

## Risk Factors Comparison 2024-11-20 to 2023-11-17 Form: 10-K

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

You should carefully consider the risks described below in addition to the other information set forth in this Annual Report on Form 10-K, including the Management's Discussion and Analysis of Financial Conditions and Results of Operations section, the Quantitative and Qualitative Disclosures About Market Risk section, and the consolidated financial statements and related notes. **The** ~~If any of the risks and uncertainties described in the cautionary factors described below actually occur or continue to occur, our business, financial condition and results of operations and the trading price of our common stock could be materially and adversely affected. The considerations and risks that follow are organized within relevant headings but may be relevant to other headings as well. Moreover, the risks below are not the only risks we face and additional~~ **facing the Company.** ~~risks~~ **Risks and uncertainties** ~~not currently known to us or that we presently~~ **currently** ~~deem~~ **to be** ~~immaterial~~ **also** ~~may emerge or become material~~ **materially adversely affect** ~~at any time and may negatively impact our business, reputation, financial condition, and operating results of operations or the trading price of our common stock. It~~ **Summary of Risks Associated with Our Business** ~~Our business is subject to various risks and uncertainties that you should consider before investing in the Company. These risks are described in more detail in this Item 1A. These risks include, but are not limited~~ **possible** ~~for management to predict all such risks, nor can it assess the impact of all such risks on Starbucks business or the extent to which any risk, or combination of risks, may cause actual results to differ materially from those~~ **the following:** ~~contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results.~~ **Risks Related to Brand Relevance and Brand Execution** • Our success depends substantially on the value of our brands, and failure to preserve their value could have a negative impact on our financial results. **• We may not be successful in our marketing strategies, promotional and advertising plans, and pricing strategies.** **Risks Related to Our Business** • We may not be successful in implementing important strategic initiatives or effectively managing growth, which may have an adverse impact on our business and financial results. • Our investments to transform and enhance the customer experience, including through technology, may not generate the expected results. • Evolving consumer preferences and tastes, as well as adverse public or medical opinions about the health effects of consuming our products, may adversely affect our business. • If our business partners and third-party providers do not satisfactorily fulfill their responsibilities and commitments, it could damage our brand, and our financial results could suffer. • Reported incidents involving food- or beverage- borne illnesses, tampering, adulteration, contamination, or mislabeling, whether or not accurate, could harm our business. • If we are unable to meet our projections for new store openings or efficiently maintain the attractiveness of our existing stores, our operating results could suffer. **Risks Related to Operating a Global Business** • We are highly dependent on the financial performance of our North America operating segment. • We are increasingly dependent on the success of certain international markets in order to achieve our growth targets. • We face risks as a global business that could adversely affect our financial performance. • Our reliance on key business partners may adversely affect our business and operations. **Risks Related to Supply Chain** • Increases in the cost of high- quality arabica coffee beans or other commodities or decreases in the availability of high- quality arabica coffee beans or other commodities could have an adverse impact on our business operations and financial results. • Our supply chain may be unable to fully support current and future business needs. • Interruption of our supply chain and our reliance on suppliers could affect our ability to produce or deliver our products and could negatively impact our business and profitability. **Risks Related to Macroeconomic Conditions** • Our financial condition and results of operations are subject to, and may be adversely affected by, a number of macroeconomic and other factors, many of which are largely outside our control. • Economic conditions in the U. S. and international markets have adversely affected, and could continue to adversely affect, our business and financial results. • Failure to meet our announced guidance or market expectations for our financial performance will likely adversely affect the market price and increase the volatility of our stock, and fluctuations in the stock market as a whole may also impact the market price and volatility of our stock. **Risks Related to Human Capital** • The loss of key personnel, difficulties with recruiting and retaining qualified personnel, or ineffectively managing changes in our workforce could adversely impact our business and financial results. • Changes in the availability and cost of labor could adversely affect our business. **Risks Related to Competition** • We face intense competition in each of our channels and markets, which could lead to reduced profitability. **Risks Related to Environmental, Social, and Governance Matters** • Climate change may have an adverse impact on our business. • Our business is subject to evolving corporate governance and public disclosure regulations and expectations, including with respect to environmental, social, and governance matters, that could expose us to numerous risks. • Certain activist shareholder actions have caused, and could continue to cause, us to incur expense, hinder execution of our business strategy, and adversely impact our stock price. **Risks Related to Regulation and Litigation** • Failure to comply with applicable laws and changing legal and regulatory requirements could harm our business and financial results. • We have been, and could continue to be, party to litigation or other legal proceedings that could adversely affect our business, results, operations, and reputation. **Risks Related to Cybersecurity and Data Privacy** • Failure to maintain satisfactory compliance with certain privacy and data protection laws and regulations may result in substantial negative financial consequences, reputational harm, and civil or criminal penalties. • The unauthorized access, use, theft, or destruction of customer or employee data (personal, financial, or other), or of Starbucks proprietary or confidential information that is stored in our information systems or by third parties on our behalf, could impact our

