Such insurance contains certain customary exclusions that may make it unavailable to the Company or our directors and officers in the event it is needed; and, in any case, such insurance may not be adequate to fully protect the Company against liability for the conduct of its directors, officers or employees or the Company's indemnification obligations to its directors and officers. We are a party to stockholder litigation which could negatively impact our business, operating results and financial condition. We may incur additional costs in connection with the defense or settlement of existing and any future stockholder litigation, including the stockholder litigation that has been brought against us and certain of our directors. See " Part I, Item 3. Legal Proceedings" below. Subject to certain limitations, we are obligated to indemnify our directors in connection with the litigation and any related litigation or settlement amounts, which may be time- consuming, result in significant expense and divert the attention and resources of our management away from our operating business matters. An unfavorable financial outcome that exceeds coverage provided under our insurance policies, could have an adverse effect on our financial condition and results of operations and could harm our reputation. We could be party to litigation that could adversely affect us by increasing our expenses, diverting management attention or subjecting us to significant monetary damages and other remedies. We may become involved in legal proceedings involving consumer, employment, real estate related, tort, intellectual property, breach of contract, securities, derivative and other litigation. Plaintiffs in these types of lawsuits often seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may not be accurately estimated. Regardless of whether any such claims have merit, or whether we are ultimately held liable or settle, such litigation may be expensive to defend and may divert resources and management attention away from our operations and negatively impact reported earnings. With respect to insured claims, a judgment for monetary damages in excess of any insurance coverage could adversely affect our financial condition or results of operations. Any adverse publicity resulting from these allegations may also adversely affect our reputation, which in turn could adversely affect our results of operations. Our subsidiary Fog Cutter Acquisition, LLC is a party to environmental litigation which could result in significant legal expenses whether or not it is resolved favorably. As described in this Annual Report under " Item 3. Legal Proceedings ", our subsidiary Fog Cutter Capital Group Inc. (now known as Fog Cutter Acquisition, LLC), is a party to litigation entitled Stratford Holding LLC v. Foot Locker Retail Inc. for alleged environmental contamination stemming from dry cleaning operations on a property which was included in a lease portfolio managed by a former subsidiary of Fog Cutter. The property owners seek damages in the range of \$ 12 million to \$ 22 million in the aggregate from all defendants. The Company is unable to predict the ultimate outcome of this matter, and reserves have been recorded on the balance sheet relating to this litigation. There can be no assurance that Fog Cutter Acquisition, LLC will be successful in defending against this action, and an unfavorable outcome in excess of the reserves could have a material adverse effect on our financial condition and results of operations. Changes in, or noncompliance with, governmental regulations may adversely affect our business operations, growth prospects or financial condition. We and our franchisees are subject to numerous laws and regulations around the world. These laws change regularly and are increasingly complex. For example, we and our franchisees are subject to laws and regulations such as (but not limited to):

- Government orders regarding the response to health and other public safety concerns such as the various restrictions on business operations relating to the COVID- 19 pandemic being experienced in 2020;
- The Americans with Disabilities Act in the U. S. and similar state laws that give civil rights protections to individuals with disabilities in the context of employment, public accommodations and other areas;
- The U. S. Fair Labor Standards Act, which governs matters such as minimum wages, overtime and other working conditions, as well as family leave mandates and a variety of similar state laws that govern these and other employment law matters;
- Laws and regulations in government mandated health care benefits such as the Patient Protection and Affordable Care Act;
- Laws and regulations relating to nutritional content, nutritional labeling, product safety, product marketing and menu labeling;
- Laws relating to state and local licensing;
- Laws relating to the relationship between franchisors and franchisees;
- Laws and regulations relating to health, sanitation, food, workplace safety, child labor, including laws prohibiting the use of certain " hazardous equipment " by employees younger than the age of 18 years of age, and fire safety and prevention;
- Laws and regulations relating to union organizing rights and activities;
- Laws relating to information security, privacy, cashless payments, and consumer protection;
- Laws relating to currency conversion or exchange;
- Laws relating to international trade and sanctions;
- Tax laws and regulations;
- Antibribery and anticorruption laws;
- Environmental laws and regulations; and
- Federal and state immigration laws and regulations in the U. S. Compliance with new or existing laws and regulations could impact our operations. The compliance costs associated with these laws and regulations could be substantial. Any failure or alleged failure to comply with these laws or regulations by our franchisees or indirectly by us could

