Risk Factors Comparison 2024-02-29 to 2023-02-23 Form: 10-K

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We are subject to risks that could have a negative effect on our business, financial condition and results of operations. These risks could cause actual operating results to differ from those expressed in certain " forward- looking statements " contained in this Form 10- K as well as in other Company communications. You should carefully consider the following risk factors together with all other information included in this Form 10- K and our other publicly filed documents. Industry and Macroeconomic Risks Economic conditions in the U. S. and international markets could adversely affect our business and financial results. Our financial condition and results of operations are impacted by global markets and economic conditions over which neither we nor our franchisees have control. An economic downturn or recession, including deterioration in the economic conditions in the U. S. or international markets where we ~~compete~~ **or our franchisees operate** , or a slowing or stalled recovery therefrom, may have a material adverse effect on our business, financial condition or results of operations, including a reduction in the demand for our products, longer payment cycles, slower adoption of new technologies and increased price competition. Poor economic conditions have in the past adversely affected and may in the future affect the ability of our franchisees to pay royalties or amounts owed and could also disrupt our business and adversely affect our results. Higher inflation, and a related increase in costs, including ~~rising~~ **elevated** interest rates, as well **as** currency restrictions and changes in foreign exchange rates, have impacted our franchisees and their ability to pay royalties, open new restaurants or operate existing restaurants profitably. As we navigate this environment, we may need to offer support for certain franchisees in the form of royalty relief, loans or other support, close unprofitable restaurants or markets, and / or consider other alternatives such as acquiring or purchasing ~~franchise~~ **franchised** restaurants, QC Centers or operations to operate them until they can be refranchised. In addition, adverse macroeconomic conditions **, unforeseen geopolitical events,** and other business- related changes in circumstances outside of our control ~~may~~ **have required us to close restaurants in the past and** ~~impact~~ **impacted** our ability to **collect royalties and / or** achieve our net unit development targets. Our business, financial condition and results of operations have been and could continue to be adversely affected by ~~deteriorating~~ **depressed** economic and business conditions in the United Kingdom. There are **approximately** ~~more than~~ 500 ~~franchised~~ Papa John' s restaurants located in the United Kingdom, and we also operate an International QC Center in the United Kingdom. **In addition, the Company' s UK subsidiary also holds the master leases for nearly all of the corporate and franchise restaurant locations, which exposes us to rent liability.** During 2022 **and 2023** , our business in the United Kingdom was subject to adverse macroeconomic conditions, including ~~high~~ inflation, ~~rising~~ **elevated** interest rates, ~~an~~ **the** energy crisis, slowing economic growth, **and** volatile exchange rates ~~, and an increased VAT tax rate~~ , which resulted in negative comparable sales and a challenging operating environment for our franchisees. These challenges also impacted the financial condition of our UK franchisees. We expect some of these conditions to continue in ~~2023~~ **2024** . As we navigate this challenging economic environment, we are investing in capabilities to improve our operations and ~~are~~ working to re- position the franchise base to further strengthen our business in the United Kingdom **by exiting poorly performing franchisees and permanently closing certain restaurants** . ~~If our~~ **We also established a Company- owned restaurant portfolio in the United Kingdom in 2023, acquiring 118 Papa Johns restaurants in an** ~~efforts~~ **effort** to re- position the **market. These Company- owned restaurants have incurred operating losses as we continue to evaluate current operational capabilities and implement improvements in revenue management capabilities, product and technological innovation and operational efficiencies to improve sales and restaurant- level profitability over the longer term. If our efforts to re- position the** franchise base **or improve the profitability of our Company- owned restaurants** are unsuccessful, we might need to find new operators for certain unprofitable restaurants and / or close **unprofitable locations in** ~~them~~ **the future** , which **would trigger certain lease and / or loan impairments, and** could adversely impact the Company' s financial condition and results of ~~operation~~ **operations** in the region. In addition, the Company ~~is providing~~ **has provided** financial support to certain franchisees in the United Kingdom, including in the form of marketing support and loans. This franchisee support may not be sufficient to keep restaurants in the United Kingdom from closing, particularly if current economic conditions worsen **, or our franchisees may not be able to repay their loans, pay royalties, and / or make rent payments under sub- leases with us** . The Company is unable to predict the duration or the extent of the macroeconomic deterioration in the United Kingdom or the extent to which **our corporate and** franchised restaurants will be impacted. We are also subject to ongoing risks and uncertainties associated with the United Kingdom' s withdrawal from the European Union (referred to as " Brexit "), including implications for the free flow of labor and goods in the United Kingdom and the European Union and other financial, legal, tax and trade implications. **We have recently acquired Company- owned restaurants in the United Kingdom, and are subject to increased risks presented by owning and operating restaurants internationally. We recently acquired formerly- franchised Papa Johns restaurants located in the United Kingdom, and may purchase additional restaurants in the United Kingdom. Previously, all of the Papa Johns restaurants located in our International operations segment were franchised. As a result, the Company is exposed to risks of owning and operating restaurants located in the United Kingdom, including those related to business licensing and administrative challenges, lease liabilities, international economic and political conditions, currency regulations and fluctuations, compliance with international privacy and information security laws and regulations, the ability to adapt to differing cultures or consumer preferences, diverse government regulations and tax systems, the ability to identify, attract and retain experienced management and employee populations, and other legal, financial or regulatory impediments to the development or operation of the restaurants.** Our business, financial condition and results of operations could be adversely affected by disruptions in the global economy caused by the ongoing conflict between Russia and Ukraine ~~or~~ **, and** other **actual and** potential conflicts. The global economy has been negatively impacted by the military conflict in Ukraine. Furthermore, governments in the United States, United Kingdom, and European Union have each imposed export controls on certain products and financial and economic sanctions on certain industry sectors and parties in Russia. The Company has no company- owned restaurants in Russia or Ukraine and has suspended corporate support for its master franchisee in Russia, which operates and supplies all 188 franchised Papa John' s restaurants there. The Company is unable to predict how long the current environment will last or if it will resume corporate support to impacted franchised restaurants. **The Company also has franchise locations in Israel and a significant franchise presence in the Middle East. In connection with the ongoing conflict in Gaza, some of our franchisees in the Middle East have experienced boycotts resulting in decreased development prospects, sales and profitability. The Company is unable to predict how long the current environment will last or the long- term impact to these franchised locations.