reputation and brand and expose us to potential liability and loss of revenues. • We rely heavily on information technology in our operations and growth initiatives, and any material failure, inadequacy, interruption, or security failure of that technology could harm our ability to effectively operate and grow our business and could adversely affect our financial results. **Risks Related to Intellectual Property • Failure to adequately protect our intellectual property or ensure that we are not infringing on the intellectual property of others could harm the value of our brand and our business.** We believe we have built an excellent reputation globally for the quality of our products, for delivery of a consistently positive consumer experience, and for our global **environmental and social and environmental** impact programs. The Starbucks brand is recognized throughout most of the world, and we have received high ratings in global brand value studies. To be successful in the future, particularly outside of the U. S. where the Starbucks brand and our other brands are less well-known, we believe we must preserve, grow, and leverage the value of our brands across all sales channels. Brand value is based in part on consumer perceptions on a variety of subjective qualities. Erosion of trust in our brand value can be caused by isolated or recurring incidents originating both from us or our business partners, or from external events. Such incidents can potentially trigger boycotts of our stores or result in civil or criminal liability and, **which** can have a negative impact on our financial results. Incidents that can erode trust in our brand value include actual or perceived breaches of privacy or violations of domestic or international privacy laws, contaminated food, product recalls, store employees or other food handlers infected with communicable diseases, safety-related incidents, or other potential incidents discussed in this risk factors section. The impact of such incidents may be exacerbated if they receive considerable publicity, including rapidly through social or digital media (including for malicious reasons), or **if they** result in litigation. **Negative postings or comments on social media or networking websites about Starbucks, even if inaccurate or malicious, have in the past, and could in the future, generate negative publicity about Starbucks across media channels that could damage the value of our brand. It may be difficult to address such negative publicity, including as a result of fictitious media content (such as content produced by generative artificial intelligence or bad actors) across media channels. Additionally, Consumer consumer** demand for our products and our brand value could diminish significantly if we, our employees, licensees, or other business partners fail to preserve the quality of our products, act or are perceived to act in an unethical, illegal, racially-biased, unequal, inequitable, or socially irresponsible manner, including with respect to the sourcing, content, or sale of our products, service and treatment of customers at Starbucks stores, treatment of employees, including our responses to unionization efforts, or the use of customer data for general or direct marketing or other purposes. **Furthermore Allegations, even if untrue, that we are not effective in making sufficient progress toward respecting internationally recognized human rights, are failing to comply with applicable workplace and labor laws, our or are aligned with positions on social and environmental program goals or in executing on our or Reinvention Plan, consumer trust in geopolitical issues could also negatively impact our brand value may suffer, and this perception could result in negative publicity or litigation.** Additionally, if we fail to comply with laws and regulations, take controversial positions or actions or, fail to deliver a consistently positive consumer experience in each of our markets, including by failing to invest in the right balance of wages and benefits to attract and retain employees **that who** represent the brand well, or fail to foster an inclusive and diverse environment, our brand value may be diminished. **In addition, we cannot ensure that our store partners, licensees, or other business partners will not take actions that adversely affect the value and relevance of our brand. Furthermore, if we are not effective in making sufficient progress toward our environmental and social program goals, consumer trust in our brand may suffer, and this perception could result in negative publicity or litigation.** The ongoing relevance of our brand may depend on making sufficient progress toward our **environmental and social and environmental** program goals as well as the successful execution of the Reinvention Plan, each of which requires company-wide coordination and alignment. **We are working to manage risks and costs to us, our licensees and our supply chain of any effects of climate change as well as diminishing energy and water resources. These risks include any increased Increased** public focus, including by governmental and nongovernmental organizations, on these and other environmental sustainability matters, including **climate change, diminishing energy and water resources, packaging and waste, animal health and welfare, deforestation, biodiversity loss, greenhouse gas emissions, and land use.** These risks may **result in** also include any increased pressure to make commitments or set goals and take actions to meet them, which could expose us to market, operational, and execution costs or risks. **Statements regarding our environmental and social program goals reflect our current plans and aspirations; our environmental and social program-related policies, practices, and goals are voluntary, challenging, and subject to change at our discretion.** Some third parties may object to the scope or nature of our **environmental and social and environmental** program initiatives or goals, or any revisions to these initiatives or goals, which could give rise to negative responses by governmental actors (such as retaliatory legislative treatment) or, consumers (such as boycotts or negative publicity campaigns), or other third parties that could adversely affect our brand value. • We may not be successful in our marketing, promotional and advertising plans and pricing strategies. Our continued success depends in part on our ability to adjust our marketing **strategies**, promotional and advertising plans, and pricing **strategy strategies** to respond quickly and effectively to shifting economic and competitive conditions as well as evolving customer preferences. We operate in a complex and costly marketing, promotional, and advertising environment. Competition to attract and retain high-quality marketing partners and endorsers has increased. Our decisions to collaborate or to cease collaborating with certain endorsers or marketing partners in light of actions taken or statements made by them could seriously harm our brand image with consumers and, as a result, could have an adverse effect on our sales and financial condition. Our marketing, promotional, and advertising programs may not be successful in reaching consumers in the way we intend. Our success depends in part on whether the allocation of our advertising, promotional, and marketing resources across different channels, including digital, allows us to **effectively and efficiently** reach consumers **effectively and efficiently, and** in ways that are meaningful to them. **Additionally, many factors, including operating costs, constraints, or changes, and our current and future competitors' pricing and marketing strategies, could significantly affect our pricing strategies (including**

price reductions, promotions, discounts, coupons, or free goods), which may prevent us from competing effectively in certain geographies. For example, historically, in order to partially offset inflation and other increases in the costs of core operating resources, we have gradually increased menu prices. There can be no assurance that future cost increases, including as a result of inflation, can be offset by increased menu prices or that our current or future menu prices will be fully absorbed by our customers without any resulting change to their demand for our products. If the advertising, promotional, and marketing programs or our pricing strategies are not successful, or are not as successful as those of our competitors, our sales and market share could decrease. Finally, consumers are focusing more on sustainability and the environmental impacts of Starbucks operations, as well as the alignment of Starbucks actions with its stated mission, values, and promises. An inability to meet consumer expectations with respect to these issues could adversely affect our financial results.

**Risks Related** We may not be able to ~~Our~~ implement important strategic initiatives in accordance with our expectations or that generate expected returns, which may result in an adverse impact on our ~~Business~~ business and financial results. These strategic initiatives, which include our Back to Starbucks plan, are designed to create growth, improve our results of operations, and drive long-term shareholder value, and include:

- being an employer of choice and investing in partners to deliver a superior customer experience;
- building our leadership position around coffee;
- driving convenience, brand engagement, and digital relationships through our mobile, loyalty, delivery, and digital capabilities both domestically and internationally;
- simplifying store administrative tasks to allow store partners to better engage with customers;
- increasing the scale of the Starbucks store footprint with disciplined global expansion and continuing to introduce flexible and unique store formats in certain markets;
- adjusting rapidly to changing customer preferences and behaviors as a result of changing economic conditions and increased global interest rates and inflation;
- moving to a more licensed store model in certain markets and a more company-operated model in other markets;
- creating new occasions in stores across all dayparts with new product offerings, including our growing lunch food and beverage product lineup;
- continuing the global growth of our Channel Development business through our supply, distribution, and licensing agreements with Nestlé and other Channel Development business partners;
- delivering continued growth in our cold beverage business;
- working to address the potential effects of climate change and ~~third~~ the sustainability of our business; and
- reducing our operating costs, particularly general and administrative expenses.