adversely affect our reputation, international expansion efforts, growth prospects and financial results or result in, among other things, litigation, revocation of required licenses, internal investigations, governmental investigations or proceedings, administrative enforcement actions, fines and civil and criminal liability. Publicity relating to any such noncompliance could also harm our reputation and adversely affect our revenues. ~~In addition, if any governmental authority were to adopt and implement a broader standard for determining when two or more otherwise unrelated employers may be found to be a joint employer of the same employees under laws such as the National Labor Relations Act in a manner that is applied generally to franchise relationships (which broader standards in the past have been adopted by U. S. governmental agencies such as the National Labor Relations Board), this could cause us to be liable or held responsible for unfair labor practices and other violations of our franchisees. Further, a California law enacted in 2019 adopted an employment classification test to be used when determining employee or independent contractor status which establishes a high threshold to obtain independent contractor status. These laws and any similar laws enacted at the federal, state or local level, could increase our and our franchisees' labor costs and decrease profitability or could cause employees of our franchisees to be deemed to be our employees. In January 2022, the California State Assembly passed Assembly Bill (AB) No. 257, the Fast Food Accountability and Standards Recovery Act (FAST Recovery Act), and Governor Gavin Newsom signed the bill into law on September 5, 2022. The FAST Recovery Act provides increased rights to the state's fast-food workers. The FAST Recovery Act is poised to create the Fast Food Sector Council within the California Department of Industrial Relations (DIR). Under the law, the Fast Food Sector Council will establish specific new minimum standards on wages, maximum working hours, and working conditions related to the health, safety, and welfare of fast-food restaurant workers at restaurants with at least 100 establishments nationwide. The FAST Recovery Act will also, among other things, institute statutory requirements aimed at expanding fast-food franchisors' liability for certain acts of its franchisees. In January 2023, the implementation of the FAST Recovery Act was enjoined by a court pending the results of a statewide effort to overturn the FAST Recovery Act through a referendum on the California ballot in November 2024. If and when the referendum challenging AB 257 qualifies for the ballot, the law will be put on hold until the vote in November 2024. If and when it is sustained and implemented in its current form, the FAST Recovery Act is likely to increase our franchisees' labor and compliance costs and decrease profitability at our California restaurants.~~ **A broader standard for determining joint employer status recently adopted by the NLRB may adversely affect our business operations and increase our liabilities resulting from actions by our franchisees. In October 2023, the National Labor Relations Board ("NLRB") issued a final rule adopting a new and broader standard for determining when two or more otherwise unrelated employers may be found to be a joint employer of the same employees under the National Labor Relations Act. Under the new standard, an entity, such as a franchisor, may be considered a joint employer of another entity's employees if they share or codetermine one or more of the employees' essential terms and conditions of employment, as defined in the new rule. The new standard considers the authority to control essential terms and conditions of employment, whether or not such control is exercised, and without regard to whether any such exercise of control is direct or indirect. The final rule was scheduled to become effective on February 26, 2024, but was recently vacated by a federal district court in Texas. The court's decision to vacate the rule may be appealed and the original rule could be restored by an appellate court. If the original rule is restored on appeal or a similar rule is adopted in the future by the NLRB, the joint employer standard could cause us to be considered a joint employer of our franchisees' employees, which could cause us to be held liable or responsible for unfair labor practices, violations of wage and hour laws, and other violations by our franchisees, and require us to conduct collective bargaining negotiations regarding employees of our franchisees. The joint employer standard could also make it easier to organize our franchisees' staff into labor unions, and provide the staff and their union representatives with bargaining power to request that our franchisees raise wages. The effects of these changes could require us to modify our business practices, and could result in increased litigation, governmental investigations or proceedings, administrative enforcement actions, fines and civil penalties.** Failure to comply with antibribery or anticorruption laws could adversely affect our business operations. The U. S. Foreign Corrupt Practices Act and other similar applicable laws prohibiting bribery of government officials and other corrupt practices are the subject of increasing emphasis and enforcement around the world. Although we have implemented policies and procedures designed to promote compliance with these laws, there can be no assurance that our employees, contractors, agents, franchisees or other third parties will not take actions in violation of our policies or applicable law, particularly as we expand our operations in emerging markets and elsewhere. Any such violations or suspected violations could subject us to civil or criminal penalties, including substantial fines and significant investigation costs, and could also materially damage our reputation, brands, international expansion efforts and growth prospects, business and operating results. Publicity relating to any noncompliance or alleged noncompliance could also harm our reputation and adversely affect our revenues and results of operations. Risks Related to Our Class A Common Stock and Organizational Structure We are controlled by Fog Cutter Holdings LLC, whose interests may differ from those of our public stockholders. Fog Cutter Holdings LLC controls approximately 55.25% of the voting power of our Common Stock and has significant influence over our corporate management and affairs and is able to control virtually all matters requiring stockholder approval, including election of directors and significant corporate transactions. **Since a majority of the outstanding voting power of our capital stock is held by one entity, we are considered a "controlled company" under the corporate governance rules of The Nasdaq Stock Market LLC. Under these rules, we are not required to have a majority of our Board of Directors be independent, nor are we required to have a compensation committee or independent nominating function.** It is possible that the interests of Fog Cutter Holdings LLC may, in some circumstances, conflict with our interests and the interests of our other stockholders. The dual class structure of our Common Stock concentrates voting control with current holders of Class B Common Stock, and limits the ability of holders of our Class A Common Stock to influence corporate matters. Our Class B Common Stock has 2,000 votes per share, and our Class A Common Stock has one vote per share. The holders of Class B Common Stock collectively