** In addition, our international business is subject to the risks of other geopolitical tensions and conflicts, including, for example, the ongoing ~~military conflict~~ **conflicts** ~~between Russia and Ukraine~~ described above ~~,~~ and changes in China- Taiwan and United States- China relations. We have franchised restaurants located in China ~~and~~ **,** South Korea **, Israel and the Middle East** . Although we do not do business in North Korea, any future increase in tensions between South Korea and North Korea, such as an outbreak or escalation of military hostilities, or between Taiwan and China could materially adversely affect our operations in Asia or the global economy, which in turn would adversely impact our business **. Likewise, an escalation of the conflict in Gaza could materially adversely affect our operations in Israel, Jordan, Egypt and other countries in the Middle East** . Our International operations are subject to increased risks and other factors that may make it more difficult to achieve or maintain profitability or meet planned growth rates. Our International operations could be negatively impacted by volatility and instability in international economic, political, security, or health conditions in the countries in which the Company or our franchisees operate, especially in emerging markets. In addition, there are risks associated with differing business and social cultures and consumer preferences. We may face limited availability for restaurant locations, higher location costs and difficulties in franchisee selection and financing. We may be subject to difficulties in sourcing and importing high-quality ingredients (and ensuring food safety) in a cost- effective manner, hiring and retaining qualified team members, marketing effectively and adequately investing in information technology, especially in emerging markets. Our International operations are also subject to additional risk factors, including import and export controls, compliance with anti- corruption and other foreign laws, difficulties enforcing intellectual property and contract rights in foreign jurisdictions, the imposition of increased or new tariffs or trade barriers and potential government seizures or nationalization. We intend to continue to expand internationally, which would make the risks related to our International operations more significant over time. Our International restaurants' results, which are **almost** completely franchised, depend heavily on the operating capabilities and financial strength of our franchisees. Any changes in the ability of our franchisees to run their restaurants profitably in accordance with our operating standards, or to effectively sub- franchise restaurants, could result in brand damage, a higher number of restaurant closures and a reduction in the number of new restaurant openings (which could cause us to miss our net unit development targets) ~~. For example, we currently have a large international franchisee restructuring its financing in Chile~~ . Sales made by our franchisees in international markets and certain loans we provide to such franchisees are denominated in their local currencies, and fluctuations in the U. S. dollar occur relative to the local currencies. Accordingly, changes in currency exchange rates will cause our revenues, investment income and operating results to fluctuate. We have not historically hedged our exposure to foreign currency fluctuations. Our International revenues and earnings may be adversely impacted as the U. S. dollar rises against foreign currencies because the local currency will translate into fewer U. S. dollars. Additionally, the value of certain assets or loans denominated in local currencies may deteriorate. Other items denominated in U. S. dollars, including product imports or loans, may also become more expensive, putting pressure on franchisees' cash flows. Our International franchisees may also be impacted by currency restrictions imposed by governmental authorities, which could impact their ability to pay royalties in compliance with their franchise agreement. We have experienced situations with franchisees being subject to currency restrictions and unable pay royalties in U. S. dollars. We are subject to risks related to epidemic and pandemic outbreaks, including COVID- 19, which may have a material adverse effect on our business, financial condition and results of operations. We ~~are~~ **remain** subject to risks related to **epidemic and pandemic outbreaks, such as** the global COVID- 19 pandemic, which has had, and ~~is~~ **may** ~~continuing~~ **continue** to have, adverse impacts on economic and market conditions and our business. COVID- 19 ~~has~~ created significant volatility, uncertainty and economic disruption in the regions in which we operate. ~~We expect that certain~~ **Certain** parts of our operations ~~will~~ **may** continue to be impacted by the continuing effects of COVID-19, including resurgences and variants of the virus ~~. Our China market experienced COVID- 19 pandemic- related restrictions in multiple cities that severely impacted customer mobility~~ . It remains difficult to predict the full impact of the COVID- 19 pandemic on the broader economy and how consumer behavior may change, and whether such change is temporary or permanent. **To the extent that COVID- 19 continues to adversely affect the U. S. and global economy, our business, financial conditions or results of operations, it may also heighten other risks described in this section.** The potential adverse effects of ~~COVID- 19 or from other~~ potential epidemics or outbreaks could also include, but may not be limited to, our ability to meet consumer demand through the continued availability of our workforce and our franchisees' workforce; other changes in labor markets affecting us, our franchisees and suppliers ~~;~~ **,** supply chain disruptions and increases in operating costs; adverse impacts from new laws and regulations affecting our business ~~;~~ **,** increased cyber risks and reliance on technology infrastructure to support our business and operations, including through remote- work protocols ~~;~~ **,** fluctuations in foreign currency markets ~~;~~ **,** credit risks of our customers and counterparties ~~;~~ **,** and impairment of long- lived assets, the carrying value of goodwill or other indefinite- lived intangible assets ~~. However, given the evolving health, economic, social, and governmental environments, the specific impact that COVID- 19 could have on these risks remains uncertain. To the extent that COVID- 19 continues to adversely affect the U. S. and global economy, our business, financial conditions or results of operations, it may~~

~~also heighten other risks described in this section~~ . Our profitability may suffer as a result of intense competition in ~~our~~ **the QSR** industry. The QSR Pizza industry in the United States is mature and highly competitive. Competition is based on price, service, location, food quality, convenience, brand recognition and loyalty, product innovation, effectiveness of marketing and promotional activity, use of technology, and the ability to identify and satisfy consumer preferences. We may need to reduce the prices for some of our products to respond to competitive and customer pressures, which may adversely affect our profitability. When commodity and other costs increase, we may be limited in our ability to increase prices. With the significant level of competition and the pace of innovation, we may be required to increase investment spending in several areas, particularly marketing and technology, which can decrease profitability. In addition to competition with our larger competitors, we face competition from local quick service pizza delivery restaurants and new competitors such as fast casual pizza concepts. We also face competitive pressures from an array of food delivery concepts and aggregators delivering for quick service or dine in restaurants, using new delivery technologies or delivering for competitors who previously did not have delivery capabilities, some of which may have more effective marketing or delivery service capabilities. The emergence or growth of ~~new~~ **these** competitors, in the pizza category or in the food service industry generally, may make it difficult for us to maintain or increase our market share and could negatively impact our sales **, profit margins, royalties,** and our system- wide restaurant operations. We also face increasing competition from other home delivery services and grocery stores that offer an increasing variety of prepped or prepared meals in response to consumer demand. In addition, if our competitors respond more effectively to changes in consumer preferences or increase their market share, it could have a negative effect on our business. As a result, our sales can be directly and negatively impacted by actions of our competitors, the emergence or growth of new competitors, consumer sentiment or other factors outside our control **. We compete within the food service market and the QSR pizza market not only for customers, but also for management and hourly employees, including restaurant team members, drivers and qualified franchisees, as well as suitable real estate sites** . One of our competitive strengths is our " BETTER INGREDIENTS. BETTER PIZZA. ® " brand promise. This means we may use ingredients that cost more than the ingredients some of our competitors may use. Because of our investment in higher- quality ingredients, we could have lower profit margins than some of our competitors if we are not able to establish a quality differentiator that resonates with consumers. Our sales may be particularly impacted as competitors increasingly emphasize lower- cost menu options. Changes in consumer preferences or discretionary consumer spending could adversely impact our results. Changes in consumer preferences and trends could negatively affect us (for example, changes in consumer perceptions of certain ingredients that could cause consumers to avoid pizza or some of its ingredients in favor of foods that are or are perceived as healthier, lower- calorie, **amenable to certain diets** or lower in carbohydrates or otherwise based on their ingredients or nutritional content) **or