In addition to other factors listed in this risk factors section, factors that may adversely affect the successful implementation of these initiatives, which could have a material adverse impact on our business and financial results, include the following:

- delays or cancellations of store openings for reasons beyond our control, such as potential shortages of materials and labor, delays in permits, or a lack of desirable real estate locations available for lease at reasonable rates, any of which could keep us from meeting annual store opening targets in the U. S. and internationally;
- not successfully scaling our supply chain infrastructure as we continue to expand;
- not successfully adapting to customer or market factors affecting our supply chain as we work to address sustainability goals and mitigate the impacts of climate change;
- inability to timely innovate with new product offerings, or the potential that such offerings may not be well received by consumers;
- delays or cancellations of remodels based on changes in macroeconomic conditions, changes in expected project benefits, or other factors;
- construction cost increases associated with new store openings and remodeling of existing stores;
- the challenges of company-wide coordination and alignment;
- inability to identify or act on opportunities to deliver anticipated cost savings;
- imposition of additional taxes by jurisdictions, such as on certain types of beverages or based on number of employees;
- governmental regulations or other health guidelines concerning operations of stores, including due to public health emergencies;
- deterioration in our credit ratings, which could limit the availability of additional financing and increase the cost of obtaining financing to fund our initiatives; and
- geopolitical instability and international conflicts.

Effectively managing growth can be challenging, particularly as we continue to expand in international markets where we must balance the need for flexibility and a degree of autonomy for local management against the need for consistency with our goals, policies, and standards. If we are not successful in implementing our strategic initiatives, or, in the event we undertake large acquisitions, integrations, and divestitures, we may be required to evaluate whether certain assets, including goodwill and other intangibles, have become impaired. In the event we record an impairment charge, it could have a material impact on our financial results. Our long-term business objectives depend on the successful execution of our strategies. We continue to build upon our investments in development, technology, digital engagement, and delivery in order to transform and enhance the customer experience. As ~~party-~~ part providers of these investments, we continue to focus on improving our service model and strengthening relationships with customers, in part through digital channels and loyalty initiatives, mobile order and payment systems, and enhancement of our technologies. We also continue to expand and refine our mobile ordering process. If these customer experience initiatives are not successfully executed or ~~do not satisfactorily fulfill~~ generate expected results, or if we do not fully realize the intended benefits of these significant investments, our financial results may suffer. It is also possible that the greater allocation of time and resources to these customer experience initiatives versus ~~their-~~ other organizational priorities responsibilities and commitments, it could ~~damage~~ negatively impact other areas of our business, ~~our-~~ or that we will fail to achieve optimal allocation of resources, which could materially harm our business ~~brand--~~ and ~~and~~ results of operations. Our continued success depends on our ability to attract and retain customers. Our financial results could suffer may adversely affect our business. Our continued success depends on our ability to attract and retain customers. Our financial results could be adversely affected by a shift in consumer spending away from outside-the-home food and beverages (such as a reduction in discretionary spending as a result of the resumption of student loan payments); lack of customer acceptance of new products (including due to price increases necessary to cover the costs of new products or higher input costs), brands (such as the global expansion of the Starbucks brand), and platforms (such as features of our mobile technology, changes in our loyalty rewards programs, and our delivery services initiatives); or customers reducing their demand