will likely be able to control all matters submitted to our stockholders for approval even if additional shares of Class A Common Stock are issued. This concentrated control will limit the ability of holders of our Class A Common Stock to influence corporate matters for the foreseeable future, and, as a result, the market price of our Class A Common Stock could be adversely affected. ~~We have not elected to take advantage of the “controlled company” exemption to the corporate governance rules for companies listed on The Nasdaq Capital Market.~~ Our anti-takeover provisions could prevent or delay a change in control of our company, even if such change in control would be beneficial to our stockholders. Provisions of our amended and restated certificate of incorporation and bylaws as well as provisions of Delaware law could discourage, delay or prevent a merger, acquisition or other change in control of our company, even if such change in control would be beneficial to our stockholders. These provisions include:

- dual class structure of our Common Stock, which concentrates voting control with the current holders of Class B Common Stock;
- net operating loss protective provisions, which require that any person wishing to become a “5 % shareholder” (as defined in our certificate of incorporation) must first obtain a waiver from our Board of Directors, and any person that is already a “5 % shareholder” of ours cannot make any additional purchases of our stock without a waiver from our board of directors;
- authorizing the issuance of “blank check” preferred stock that could be issued by our Board of Directors to increase the number of outstanding shares and thwart a takeover attempt;
- limiting the ability of stockholders to call special meetings or amend our bylaws;
- requiring all stockholder actions to be taken at a meeting of our stockholders; and
- establishing advance notice and duration of ownership requirements for nominations for election to the board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

These provisions could also discourage proxy contests and make it more difficult for minority stockholders to elect directors of their choosing and cause us to take other corporate actions they desire. In addition, because our Board of Directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. In addition, the Delaware General Corporation Law, or the DGCL, to which we are subject, prohibits us, except under specified circumstances, from engaging in any mergers, significant sales of stock or assets or business combinations with any stockholder or group of stockholders who owns at least 15 % of our common stock. We may continue to issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Common Stock, which could depress the price of our Common Stock. Our amended and restated certificate of incorporation authorizes us to issue one or more series of preferred stock. Our board of directors has the authority to determine the preferences, limitations and relative rights of the shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. We may authorize or issue shares of preferred stock with voting, liquidation, dividend and other rights superior to the rights of our Common Stock. To date we have authorized and outstanding shares of Series B Preferred Stock, which have liquidation and dividend rights superior to the rights of our Common Stock. The potential issuance of preferred stock may also delay or prevent a change in control of us, discourage bids for our Common Stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our Common Stock. The provision of our certificate of incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers. Our amended and restated certificate of incorporation requires, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or the bylaws or (iv) any action asserting a claim against us governed by the internal affairs doctrine will have to be brought only in the Court of Chancery in the State of Delaware. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers. If our operating and financial performance in any given period does not meet the guidance that we provide to the public, our stock price may decline. We may provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward-looking statements subject to the risks and uncertainties described in our public filings and public statements. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. If our operating or financial results for a particular period do not meet any guidance we provide or the expectations of investment analysts or if we reduce our guidance for future periods, the market price of our Class A Common Stock or Class B Common Stock may decline as well. Our ability to pay regular dividends to our stockholders is subject to the discretion of our Board of Directors and may be limited by our holding company structure and applicable provisions of Delaware law. While we have paid cash or stock dividends to holders of our Common Stock in each fiscal year since 2018 and our Series B Preferred Stock since it was first issued, our board of directors may, in its sole discretion, decrease the amount or frequency of cash or stock dividends or discontinue the payment of dividends entirely. In addition, as a holding company, we will be dependent upon the ability of our operating subsidiaries to generate earnings and positive cash flows and distribute them to us so that we may pay cash dividends to our stockholders. Our ability to pay cash dividends will be subject to our consolidated operating results, cash assets and requirements and financial condition, the applicable provisions of Delaware law which may limit the amount of funds available for distribution to our stockholders, our compliance with covenants and financial ratios related to existing or future indebtedness, and our other agreements with third parties. In addition, each of the companies in the corporate chain must manage its assets, liabilities and working capital in order to meet all of its cash obligations, including the payment of dividends or distributions.