reduced consumption of pizza as a result of new weight loss drugs, such as GLP inhibitors and others** . Preferences for a dining experience such as fast casual pizza concepts could also adversely affect our restaurant business and reduce the effectiveness of our marketing and technology initiatives. Also, our success depends to a significant extent on numerous factors affecting consumer confidence and discretionary consumer income and spending, such as general economic conditions, customer sentiment and employment levels. Any factors that could cause consumers to spend less on food or shift to lower- priced products could reduce sales or inhibit our ability to maintain or increase pricing, which could adversely affect our operating results. Food safety and quality concerns may negatively impact our business and profitability. Incidents or reports of food- or water- borne illness or other food safety issues, investigations or other actions by food safety regulators, food contamination or tampering, employee hygiene and cleanliness failures, improper franchisee or employee conduct, or presence of communicable disease at our restaurants (both Company- owned and franchised), QC Centers, or suppliers could lead to product liability or other claims. If we were to experience any such incidents or reports, our brand and reputation could be negatively impacted. This could result in a significant decrease in customer traffic and could negatively impact our revenues and profits. Similar incidents or reports occurring at quick service restaurants unrelated to us could likewise create negative publicity, which could negatively impact consumer behavior towards us. We rely on our Domestic and International suppliers, as do our franchisees, to provide quality ingredients and to comply with applicable laws and industry standards. A failure of one of our Domestic or International suppliers to meet our quality standards, or ~~meet~~ **comply with** Domestic or International food industry standards, could result in a disruption in our supply chain and negatively impact our brand and our results. Failure to preserve the value and relevance of our brand could have a negative impact on our financial results. Our results depend upon our ability to differentiate our brand and our reputation for quality. Damage to our brand or reputation could negatively impact our business and financial results. Our brand has been highly rated in past U. S. surveys, and we strive to build the value of our brand as we develop international markets. Consumer perceptions of our brand are affected by a variety of factors, such as the nutritional content and preparation of our food, the quality of the ingredients we use, our marketing and advertising, our corporate culture, our policies and systems related to **DEI** ~~diversity, equity and inclusion~~ , our business practices, our engagement in local communities and the manner in which we source the commodities we use. Consumer acceptance of our offerings is subject to change for a variety of reasons, and some changes can occur rapidly. Consumer perceptions may also be affected by third parties, including current or former spokespersons, employees and executives, presenting or promoting adverse commentary or portrayals of our industry, our brand, our suppliers or our franchisees, or otherwise making statements, disclosing information or taking actions that could damage our reputation. If we are unsuccessful in managing incidents that erode consumer trust or confidence, particularly if such incidents receive considerable publicity or result in litigation, our brand value and financial results could be negatively impacted. Our inability or failure to recognize, respond to and effectively manage the accelerated impact of social media, influencers, and / or shareholder activism could adversely impact our business. ~~In recent years, there has been a marked increase in the use of social~~ **Social** media platforms, including blogs, chat platforms, social media websites, and other forms of internet- based communications ~~that~~ allow individuals access to a broad audience of consumers and other persons. The popularity of social media and other consumer- oriented technologies has increased the speed and accessibility of information dissemination, and could hamper our ability to promptly correct misrepresentations or otherwise respond effectively to negative publicity, whether or not accurate. The dissemination of proprietary Company or negative information, whether or not accurate, by customers, employees, social media influencers, and others via social media could harm our business, brand, reputation, marketing partners, financial condition, and results of operations, regardless of the information' s accuracy. In addition, we frequently use social media to communicate with consumers and the public in general. Failure to use social media effectively could **negatively impact** ~~lead to a decline in~~ brand value and revenue. Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our brand, exposure of personally identifiable information, fraud, hoaxes or malicious dissemination of false information. We are also subject to the risk of negative publicity associated with various shareholder proposals, campaigns, and activism, including publicity related to the environment, animal welfare, diversity, responsible sourcing, and other Environmental, Social and Governance (" ESG ") topics. Despite our best efforts relating to ESG policies, initiatives and reporting, media reports and social media campaigns can create a negative opinion or perception of the company' s efforts. Such media reports and negative publicity could impact customer or investor perception of our Company or industry and can have a material adverse effect on our financial results. In addition, we could be criticized for the scope or nature of our ESG initiatives or goals, or for any revisions to these goals. If our ESG- related data, processes and reporting **fail to meet investor, customer, consumer, employee or other stakeholders' evolving expectations and standards,** are incomplete or inaccurate **, or certain groups or customers disagree with our ESG initiatives or goals** , or if we fail to achieve progress with respect to our goals within the scope of ESG on a timely basis, or at all, our reputation **, brand, appeal to investors, employee retention** , business, financial performance and growth could be adversely affected. Our franchise business model presents a number of risks. Our success increasingly relies on the financial success and cooperation of our franchisees, yet we have limited influence over their operations. Our franchisees manage their businesses independently, and therefore are responsible for the day- to- day operation of their restaurants and compliance with applicable laws. The revenues we realize from franchised restaurants are largely dependent on the ability of our franchisees to maintain or grow their sales. If our franchisees do not maintain or grow sales, our revenues and margins could be negatively affected. Also, if sales trends worsen for franchisees, especially in emerging markets and / or high- cost markets, their financial results may deteriorate, which in the past has resulted in, and could in the future result in, among other things, required financial support from us, higher numbers of restaurant closures (which could cause us to miss our net unit development targets), reduced numbers of restaurant openings, franchisee bankruptcies or restructuring activities, delayed or reduced payments to us, or increased franchisee assistance, which reduces our revenues. Our success also increasingly depends on the willingness and ability of our franchisees to remain aligned with us on operating, promotional and marketing plans. Franchisees' ability to continue to grow is also dependent in large part on the availability of franchisee funding at reasonable interest rates and may be negatively impacted by the financial markets in general or by the creditworthiness of our franchisees. Our operating performance could also be negatively affected if our franchisees experience food safety, compliance, or other operational problems or project an image inconsistent with our brand and values, particularly if our contractual and other rights and remedies are limited, costly to exercise or subjected to litigation. If franchisees do not successfully operate restaurants in a manner consistent with our required standards or applicable laws, the brand' s image and reputation could be harmed, which in turn could hurt our business and operating results. We may be adversely impacted by increases in the cost of food ingredients and other costs. We are exposed to fluctuations in prices of commodities **and ingredients** . An increase in the cost or sustained high levels of the cost of cheese or other commodities **and ingredients** could adversely affect the profitability of our system- wide restaurant operations, particularly if we are unable to increase the selling price of our products to offset increased costs. We have recently experienced significant inflation in commodities prices, including food ingredients, which has significantly increased our operating expenses. Cheese, representing our largest food cost, and other commodities **and ingredients** can be subject to significant cost