for our current offerings as new products are introduced. In addition, some of our products contain caffeine, dairy products, sugar, and other compounds and allergens, the health effects of which are the subject of public and regulatory scrutiny, including the suggestion of linkages to a variety of adverse health effects. Particularly in the U.S., there is increasing consumer awareness of health risks, including obesity, as well as increased consumer litigation based on alleged adverse health impacts of consumption of various food and beverage products. An unfavorable report on the health effects of caffeine or other compounds present in our products, whether **or not** accurate ~~or not~~, imposition of additional taxes on certain types of food and beverage components, or negative publicity or litigation arising from certain health risks could significantly reduce the demand for our beverages and food products and **materially harm our business and results of operations. Changes in diet (whether due to changes in consumer behavior and eating habits, use of weight-loss drugs, or other factors) could also influence the demand for our offerings and** materially harm our business and results of operations. Our financial results have been, and could continue to be, adversely affected by changes in macroeconomic conditions, including ~~increases~~ ~~those discussed~~ in real estate costs ~~more detail elsewhere~~ in **this risk factors section** certain domestic and international markets, inflationary pressures and changes in prevailing interest rates, disruptions to our supply chain, changes in governmental rules and approaches to taxation, and fluctuations in foreign currency exchange rates. Such changes **have impacted, and** could **affect** ~~continue to impact~~, **customer routines, employer “work-from-home” policies, and** consumer behavior ~~and their~~, **including consumers’** ability or willingness to spend discretionary income on our products. ~~Furthermore, our~~. Our global business strategy, including our plans for new stores, branded products, and other initiatives, relies significantly on a variety of business partners, including ~~licensee licensees and~~, joint venture ~~relationships~~ **partners**, third-party manufacturers, distributors, and retailers, particularly for our entire global Channel Development business. Licensees, retailers, and foodservice operators are often authorized to use our logos and provide branded food, beverage, and other products directly to customers. We believe our customers expect the same quality of service regardless of whether they visit a licensed or company-operated store, so we provide training and support to, and monitor the operations of, certain of these licensees and other business partners. However, the product quality and service they deliver may still be diminished by any number of factors beyond our control, including financial constraints or solvency **issues**, adherence to sanitation protocols and guidance, labor shortages, and other factors. We do not have direct control over our business partners and may not have visibility into their practices. We also source our food, beverage, and other products from a wide variety of domestic and international business partners, and in certain cases, such products are produced or sourced by our licensees directly. We do not monitor the quality of non-Starbucks products served by foodservice operators ~~we have who are~~ authorized to use our logos and provide branded products as part of their foodservice **businesses. Failures by our licensees or business providers to comply with the laws or regulations of their markets, or to otherwise meet the standards consumers associate with our brand, may negatively impact our business**. Additionally, inconsistent ~~uses~~ ~~use~~ of our brand and other ~~of our~~ intellectual property assets, as well as ~~the~~ failure to protect our intellectual property, ~~can~~ ~~could~~ erode consumer trust and **diminish** our brand value ~~and have~~, **which could result in** a material negative impact on our financial results. ~~Incidents involving~~ **Instances or reports, whether true or not, of unclean water supply or food - safety issues, such as food-** or beverage-borne illnesses, tampering, adulteration, contamination ~~or mislabeling~~, **and /** whether or not accurate, as well as adverse public or medical opinions about the health effects of consuming our products, could harm our business. ~~Instances or reports, whether true or not, of unclean water supply or food - safety issues, such as food or beverage-borne illnesses, tampering, adulteration, contamination~~ ~~or mislabeling~~, either during growing, manufacturing, packaging, **transporting**, storing, or preparation, have in the past severely injured the reputations of companies in the food and beverage processing, grocery, and quick-service restaurant sectors. Any report linking us to such instances, **even when false, unfounded, or inaccurate**, could ~~severely hurt~~ **materially harm** our sales and could ~~possibly~~ lead to product liability claims, litigation (including class actions), temporary store closures, or other adverse consequences. **Validated food- safety issues can also result in regulatory action and may lead to a recall of impacted products.** Clean water is critical to the preparation of coffee, tea, and other beverages, as well as ice for our cold beverages, and our ability to ensure adequate supplies of clean water and ice to our stores can be limited, particularly in some international locations. We ~~are also continuing~~ **continue** to incorporate more products in our food and beverage lineup that require **time and temperature control, including** freezing or refrigeration, which increases the risk of food- ~~safety~~ related incidents if correct temperatures are not maintained **during manufacturing, storage, distribution to stores, and at stores**, due to mechanical malfunction or human error. We also face risk by relying on third-party food suppliers to **manufacture finished products, and to** provide and transport ingredients and finished products to our stores. The product quality and service they deliver may be diminished by any number of factors beyond our control ~~and it may be difficult to detect contamination or other defects in these products. There is greater risk from those we do not monitor, or do not monitor as closely. Furthermore, stemming from the COVID-19 pandemic, there are stricter health regulations and guidelines and increased public concern over food safety standards and controls~~. Potential food safety incidents, whether at our stores, **with our products**, or involving our business partners, could lead to wide public exposure, **regulatory action, and potential litigation**, which could materially harm our business. ~~In addition~~ **A widespread Starbucks product recall could result in significant losses due to the costs of a recall, the destruction of product inventory, and lost sales due to the unavailability of product for a period of time, and could also subject us to product liability claims and negative publicity, all of which could materially harm our business. A decrease in customer traffic because of food- safety concerns or negative publicity, product recalls, viral- contaminated food or beverage claims, or other food or beverage- safety claims or litigation, or as a result of a temporary closure of any of our stores, could materially harm our business and results of operations. Additionally**, instances of food or beverage- safety issues, even those ~~solely~~ involving ~~solely~~ the restaurants or stores of competitors or of suppliers or distributors (regardless of whether we use or have used those suppliers or distributors), could adversely affect our sales on a regional or global basis by resulting in negative publicity about us, **even if no Starbucks suppliers or products are impacted**, or the foodservice industry in general. ~~A decrease~~ **Our growth depends in part on our**

ability to open new stores and operate them profitably on the forecasted timeline. In recent years, the costs of opening new stores increased due in part to construction labor inflation and increased costs of materials and equipment. In addition, we incur substantial startup expenses each time we open a new store, and it takes time to ramp up the sales and profitability of a new store, during which ramp-up period costs may be higher as we train new partners and build up a customer base. If we are unable to build the customer base that we expect or fail to overcome the higher startup expenses associated with new stores, our new stores may not be as profitable as our existing stores. Our ability to open and profitably operate new stores is also subject to various risks, such as the identification and availability of desirable locations; the negotiation of acceptable lease terms; the need to obtain all required governmental permits (including zoning approvals) and comply with other regulatory requirements, including health and safety; the availability of capable contractors and subcontractors; increases in the cost and decreases in the availability of labor and building material; changes in weather, natural disasters, pandemics, or other acts of God that could delay construction and adversely affect guest traffic; our ability to hire and train qualified management and store partners; and general economic and business conditions. At each potential location, we compete with other foodservice and retail businesses for desirable development sites, construction contractors, management personnel, partners, and other resources. It is also possible that our new stores may negatively impact the profitability of existing stores nearby. If we are unable to successfully manage these risks, we could face increased costs and lower-than-anticipated sales and earnings in future periods, which could have a material negative effect on our operating results. In addition, we continue to improve our existing stores through remodels, upgrades, and regular upkeep. If the costs associated with remodels, upgrades, or regular upkeep are higher than anticipated, stores are closed for remodeling for longer periods than planned, or remodeled stores do not perform as expected, we may not realize our projected return on investment, which could have a performance of material negative effect on our North America operating segment results. Our financial performance is highly dependent on our North America operating segment, which comprised approximately 74-75% of consolidated total net revenues in fiscal year 2023-2024. If the North America operating segment revenue trends slow or decline, especially in our U.S. market, our other segments may be unable to make up any significant shortfall, and our business and financial results could be adversely affected. Since And because the North America segment is relatively mature and produces the large majority of our operating cash flows, such a slowdown or decline could result in reduced cash flows of food-safety concerns or for negative publicity, funding the expansion of or our international businesses and as a result of a temporary closure of any of our stores, product recalls, viral-contaminated food or beverage claims or other food initiatives and or for returning cash to beverage-safety claims or our litigation, could materially harm shareholders. Our future growth increasingly depends on the growth and sustained profitability of certain international markets. Some our- or all of our international market business and results of operations. We units ("MBUs"), which we generally define by the markets in which they operate, may not be successful in their operations implementing important strategic initiatives or effectively managing in achieving expected growth, which ultimately requires achieving consistent, stable net revenues and earnings. The performance of these international operations may have an adverse impact on our business and financial results. There is no assurance that we will be adversely affected by economic downturns able to implement important strategic initiatives in one accordance with our- or more of expectations or that they- the markets in will generate expected returns, which may result our large MBUs operate. A decline in performance of an adverse impact on one our- or business and financial results. These strategic initiatives, which include our Reinvention Plan, are designed to create growth, improve our results of operations and drive long-term shareholder value, and include:

- being an employer of choice and investing in employees to deliver a superior customer experience;
- building our leadership position around coffee;
- driving convenience, brand engagement and digital relationships through our mobile, loyalty, delivery and digital capabilities both domestically and internationally;
- simplifying store administrative tasks to allow store partners to better engage with customers;
- increasing the scale of the Starbucks store footprint with disciplined global expansion and introducing flexible and unique store formats, including the accelerated development of alternative store formats (such as Starbucks Pickup stores, Starbucks Now stores and curbside pickup);
- adjusting rapidly to changing customer preferences and behaviors as a result of the COVID-19 pandemic, changing economic conditions, increased global interest rates and inflation;
- moving to a more licensed store model in certain markets and a more company-operated model in other markets;
- creating new occasions in stores across all dayparts with new product offerings, including our growing lunch food and beverage product lineup;
- continuing the global growth of our significant international MBUs Channel Development business through our supply, distribution and licensing agreements with Nestlé and other Channel Development business partners;
- delivering continued growth in our cold beverage business;
- working to address the potential effects of climate change and the sustainability of our business; and
- reducing our operating costs, particularly general and administrative expenses.

In addition to other factors listed in this risk factors section, factors that may adversely affect the successful implementation of these initiatives, which could have a material adverse impact on our consolidated business and financial results. The International segment is an important profit center driving our global returns, along with our North America segment. In particular, our China MBU, as our second-largest market overall and 100% company-operated, contributes meaningfully to both consolidated and International net revenues and operating income. Due to the significance of our China MBU for our profit and growth, we are exposed to risks in China, include including the risks mentioned elsewhere and the following:

- imposition a highly competitive retail environment and the entry of entry of new competitors to the specialty coffee market in China;
- changes in economic conditions in China and potential negative effects to the growth of its middle class, wages, labor, inflation, discretionary spending, and real estate and supply chain costs;
- the effects of U.S.-China relations, including escalating U.S.-China tension and increased anti-Americanism, potential tariff increases, retaliations, restrictive regulations, or boycotts, and increasing political sensitivities in China;
- ongoing government regulatory reform, including relating to public health, food safety, tariffs and taxes, sustainability, and responses to climate

change, which result in regulatory uncertainty as well as potential significant increases in compliance costs; • data privacy and cybersecurity risks unique to the conduct of business in China; and • food safety related matters, including compliance with food safety regulations and ability to ensure product quality and safety. Additionally, some factors that will be critical to the success of our international operations overall are different than those affecting our U.S. stores and licensees. Tastes naturally vary by region, and consumers in some international MBUs may not embrace our products to the same extent as consumers in the U.S. or other international markets. Occupancy costs and store operating expenses can be higher internationally than in the U.S. due to higher rents for prime store locations or costs of compliance with market-country-specific regulatory requirements. Because many of our international operations are in an early phase of development, operating expenses as a percentage of related revenues are often higher compared to more developed operations.

**We face risks as a global business that could adversely affect our financial performance. We operate in 86 markets globally. Our international operations are also subject to additional inherent risks of conducting business abroad, such as:**

- additional taxes by jurisdictions
- inherent risks of conducting business abroad, such as:
  - changes or uncertainties in economic, legal, regulatory, social, and political conditions in our markets, as well as negative effects on U. S. businesses due to increasing anti-American sentiment in certain markets
  - types of beverages or based on number of employees;
  - restrictive actions
  - construction cost increases associated with new store openings and remodeling of existing stores
  - foreign or U. S. governmental authorities affecting trade and foreign investment, especially during periods of heightened tension between the U. S. and such foreign governmental authorities, including protective measures such as export and customs duties and tariffs, government intervention favoring local competitors, and restrictions on the level of foreign ownership;
  - delays in store openings for reasons beyond our control,
  - competition with locally relevant competitors such as potential shortages of materials and labor and delays in permits,
  - or a lack of desirable real estate locations available for lease at reasonable rates, either any of which could keep us from meeting annual store opening targets in the U. S. and internationally;
  - in turn, negatively impact net revenues, operating income, and earnings per share.
  - governmental regulations or other health guidelines concerning difficulty in staffing, developing, and managing foreign operations and of stores, including due to public health emergencies;
  - not successfully sealing our supply chain infrastructure
  - logistics, including ensuring the consistency of product quality and service, due to governmental actions affecting supply chain logistics, distance, language, and cultural differences, as well our product offerings increase and as
  - challenges in recruiting and retaining we continue to expand, including our emphasis on a broad range of high-quality food offerings
  - employees in local markets;
  - economic not successfully adapting to customer or market factors
  - trade sanctions affecting our supply chain as
  - ability to source products or conduct business in one or more of the markets in which we operate
  - work to address sustainability and climate change;
  - the deterioration in developing economies
  - our credit ratings, which could limit the growth rate in availability of additional financing and increase the cost portion of obtaining financing to fund the population achieving sufficient levels of disposable income may not meet our initiatives projections;
  - and
  - interpretation and application of laws and regulations, including those relating to taxes, tariffs, labor, merchandise, anti-bribery, privacy, and environmental, social, and governance issues;
  - local laws, policies, and conditions that make it more expensive and complex to negotiate with, retain, or terminate employees;
  - labor strikes or work stoppages resulting from geopolitical instability or social unrest affecting one or more of the and international conflicts.