fluctuations due to **inflation,** weather, availability, global demand and other factors that are beyond our control. Additionally, increases in labor, mileage, insurance, fuel, and other costs could adversely affect the profitability of our restaurant and QC Center businesses. Many of the factors affecting costs in our system- wide restaurant operations are beyond our control, and we may not be able to adequately mitigate these costs or pass along these costs to our customers or franchisees, given the significant competitive pricing pressures we face. Changes in privacy or data protection laws could adversely affect our ability to market our products effectively. We rely on a variety of direct marketing techniques, including email, text messages **, push notifications** , social media and postal mailings. Any future restrictions in federal, state or foreign laws regarding marketing and solicitation or Domestic or International data protection laws that govern these activities could adversely affect the continuing effectiveness of email, text messages, social media and postal mailing techniques and could force changes in our marketing strategies. If this occurs, we may need to develop alternative marketing strategies, which may not be as effective and could impact the amount and timing of our revenues. Higher labor costs, increased competition for qualified team members and ensuring adequate staffing in our restaurants and QC Centers increase the cost of doing business. Additionally, changes in employment and labor laws, including health care legislation and minimum wage increases, could increase costs for our system- wide operations. Our success depends in part on our and our franchisees' ability to recruit, motivate, train and retain a qualified workforce to work in our restaurants in an intensely competitive environment. We and our franchisees have experienced, and could continue to experience, a shortage of labor for restaurant positions due to job market trends and conditions, which **shortage has increased our and our franchisees' labor expenses and** could decrease the pool of available qualified talent for key functions ~~. Our ability to attract and retain hourly employees in our restaurants has been impacted by these trends and conditions, and we expect staffing and labor challenges to continue into 2023~~ . Increased costs associated with recruiting, motivating and retaining qualified employees to work in Company- owned and franchised restaurants have had, and may in the future have, a negative impact on our Company- owned restaurant margins and the margins of franchised restaurants. Competition for qualified drivers for both our restaurants and supply- chain function also continues to increase as more companies compete for drivers or enter the delivery space, including third party aggregators. Additionally, economic actions, such as boycotts, protests, work stoppages or campaigns by labor organizations, could adversely affect us (including our ability to recruit and retain talent) or our franchisees and suppliers. Social media may be used to foster negative perceptions of employment with our Company in particular or in our industry generally, and to promote strikes or boycotts. We are also subject to federal, state and foreign laws governing such matters as minimum wage requirements, overtime compensation, benefits, working conditions, citizenship requirements and discrimination and family and medical leave and employee related litigation. Labor costs and labor- related benefits are primary components in the cost of operation of our restaurants and QC Centers. Labor shortages, increased employee turnover and health care mandates could increase our system- wide labor costs. A significant number of hourly personnel are paid at rates at or above the federal and state minimum wage requirements. Accordingly, the enactment of additional state or local minimum wage increases above federal wage rates or regulations related to exempt employees has increased and could continue to increase labor costs for our Domestic system- wide operations. A significant increase in ~~the~~ federal **or state** minimum wage requirement could adversely impact our financial condition and results of operations **, and the viability of our franchisees restaurants in certain markets** . Additionally, while we do not currently have a unionized workforce, certain employees of other companies in our industry have recently become unionized. If a significant portion of our corporate or franchisee' s workforce were to become unionized, labor costs could increase and our business could be negatively affected by union requirements that increase costs, disrupt business, reduce flexibility and affect the employer- employee relationship. Further, corporate or franchisees' response to any union organizing efforts could negatively impact how our brand is perceived. We **are also subject to potential joint- employer liability for issues that may occur with our franchise operations. Our business depends on the proper allocation of our human capital and our ability to attract and retain talented management and other key employees. There can be no assurance that our allocation of our human capital will effectively meet the needs of our business and brands. Further, our business is based on our and our franchisees' ability to successfully attract and retain talented employees. Competition for restaurant employees has increased as more companies compete for these employees as aggregator adoption and usage continues to increase requiring more labor. The market for highly skilled employees and leaders in our industry is extremely competitive. If we are less successful in our recruiting efforts, or if we are unable to retain management and other key employees, our ability to develop and deliver successful products and services may be adversely affected. Effective succession planning is also important to our long- term success. The departure of a key executive or employee and / or the failure to ensure an effective transfer of knowledge and a smooth transition upon such departure may be disruptive to the business and could hinder our strategic planning and execution. We** rely on information technology to operate our businesses and maintain our competitiveness, and any failure to invest in or adapt to technological developments or industry trends could harm our business. We rely heavily on information systems, including digital ordering solutions, through which a majority of our Domestic sales originate. We also rely heavily on point- of- sale processing in our Company- owned and franchised restaurants for data collection and payment systems for the collection of cash, credit and debit card transactions, and other processes and procedures. Our ability to efficiently and effectively manage our business depends on the reliability and capacity of these technology systems. In addition, we anticipate that consumers will continue to have more options to place orders digitally, both domestically and internationally. We plan to continue to invest in enhancing and improving the functionality and features of our information technology systems. However, we cannot ensure that our initiatives will be beneficial to the extent, or within the timeframes, expected or that the estimated improvements will be realized as anticipated or at all. Our failure to adequately invest in new technology and adapt to technological developments and industry trends, particularly our digital ordering capabilities, could result in a loss of customers and related market share. Notwithstanding adequate investment in new technology, our marketing and technology initiatives may not be successful in improving our comparable sales results. Additionally, we are in an environment where the technology life cycle is short and consumer technology demands are high, which requires continued reinvestment in technology that will increase the cost of doing business and will increase the risk that our technology may not be customer- centric or could become obsolete, inefficient or otherwise incompatible with other systems. We rely on our International franchisees to maintain their own point- of- sale and online ordering systems, which are often purchased from third- party vendors, potentially exposing International franchisees to more operational risk, including cyber and data privacy risks and governmental regulation compliance risks. **We cannot predict the impact that new or improved technologies, alternative methods of delivery, including autonomous vehicle delivery, or changes in consumer or employee behavior facilitated by these technologies and alternative methods of delivery will have on our business. Advances in technologies such as artificial intelligence or alternative methods of delivery, including advances in digital ordering technology and autonomous vehicle delivery, or certain changes in consumer behavior driven by these or other technologies and methods of delivery could have a negative effect on our business and market position. Moreover, technology and consumer offerings continue to develop, and we expect that new or enhanced technologies and consumer offerings will be available in the future. We may pursue certain of those technologies and consumer offerings if we believe they offer a sustainable customer proposition and can be successfully integrated into our business model. However, we cannot predict consumer acceptance of these delivery channels or their impact on our business. In addition, our competitors, some of whom have greater resources than we do, may be able to benefit from changes in technologies or consumer acceptance of alternative methods of delivery, which could harm our competitive position. There can be no assurance that we will be able to successfully respond to changing consumer preferences, including with respect to new technologies and alternative methods of delivery, or to effectively adjust our product mix, service offerings, and marketing and merchandising initiatives for products and services that address, and anticipate advances in, technology and market trends. Alternative methods of delivery may also impact the potential labor pool from which we recruit our delivery drivers and could reduce the available supply of labor.** Company Risks Our reorganization activities may increase our expenses, may not be successful, and may adversely impact employee hiring and retention. We ~~opened an office in Atlanta, Georgia in October 2021 and in February 2023, we announced a plan to sell our office building and campus in Louisville and move the office to a new location in Louisville. These plans could also impact the existing location of our QC Center in Louisville. As a result, we~~ have incurred and ~~will~~ **expect to continue to** incur certain non-recurring corporate reorganization costs, **including the ongoing restructuring of our international business,** and these expenses have impacted and could adversely impact our results of operations during the relevant period, reduce our cash position and / or result in an impairment risk related to these assets. Additionally, **if** ~~our ability to achieve the anticipated benefits of our corporate reorganization are subject to assumptions and uncertainties. If~~ we do not realize the anticipated benefits from these measures, or if we incur costs greater than anticipated, our financial condition and operating results may be adversely affected. ~~In addition~~ **As a result of any corporate reorganization** , **we could face** turnover in our ~~Atlanta, Louisville and Milton Keynes, UK,~~ corporate ~~office~~ **offices and international** support teams **that** could distract our employees, decrease employee morale, harm our reputation, and negatively impact the overall performance of our corporate support teams. ~~As a result of these~~ **These** or other similar risks, **may adversely affect** our business, results of operations and financial condition ~~may be adversely affected~~ . We may not be able to effectively market our products or maintain key marketing partnerships. The success of our business depends on the effectiveness of our marketing and promotional plans. We may not be able to effectively execute our national or local marketing plans, particularly if we experienced lower sales that would result in reduced levels of marketing funds. In addition, our financial results may be harmed if our marketing, advertising, and promotional programs are less effective than those of our competitors, who may have greater resources which enable them to invest more than us in advertising. We may be required to expend additional funds to effectively improve consumer sentiment and sales, and we may also be required to engage in additional activities to retain customers or attract new customers to the brand. Such marketing expenses and promotional activities, which could include discounting our products, could adversely impact our results. Spokespersons or marketing partners who endorse our products could take actions that harm their reputations, which could also cause harm to our brand. From time to time, in response to changes in the business environment and the audience share of marketing channels, we expect to reallocate marketing resources across social media and other channels. That reallocation may not be effective or as successful as the marketing and advertising allocations of our competitors, which could negatively impact the amount and timing of our revenues. We may not be able to execute our strategy or achieve our planned growth targets, which could negatively impact our business and our financial results. Our growth strategy depends on our and our franchisees' ability to open new restaurants and to operate them on a profitable basis. We expect substantially all of our International unit growth and much of our Domestic unit growth to be franchised units. Accordingly, our profitability increasingly depends upon royalty revenues from franchisees. If our franchisees are not able to operate their businesses successfully under our franchised business model, our results could suffer. Additionally, we may fail to attract new qualified franchisees or existing franchisees may close underperforming locations. Planned growth targets and the ability to operate new and existing restaurants profitably are affected by economic, regulatory and competitive conditions and consumer buying habits. A decrease in sales, or increased commodity or operating costs, including, but not limited to, employee compensation and benefits or insurance costs, could slow the rate of new ~~store~~ **restaurant** openings or increase the number of ~~store~~ **restaurant** closings. Our business is susceptible to adverse changes in local, national and global economic conditions, which could make it difficult for us to meet our growth targets. Additionally, we or our franchisees may face challenges securing financing, **or securing financing on favorable terms,** finding suitable ~~store~~ **restaurant** locations at acceptable terms or securing required Domestic or foreign government permits and approvals. Declines in comparable sales, net ~~store~~ **restaurant** openings and related operating profits can impact our stock price. If we do not continue to grow future sales and operating results and meet our related growth targets or external expectations for net restaurant openings or our other strategic objectives in the future, our stock price could decline. Our franchisees remain dependent on the availability of financing to remodel or renovate existing locations, upgrade systems and enhance technology, or construct and open new restaurants. From time to time, the Company may provide financing to certain franchisees and prospective franchisees in order to mitigate ~~store~~ **restaurant** closings, allow new units to open, or complete required upgrades. If we are unable or unwilling to provide such financing, which is a function of, among other things, prevailing interest rates and a franchisee' s creditworthiness, the number of new restaurant openings may be ~~slower~~ - **lower** or the rate of closures may be higher than expected and our results of operations may be adversely impacted. **The elevated interest rate environment has increased the cost of this financing to franchisees, which may make the financing less appealing to franchisees and increase the risk of defaults.** To the extent we provide financing to franchisees, our results could be negatively impacted by negative performance of these franchisee **loans, including franchisees defaulting on payment terms or being unable to repay** loans. Our dependence on a sole supplier or a limited number of suppliers for some ingredients and other supplies could result in disruptions to our business. Domestic restaurants purchase substantially all food and related products from our QC Centers. We are dependent on Leprino Foods Dairy Products Company (" Leprino ") as our sole supplier for mozzarella cheese, one of our key ingredients. Leprino, one of the major pizza category suppliers of cheese in the United States, currently supplies all of our mozzarella cheese domestically and substantially all of our mozzarella cheese internationally. We also depend on a sole source for our supply of ~~certain desserts and~~ garlic sauce, which ~~constitute~~ **constitutes a small percentage** ~~less than 10 %~~ of our **purchased food items** ~~Domestic Company- owned restaurant sales~~ . While we have no other sole sources of supply for key ingredients or menu items, we do source other key ingredients from a limited number of suppliers. While we strive to engage in a competitive bidding process for our ingredients, because certain of these ingredients, including meat products, may only be available from a limited number of vendors, we may not always be able to do so effectively. We may be subject to interruptions in supply or shortages of these items due to factors beyond our control or issues with our suppliers from time to time. Alternative sources of mozzarella cheese **and** ~~, desserts,~~ other key ingredients or menu items may not be available on a timely basis or may not be available on terms as favorable to us as under our current arrangements. Increase in ingredient and other operating costs, including those caused by weather, climate change ~~, COVID- 19~~ and food safety, could adversely affect our results of operations. Our Company- owned and franchised restaurants could also be harmed by supply chain interruptions including those caused by factors beyond our control or the control of our suppliers. ~~However, prolonged~~ **Prolonged** disruption in the supply of products from or to our QC Centers due to weather, climate