Effectively managing growth can be challenging, particularly as we continue to expand in international markets where we must balance the need for flexibility and a degree of autonomy for local management against the need for consistency with our goals, policies and standards. If we are not successful in implementing our strategic initiatives, or,..... units (“MBUs”), which we generally define by the countries in which they operate, may not be successful in their operations or in achieving expected growth, which ultimately requires achieving consistent, stable net revenues and earnings. The performance of these international operations may be adversely affected by economic downturns in one or more of the countries in which our large MBUs operate. A decline in performance of one or more of our significant international MBUs could have a material adverse impact on our consolidated results. The International segment is a significant profit center driving our global returns, along with our North America segment. In particular, our China MBU contributes meaningfully to both consolidated and International net revenues and operating income. China is expected to be our fastest growing market in terms of percentage growth, our second largest market overall and 100% company-owned. Due to the significance of our China market for our profit and growth, we are exposed to risks in China, including the risks mentioned elsewhere and the following:

- the effects of current U. S.–China relations, including rounds of tariff increases and retaliations and increasing restrictive regulations, potential boycotts and increasing anti-Americanism;
- local regulations, health guidelines, escalating U. S.–China tension and increasing political sensitivities in China
- safety protocols affecting our operations;
- the enforceability lingering effects of intellectual property the COVID-19 pandemic and contract rights related governmental regulations and restrictions on our operations in China;
- entry of new competitors to the..... conducting business abroad, such as:
  - foreign currency exchange rate fluctuations, or requirements to transact in specific currencies;
  - changes or uncertainties in economic, legal, regulatory, social and political conditions in our markets, as well as negative effects on U. S. businesses due to increasing anti-American sentiment in certain markets;
  - interpretation and application of laws and regulations, including tax, tariffs, labor, merchandise, anti-bribery and privacy laws and regulations;
  - restrictive actions of foreign or U. S. governmental authorities affecting trade and foreign investment, especially during periods of heightened tension between the U. S. and such foreign governmental authorities, including protective measures such as export and customs duties and tariffs, government intervention favoring local competitors and restrictions on the level of foreign ownership;
  - import or other business licensing requirements;
  - the enforceability of intellectual property and contract rights;
  - limitations on the repatriation of funds and foreign currency exchange restrictions due to current or new U. S. and international regulations;
  - and
  - import in developing economies, the growth rate in the portion of the population achieving sufficient levels of disposable income may not be as fast as we forecast;
  - difficulty in staffing, developing and managing foreign operations and supply chain logistics, including ensuring the consistency

of product quality and service, due to governmental actions affecting supply chain logistics, distance, language and cultural differences, as well as challenges in recruiting and retaining high-quality employees in local markets; • local laws that make it more expensive and complex to negotiate with, retain or terminate employees; • local regulations, health guidelines and safety protocols affecting our **or other business licensing requirements** operations; and • delays in store openings for reasons beyond our control, competition with locally relevant competitors or a lack of desirable real estate locations available for lease at reasonable rates, any of which could keep us from meeting annual store opening targets and, in turn, negatively impact net revenues, operating income and earnings per share. Moreover, many of the foregoing risks are particularly acute in developing countries **markets**, which are important to our long-term growth prospects. An inability to **effectively** manage ~~effectively~~ the risks associated with our international operations could adversely affect our business and financial results. • ~~Our reliance on key business partners may adversely affect our business and operations.~~ The growth of our business relies on the ability of our licensee partners to implement our growth platforms and product innovations. **Further**, as well as on the degree to which we are able to enter into, maintain, develop and, negotiate, **and enforce** appropriate terms and conditions of, ~~and enforce~~, commercial and other agreements and, **as well as** the performance of our business partners under such agreements, **are critical to our business**. Our international licensees may face capital constraints or other factors, **including legal constraints**, that may limit the speed at which they are able to expand and develop in a certain market. Our Channel Development business is heavily reliant on Nestlé, which has the **global** right to sell and distribute our packaged goods and foodservice products to retailers and operators, with few exceptions. If Nestlé fails to perform its distribution and marketing commitments under our agreements and / or fails to support, protect, and grow our brand in Channel Development, our Channel Development business could be adversely impacted for a period of time, present long-term challenges to our brand, limit our ability to grow our Channel Development business, and have a material adverse impact on our business and financial results. **Our** ~~Additionally, the growth of our Channel Development business is in part dependent on the level of discretionary support provided by our retail and licensed~~ **operations** store businesses. There are **generally concentrated in** a relatively small number of **large licensee licensees** partners operating in specific markets. If they are not able to access sufficient **capital funds or financing**, or are otherwise unable or unwilling to successfully operate and grow their businesses, it could have a material adverse effect on our results in the applicable markets. **Risks Related to Supply Chain** • ~~Increases in the cost of high-quality arabica coffee beans or other commodities or decreases in the availability of high-quality arabica coffee beans or other commodities could have an adverse impact on our business and financial results.~~ The availability and prices of coffee beans and other commodities are subject to significant volatility. We purchase, roast, and sell high-quality whole bean arabica coffee beans and related coffee products. The high-quality arabica coffee of the quality we seek tends to trade on a negotiated basis at a premium above the “C” price. This premium depends upon, **among other factors**, the supply and demand at the time of purchase, and the amount of the premium can vary significantly. Increases in the “C” coffee commodity price increase the price of high-quality arabica coffee and ~~also~~ impact our ability to enter into fixed-price purchase commitments. We frequently enter ~~into~~ supply contracts whereby the quality, quantity, delivery period, and other negotiated terms are agreed upon, but the date, and therefore price, at which the base “C” coffee commodity price component will be fixed has not yet been established. The supply and price of coffee we purchase can also be affected by multiple factors in the producing countries, such as weather, water supply quality and availability throughout the coffee production chain, natural disasters, crop disease and pests, general ~~increase~~ **increases** in farm ~~inputs~~ **input costs** and costs of production, inventory levels, political and economic conditions, and the actions of certain organizations and associations that have historically attempted to influence prices of green coffee through agreements establishing export quotas or by restricting coffee supplies. Climate change may further exacerbate many of these factors. **For example, extreme weather conditions such as drought or frost in Brazil have impacted coffee prices in the past, and in the likely event that such weather conditions were to reoccur, become more frequent, and / or increase in severity in the future, they may have similar or worse consequences on coffee price volatility.** Speculative trading in coffee commodities can also influence coffee prices. ~~For example, extreme weather conditions such as drought or frost in Brazil have impacted coffee prices in the past, and in the likely event that such weather conditions were to reoccur in the future, they would have similar consequences on coffee price volatility.~~ Because of the significance of coffee beans to our operations, combined with our ability to only partially mitigate future price risk through purchasing practices and hedging activities, increases in the cost of high-quality arabica coffee beans could have a material adverse impact on our profitability. In addition, if we are not able to purchase sufficient quantities of green coffee due to any of the above factors or due to a worldwide or regional shortage, we may not be able to fulfill the demand for our coffee, which could have a material adverse impact on our business operations and financial performance. We also purchase significant amounts of dairy products, particularly fluid milk, and to a lesser degree, plant-based dairy-free alternative products, such as oat milk and almond milk, to support the needs of our company-operated retail stores. Additionally, other commodities, including tea and those related to food and beverage inputs, such as cocoa, produce, baking ingredients, meats, eggs, and energy, as well as **non-food and beverage inputs, such as the components that comprise our packaging materials, are important to our operations, as is** the processing of these inputs, ~~are important to our operations.~~ Increases in the cost of dairy products and other commodities, or lack of availability, whether due to supply shortages, delays or interruptions in processing, or otherwise, especially in international markets, could have a material adverse impact on our profitability. Similarly, increases in the cost of, or lack of availability **of**, whether due to supply shortages, **or** delays or interruptions in the processing of, **plant-based alternatives could have a material adverse impact on our profitability.** • **Even in the absence of acute disruptions or** ~~interruption~~ **interruptions of**, our supply chain **may be unable to fully meet current or future business needs. There can be no assurance that our suppliers will be able to accommodate our anticipated growth or continue to supply current quantities at preferential prices or at all. An inability of our suppliers to provide products in a timely or cost-effective manner could impair our growth and have an adverse affect effect on our business, financial condition, results of operations, and prospects. If we are unable to accurately forecast sales levels**