change, natural disasters, ~~COVID- 19~~ **public health crises** , crop disease, food safety incidents, regulatory compliance, labor dispute or interruption of service by carriers could increase costs, limit the availability of ingredients critical to our restaurant operations and have a significant impact on results. Increasing weather volatility or other long- term changes in global weather patterns, including related to global climate change, could have a significant impact on the price or availability of some of our ingredients, energy and other materials throughout our supply chain. In particular, adverse weather or crop disease affecting the California tomato crop could disrupt the supply of pizza sauce to our and our franchisees' restaurants. Insolvency of key suppliers could also cause similar business interruptions and negatively impact our business. We rely on third parties for certain business processes and services, and failure or inability of such third- party vendors to perform subjects us to risks, including business disruption and increased costs. We depend on the performance of suppliers, aggregators and other third parties in our business operations. Third- party business processes we utilize include information technology, gift card authorization and processing, other payment processing, benefits, and other accounting and business services. We conduct third- party due diligence and seek to obtain contractual assurance that our vendors will maintain adequate controls, such as adequate security against ~~data breaches~~ **cybersecurity incidents** . However, the failure of our suppliers to maintain adequate controls or comply with our expectations and standards could have a material adverse effect on our business, financial condition, and operating results. Changes in purchasing practices by our Domestic franchisees, or prolonged disruptions in our QC Center operations, could harm our commissary business. Although our Domestic franchisees currently purchase substantially all food products from our QC Centers, the only required QC Center purchases by franchisees are pizza sauce, dough and other items we may designate as proprietary or integral to our system. Any changes in purchasing practices by Domestic franchisees, such as seeking alternative approved suppliers of ingredients or other food products, could adversely affect the financial results of our QC Centers and the Company. In addition, any prolonged disruption in the operations of any of our QC facilities, whether due to technical, systems, operational or labor difficulties, destruction or damage to the facility, real estate issues, limited capacity or other reasons, could adversely affect our business and operating results. **As a result of our increasing the domestic supply chain operating margin, we could experience a decline in our domestic supply chain sales or our franchisees may choose to source non- core products from other suppliers, which would impact the profitability of our QC Centers.** Our current insurance may not be adequate and we may experience claims in excess of our reserves. Our insurance programs for workers' compensation, owned and non- owned automobiles, general liability, property, **cyber insurance,** and health insurance coverage provided to our employees are funded by the Company up to certain retention levels under our retention programs. Retention limits generally range up to $ 0. 5 million **with even higher retention limits for certain types of coverage** . These insurance programs may not be adequate to protect us, and it may be difficult or impossible to obtain additional coverage or maintain current coverage at a reasonable cost. We also have experienced claims volatility and high costs for our insurance programs. We estimate loss reserves based on historical trends, actuarial assumptions and other data available to us, but we may not be able to accurately estimate reserves. If we experience claims in excess of our projections, our business could be negatively impacted. Our franchisees could be similarly impacted by higher claims experience, hurting both their operating results and / or limiting their ability to maintain adequate insurance coverage at a reasonable cost. Risks Related to our Indebtedness We have incurred substantial debt obligations, which could adversely affect our financial condition, and we may ~~be able to~~ incur ~~substantially~~ more indebtedness, including secured debt, and take other actions that could further exacerbate the risks associated with our substantial indebtedness or affect our ability to satisfy our obligations under our indebtedness. Our outstanding debt as of December ~~25~~ **31** , ~~2022~~ **2023** was $ ~~605~~ **764** . 0 million, which was comprised of $ 400. 0 million outstanding under our 3. 875 % senior notes due 2029 (the " Notes ") and $ ~~205~~ **364** . 0 million under our revolving credit facility (the " PJI Revolving Facility ") that forms part of our amended and restated credit agreement (the " ~~Amended~~ Credit Agreement "). We had approximately $ ~~395~~ **236** . 0 million of remaining availability under the PJI Revolving Facility as of December ~~25~~ **31** , ~~2022~~ **2023** . Our substantial level of indebtedness could have important consequences, including the following: • require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, growth opportunities, acquisitions and other general corporate purposes; • increase our vulnerability to and limit our flexibility in planning for, or reacting to, changes in our business, the industry in which we operate, regulatory and economic conditions; • expose us to the risk of increased interest rates as borrowings under our ~~Amended~~ Credit Agreement will be subject to variable rates of interest; • increase our vulnerability to a downgrade of our credit rating, which could adversely affect our cost of funds, liquidity and access to capital markets; • place us at a competitive disadvantage compared to our competitors that have less debt; and • limit our ability to borrow additional funds. We expect to fund our expenses and to pay the principal of and interest on our indebtedness from cash flow from operations. Our ability to ~~meet~~ **fund** our expenses and to pay principal of and interest on our indebtedness when due thus depends on our future performance, which will be affected by financial, business, economic and other factors. We will not be able to control many of these factors, such as economic conditions in the markets where we operate and pressure from competitors. In addition, subject to restrictions in the agreements governing our existing and **any** future indebtedness, we may ~~be able to~~ incur **additional** ~~substantially more~~ indebtedness in the future, resulting in higher leverage. The Indenture and the ~~Amended~~ Credit Agreement allow us to incur additional indebtedness, including secured debt. Such additional indebtedness may be substantial. Our ability to recapitalize, incur additional debt and take a number of other actions that are not prohibited by the Indenture or the ~~Amended~~ Credit Agreement could have the effect of exacerbating the risks associated with our substantial indebtedness or diminishing our ability to make payments on our **substantial** indebtedness when due, which would reduce the availability of cash flow to fund acquisitions, working capital, capital expenditures, other growth opportunities and other general corporate purposes. **In addition, increasing or elevated prevailing**

interest rates will increase the costs of our indebtedness if we incur additional indebtedness or refinance our existing indebtedness at higher rates. The agreements governing our debt, including the Indenture governing our Notes and the ~~Amended~~ Credit Agreement, contain various covenants that impose restrictions on us. The Indenture and the ~~Amended~~ Credit Agreement impose operating and financial restrictions on our activities. In particular, such agreements limit or prohibit our ability to, among other things: • incur additional indebtedness; • make certain investments; • sell assets, including capital stock of certain subsidiaries; • declare or pay dividends, repurchase or redeem stock or make other distributions to stockholders; • consolidate, merge, liquidate or dissolve; • enter into transactions with our affiliates; and • incur liens. In addition, our ~~Amended~~ Credit Agreement requires us to maintain compliance with specified leverage ratios under certain circumstances. Our ability to comply with these provisions may be affected by our business performance or events beyond our control, and these provisions could limit our ability to plan for or react to market conditions, meet capital needs or otherwise conduct our business activities and plans. These restrictions on our ability to operate our business could seriously harm our business by, among other things, limiting our ability to take advantage of financing, merger and acquisition and other corporate opportunities. Furthermore, various risks, uncertainties and events beyond our control could affect our ability to comply with these covenants. Failure to comply with any of the covenants in our existing or future financing agreements could result in a default under those agreements and under other agreements containing cross- default or cross- acceleration provisions, and could increase the costs ~~of~~ **or** availability of credit for us. Such a default would permit lenders to accelerate the maturity of the debt under these agreements and to foreclose upon any collateral securing the debt. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. In addition, the limitations imposed by financing agreements on our ability to incur additional debt and to take other actions might significantly impair our ability to obtain other financing. We cannot assure you that we will be granted waivers or amendments to these agreements if for any reason we are unable to comply with these agreements or that we will be able to refinance our debt on terms acceptable to us, or at all. We are exposed to variable interest rates under our ~~Amended~~ Credit Agreement, and increases in interest rates would also increase our debt service costs and could **have a** ~~materially~~ -- **material negative** impact our profitability. We are exposed to variable interest rates under the ~~Amended~~ Credit Agreement. We have entered into interest rate swaps that fix a portion of our variable interest rate risk. However, by using a derivative instrument to hedge exposures to changes in interest rates, we also expose ourselves to credit risk. Credit risk is due to the possible failure of the counterparty to perform under the terms of the derivative contract. General Risks Natural disasters, hostilities, social unrest, severe weather and other catastrophic events may disrupt our operations or supply chain. The occurrence of a natural disaster, hostilities, cyber- attack, social unrest, terrorist activity, outbreak of **an** epidemic, **a** pandemic or other ~~contagious disease~~ **widespread health crisis** , power outages, severe weather (such as tornados, hurricanes, blizzards, ice storms, floods, heat waves, etc.) or other catastrophic events may disrupt our operations or supply chain and result in the closure of our restaurants (Company- owned or franchised), our corporate offices, any of our QC Centers or the facilities of our suppliers, and can adversely affect consumer spending, consumer confidence levels and supply availability and costs, any of which could materially adversely affect our results of operations. Climate change may have an adverse impact on our business. We operate in ~~48~~ **50** countries globally and recognize that there are inherent climate- related risks wherever business is conducted. For example, as we noted above, the supply and price of our food ingredients can be affected by multiple factors, such as weather and water supply quality and availability, which factors may be caused by or exacerbated by climate change. While we believe ~~this~~ **our** geographic diversity is likely to lessen the impact of individual climate **-** change related events on our financial results, our restaurants and operations may nonetheless be vulnerable to the adverse effects of climate change, which are predicted to increase the frequency and severity of weather events and other natural cycles such as wildfires **, floods** and droughts. Such events have the potential to disrupt our and our franchisees' operations, cause ~~store~~ **restaurant** closures, disrupt the business of our third- party suppliers and impact our customers, all of which may cause us to suffer losses and additional costs to maintain or resume operations. Increasingly complex laws and regulations could adversely affect our business. We operate in an increasingly complex regulatory environment, and the cost of regulatory compliance is increasing. Our failure, or the failure of any of our franchisees, to comply with applicable U. S. and international labor, health care, food, health and safety, consumer protection, franchise, anti- bribery and corruption, competition, environmental, and other laws may result in civil and criminal liability, damages, fines and penalties. Enforcement of existing laws and regulations, changes in legal requirements, and / or evolving interpretations of existing regulatory requirements may result in increased compliance costs and create other obligations, financial or otherwise, that could adversely affect our business, financial condition or operating results. Increased regulatory scrutiny of food matters, online advertising, product marketing claims, **mandatory fees,** and increased litigation and enforcement actions may increase compliance and legal costs and create other obligations that could adversely affect our business, financial condition or operating results. Governments may also impose requirements and restrictions that impact our business. For example, some **state and** local ~~government~~ **governments** ~~agencies~~ have implemented **laws and** ordinances that restrict the sale of certain food and drink products, ~~or~~ the type of packaging and utensils that may be used **, or the manner in which mandatory fees are disclosed to consumers** . Compliance with new or additional Domestic and International government **data protection** laws or regulations, including **but not limited to** the European Union General Data Protection Regulation (" **EU** GDPR **"), the UK GDPR and DPA 2018, as amended, the Canada Personal Information Protection and Electronic Documents Act (" PIPEDA** "), the California Consumer Privacy Act (" CCPA "), ~~the~~ **The** California Privacy Rights Act (" CPRA "), **the Colorado Privacy Act (" CPA "), the Connecticut Data Privacy Act (" CTDPA "), the Utah Consumer Privacy Act (" UCPA "), the Virginia Consumer Data Protection Act (" VCDPA "),** and several other data privacy and biometric laws ~~adopted~~ **passed or enacted** by U. S. states, which could increase costs for compliance. ~~These laws and regulations are increasing in complexity and number, change frequently and increasingly conflict among the various states and countries in which we operate, which has resulted in greater compliance risk and costs.~~ If we fail to comply with these laws or regulations, it could damage our brand and subject the Company to reputational damage, significant litigation, monetary damages, regulatory enforcement actions or fines in various jurisdictions. For example, a failure to comply with the **EU** GDPR could result in fines up to the greater of € 20 million or 4 % of annual global revenues. There also has been increased stakeholder focus, including by US and foreign governmental authorities, investors, media and **non-** ~~nongovernmental~~ --- **governmental** organizations, on environmental sustainability matters, such as climate change, the reduction of greenhouse gases and water consumption. Legislative, regulatory or other efforts to combat climate change or other environmental concerns could result in future increases in taxes, restrictions on or increases in the costs of supplies, transportation and utilities, any of which could increase our operating costs and those of our franchisees, and necessitate future investments in facilities and equipment. These risks also include the increased pressure to make commitments, set targets, or establish additional goals to take actions to meet them, which could expose us and our franchisees to market, operational, execution and reputational costs or risks. These initiatives or goals could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and we could be criticized for the accuracy, adequacy or completeness of any disclosure. In addition to the changing rules and regulations related to ~~environmental, social and governance ("~~ ESG ~~")~~ matters imposed by governmental and self- regulatory organizations such as the SEC and the Nasdaq Stock Market LLC, a variety of third- party organizations and institutional investors evaluate the **stance and** performance of companies on ESG topics, and the results of these assessments are widely publicized. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, increased general and administrative expenses and increased management time and attention spent complying with or meeting such regulations and expectations. Further, statements about our ESG- related **initiatives and goals, including any changes to such** initiatives and goals, and progress against those goals, may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. Disruptions ~~of~~ **to** our critical business or information technology systems could harm our ability to compete and conduct our business. Our critical business and information technology systems have in the past and could in the future be damaged or interrupted by power loss, various technological failures, user errors, cyber- attacks, ransomware sabotage or acts of God. In particular, the Company and our franchisees have experienced occasional interruptions of our digital ordering solutions, which make online ordering unavailable or slow to respond, negatively impacting sales and the experience of our customers. If our digital ordering solutions do not perform with adequate speed and security, our customers may be less inclined to **use** ~~return to~~ our digital ordering solutions. Part of our technology infrastructure, such as our Domestic point- of- sale system, is specifically designed for us and our operational systems, which could cause unexpected costs, delays or inefficiencies when infrastructure upgrades are needed or prolonged and widespread technological difficulties occur. Significant portions of our technology infrastructure, particularly in our digital ordering solutions, are provided by third parties, and the performance of these systems is largely beyond our control. Occasionally, we have experienced or could experience temporary disruptions in our business due to third- party systems failing to adequately perform. Failure to manage future failures of these systems, particularly as our online sales grow, could harm our business and the satisfaction of our customers. Such third- party systems could be disrupted either through system failure or if third party vendor patents and contractual agreements do not afford us protection against similar technology. In addition, we may not have or be able to obtain adequate protection or insurance to mitigate the risks of these events or compensate for losses related to these events, which could damage our business and reputation and be expensive and difficult to remedy or repair. Failure to maintain the integrity of internal or customer data could result in damage to our reputation, loss of sales, and / or subject us to litigation, penalties or significant costs. We are subject to a number of privacy and data protection laws and regulations. We collect and retain large volumes of internal and customer data, including credit card data and other personally identifiable information of our employees and customers housed in the various information systems we use. Constantly changing information security threats, particularly persistent ~~cyber security~~ **cybersecurity** threats, pose risks to the security of our systems and networks, and the confidentiality, availability and integrity of our data and the availability and integrity of our critical business functions **. This could include the theft of our intellectual property, trade secrets or sensitive financial information** . As techniques used in cyber- attacks evolve **, including but not limited to the potential use of artificial intelligence in such attacks** , we may not be able to timely detect threats or anticipate and implement adequate security measures. The integrity and protection of the customer, employee, franchisee and Company data are critical to us. Our information technology systems and databases, and those provided by our third- party vendors, including international vendors, have been and will continue to be subject to computer viruses, malware attacks, unauthorized user attempts, phishing and denial of service and other malicious cyber- attacks. **We have instituted controls, including cybersecurity governance controls that are intended to protect our information systems, our point- of- sale systems, our information technology systems and networks, we adhere to payment card industry data security standards and we limit third party access for vendors that require access to our restaurant networks. However, we cannot control or prevent every cybersecurity risk.** The failure to prevent fraud or security ~~breaches~~ **incidents** or to adequately invest in data security could harm our business and revenues due to the reputational damage to our brand. Such ~~a breach~~ **an incident** could also result in litigation, regulatory actions **or investigations** , penalties, and other significant costs to us and have a material adverse effect on our financial results. These costs could be significant and well in excess of, or not covered by, our cyber insurance coverage. **Significant costs could be required to investigate security incidents, remedy cybersecurity problems, recover lost data, prevent future incidents and adapt systems and practices to react to the changing cyber environment. These include costs associated with notifying affected individuals and other agencies, additional security technologies, training, personnel, and experts. These costs, which could be material, could adversely impact our results of operations in the period in which they are incurred, including by interfering with the pursuit of other important business strategies and initiatives, and may not meaningfully limit the success of future attempts to breach our information technology systems. Media or other reports of existing or perceived security vulnerabilities in our systems or those of our third- party vendors can also adversely impact our brand and reputation and materially**

impact our business. Additionally, the techniques and sophistication used to conduct cyber- attacks and compromise information technology systems, as well as the sources and targets of these attacks, change frequently and are often not recognized until such attacks are launched or have been in place for a period of time. We have been and will continue to be subject to various types of investigations and litigation, including collective and class action litigation, which could subject us to significant damages or other remedies. We are subject to the risk of investigations and litigation from various parties, including vendors, customers, franchisees, state and federal agencies, stockholders and employees. From time to time, we are involved in a number of lawsuits, claims, investigations, and proceedings consisting of securities, antitrust, intellectual property, employment, consumer **, data privacy** , personal injury, corporate governance, commercial and other matters arising in the ordinary course of business. We have been subject to claims in cases containing collective and class action allegations. Plaintiffs in these types of lawsuits often seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss and defense costs relating to such lawsuits may not be accurately estimated. Litigation trends involving personal injury, employment law, intellectual property, data privacy, and the relationship between franchisors and franchisees may increase our cost of doing business. We evaluate all of the claims and proceedings involving us to assess the expected outcome, and where possible, we estimate the amount of potential losses to us. In many cases, particularly collective and class action cases, we may not be able to estimate the amount of potential losses and / or our estimates may prove to be insufficient. These assessments are made by management based on the information available at the time made and require the use of a significant amount of judgment, and actual outcomes or losses may materially differ. Regardless of whether any claims against us are valid, or whether we are ultimately held liable, such litigation may be expensive to defend and may divert resources away from our operations and negatively impact ~~earnings~~ **results of operations** . Further, we may not be able to obtain adequate insurance to protect us from these types of litigation matters or extraordinary business losses. We may be subject to harassment or discrimination claims and legal proceedings. Our Code of Ethics and Business Conduct policies prohibit harassment and discrimination in the workplace, in ~~sexual or in~~ any ~~other~~ form. To monitor and enforce these policies, we have ongoing programs for workplace training and compliance, and we investigate and take disciplinary action with respect to alleged violations. Nevertheless, actions by our team members could violate those policies. Franchisees and suppliers are also required to comply with all applicable laws and govern themselves with integrity. Any violations (or ~~perceptions thereof~~ **perceived violations**) by our franchisees or suppliers could have a negative impact on consumer perceptions of us and our business and create reputational or other harm to the Company. We may not be able to adequately protect our intellectual property rights, which could negatively affect our results of operations. We depend on the Papa John' s brand name and rely on a combination of trademarks, service marks, copyrights, and similar intellectual property rights to protect and promote our brand. We believe the success of our business depends on our continued ability to exclusively use our existing marks to increase brand awareness and further develop our brand, both domestically and abroad. We may not be able to adequately protect our intellectual property rights, and we may be required to pursue litigation to prevent consumer confusion and preserve our brand' s high- quality reputation. Litigation could result in high costs and diversion of resources, which could negatively affect our results of operations, regardless of the outcome. We may be subject to impairment charges. Impairment charges are possible due to the nature and timing of decisions we make about underperforming assets or markets, or if previously opened or acquired restaurants perform below our expectations. This could result in a decrease in our reported asset value and reduction in our net income. We operate globally and changes in tax laws could adversely affect our results. We operate globally and changes in tax laws could adversely affect our results. We have international operations and generate substantial revenues and profits in foreign jurisdictions. The Domestic and International tax environments continue to evolve as a result of tax changes in various jurisdictions in which we operate and changes in the tax laws in certain countries, including the United States, could impact our future operating results. A significant increase in the U. S. corporate tax rate could negatively impact our financial results.