in each market our ability to store and obtain sufficient ingredients or produce or deliver our a sufficient supply to meet demand, we may incur higher expedited shipping costs and may temporarily run out of stock of certain products and, which could negatively impact the enthusiasm of our customers and store partners. We have been, and may in the future be, unable to fully address consumers' demand for our products, particularly in the case of new offerings for which demand is higher than projected. Conversely, if demand does not meet our expectations, we have incurred, and could continue to incur, increased inventory write-offs. Finally, if we are unable to scale and improve our forecasting, planning, production, and logistics management, we could frustrate our customers, lose sales, our or business diminish our and brand profitability reputation. Any material interruption in our supply chain (such as material interruption disruption of roasted coffee supply), whether due to the casualty loss of any of our roasting plants, interruptions in service by our third-party logistic service providers or common carriers that ship goods within our distribution channels, trade restrictions (such as increased tariffs or quotas, embargoes, or customs restrictions), pandemics, social or labor unrest, labor shortages, natural disasters, or political disputes and military conflicts that cause a material disruption in our supply chain could have a negative material impact on our business and our profitability. Additionally, our food, beverage, and other products are sourced from a wide variety of domestic and international business partners in our supply chain operations and, in certain cases, are produced or sourced by our licensees directly. We rely on these suppliers to provide high-quality products and to comply with applicable laws. Our ability to find qualified suppliers who meet our standards and supply products in a timely and efficient manner is a significant challenge as we increase our fresh and prepared food offerings, especially with respect to goods sourced from outside the U. S. and from countries or regions with diminished infrastructure, developing or failing economies, or which are experiencing political instability, labor discord, disruption or shortages, or social unrest. For certain products, we may rely on one or very few suppliers. A supplier's failure to meet our standards, provide products in a timely and efficient manner, or comply with applicable laws is beyond our control. These issues could have a material negative impact on our business and profitability.

**Risks Related to Macroeconomic Conditions** • Our financial condition and results of operations are subject to, and may be adversely affected by, a number of macroeconomic and other factors, many of which are also largely outside our control. Our operating results have been, in the past and will continue to be, subject to a number of macroeconomic and other factors, many of which are largely outside our control. Any one or more of the factors listed below or described elsewhere in this risk factors section could have a material adverse impact on our business, financial condition, and/or results of operations:

- increases in real estate costs in certain domestic and international markets;
- inflationary pressures and changes in prevailing interest rates;
- disruptions to our supply chain;
- changes in climate, including changes to the frequency or severity of extreme weather events, that impact the price and availability or cost of goods and services, energy, and other materials throughout our supply chain;
- changes in governmental rules and approaches to taxation;
- fluctuations in foreign currency exchange rates;
- adverse outcomes of litigation;
- inflationary pressures and changes in prevailing interest rates;
- severe weather or other natural or man-made disasters affecting a large market or several closely located markets that may temporarily but significantly or for extended periods of time affect our retail business in such markets;
- government shutdowns changes in climate, including changes to the frequency or severity of extreme weather events, that as well as the impact the price and availability or cost expected impact of elections goods and services, energy both in the U. S. and in other markets around the world materials throughout our supply chain; and especially in our largest markets, including the U. S. and China, labor discord or disruption, geopolitical events, war, terrorism (including incidents targeting us), political instability, acts of public violence, boycotts, increasing anti-American sentiment in certain markets, or hostilities and, social unrest and, or health pandemics that lead to avoidance of public places or restrictions on public gatherings such as in our stores; and
- fluctuations in foreign currency exchange rates.

Unfavorable economic conditions could also adversely affect our suppliers and licensees, who in turn could experience cash flow problems, more costly or unavailable financing, credit defaults, and other financial hardships. This could lead to supplier or licensee insolvency, increase our bad debt expense, or cause us to increase the levels of unsecured credit that we provide to suppliers and licensees. Further, if the insolvency of any of our licensees becomes insolvent this could result in disrupted operations or our exit from a particular market, and negatively impact our reputation. For example, one of our licensees is experiencing financial solvency issues, which may require the Company to expend capital resources to help fund their operating expenses in the short term.

• Economic conditions in the U. S. and international markets could adversely affect our business and financial results. As a retailer that is dependent upon consumer discretionary spending, our results of operations are sensitive to changes in or uncertainty about macroeconomic conditions. A continued economic downturn or recession, or slowing or stalled recovery therefrom, may have a material adverse effect on our business, financial condition, or results of operations. Our customers may have or in the future have less money for discretionary purchases and may stop or reduce their purchases of our products or switch to Starbucks or our or our competitors' lower-priced products as a result of various factors, including job losses, loss, inflation, changes in prevailing interest rates, higher taxes, reduced access to credit, changes in federal economic policy, a global health pandemic, international trade disputes, or geopolitical instability. For example, reductions and continuing volatility in China may be caused by, among other things: changes in consumer spending behaviors, including those caused by a decrease in consumer confidence in general macroeconomic conditions, a decrease in consumer discretionary spending, increasing competition in the market, lower-priced competitor product offerings, negative economic impacts related to the rising geopolitical tensions between China and Taiwan, economic policies or sanctions, heightened data and cybersecurity risks associated with conduct of business in China, and food-safety related matters. We may also experience a reduction and/or increased volatility in demand for our products in connection with a global health pandemic. For example, in China, reductions and continuing volatility in that market may be caused by, among other things: store closures or modified operating hours and business model, reduced customer traffic due to illness, quarantine or government or self-imposed restrictions placed on our stores' operations, impacts caused by precautionary measures such as those related to face coverings and vaccinations and

changes in consumer spending behaviors, including those caused by social distancing, a decrease in consumer confidence in general macroeconomic conditions and a decrease in consumer discretionary spending. Decreases in customer traffic and / or average value per transaction without a corresponding decrease in costs would put downward pressure on margins and **would** **could have a material** negatively -- **negative** impact **on** our financial results. There is also a risk that if negative economic conditions or uncertainty persist for a long period of time or worsen, consumers may make long- lasting changes to their discretionary purchasing behavior, including less frequent discretionary purchases on a more permanent basis or enduring changes in behavior that precipitate a more general downturn in the restaurant industry. These and other macroeconomic factors could have an adverse effect on our sales, profitability, or development plans, which could harm our results of operations and financial condition. • **Failure** **We have in the past failed, and may in the future fail,** to meet **our announced guidance or** market expectations, **which** for our financial performance and fluctuations in the stock market as **has** a whole will likely **adversely affected, and could in the future** adversely affect, the market price and volatility of our stock. **Our guidance is based on certain assumptions, which may or may not prove to be correct.** Failure to meet **our announced guidance or** market expectations going forward, particularly with respect to our operational and financial results, **shareholder returns,** and expectations regarding the success of our **Reinvention Back to Starbucks Plan plan** and related guidance, **environmental performance** **whether due to our assumptions not being met or the impact of various risks and uncertainties** **shareholder returns,** will likely result in a decline and / or increased volatility in the market price of our stock. In addition, price and volume fluctuations in the stock market as a whole may affect the market price of our stock in ways that may be unrelated to our financial performance. **Much of our future success depends on** **Risks Related to Human Capital** • **Changes in the** **continued** availability of and **service of key personnel and employees.** **The loss of any of our executive officers, including our chief executive officer or the other** **cost key senior management personnel, could harm our business.** **Our success also depends substantially on the contributions and abilities of our retail store employees upon whom we rely to give customers a superior in- store experience and elevate our brand.** **Accordingly, our performance depends on our ability to recruit and retain high- quality management personnel and other employees to work in and manage our stores, both domestically and internationally.** **Our ability to do so has been and may continue to be impacted by challenges in the** **labor** **could we** **rely to give customers a superior in- store experience and elevate our brand.** **Accordingly, our performance depends on our ability to recruit and retain high- quality management personnel and other employees to work in and manage our stores, both domestically and internationally.** **Our ability to do so has been and may continue to be impacted by challenges in the labor market,** **(** **which has experienced,** **and may continue to experience,** **wage inflation,** **and labor shortages,** **),** **our position with respect to unions and the unionization of partners,** **increased employee turnover,** **changes in availability of our workforce and a shift toward remote or hybrid work arrangements.** **Our ability to attract and retain corporate, retail,** **and other personnel is also acutely impacted in certain international and domestic markets where the competition for a relatively small number of qualified employees is intense or in markets where large high- tech companies are able to offer more competitive salaries and benefits.** **These factors and others have also made, and may continue to make, it more difficult to maintain an effective system of operational internal controls for a dispersed workforce, and to train partners to deliver a consistently high- quality product and customer experience.** **Additionally, there is intense competition for qualified technology systems developers,** **who are** **necessary to develop and implement new technologies for our growth initiatives, including increasing our digital relationships with customers.** **If we are unable to recruit, retain,** **and motivate employees sufficiently to maintain our current business and support our projected growth, our business and financial performance may be adversely affect** **affected** **our business.** **Our business could be adversely impacted by increases in labor costs, including wages and benefits, which, in a retail business such as ours, are two of our most significant costs, both domestically and internationally.** **Such,** **including those** **could be** **triggered by state and federal legislation and regulatory actions regarding wages, scheduling,** **and benefits;** **increased increases in** **healthcare and workers' compensation insurance costs; and** **increased increases in** **wages and costs of other benefits necessary to attract and retain high- quality employees with the right skill sets.** **For example, at the federal level, effective July 1, 2024, the United States Department of Labor increased the minimum salary threshold requirements for employees who are exempt from the Fair Labor Standards Act overtime requirements, and at the state level, Assembly Bill 1228 increased minimum wage and established working hour and working condition standards for certain partners in California.** **These changes, along with others that may occur in the future, could have a significant impact on the classification of employees as being exempt from overtime and add to our labor costs.** **The growth of our business can make it increasingly difficult to locate and hire sufficient numbers of employees, to maintain an effective system of** **operational** **internal controls for a globally dispersed enterprise,** **and to train employees worldwide to deliver a consistently high- quality product and customer experience,** **which;** **the failure to do so** **could materially harm our business and results of operations.** **Furthermore, we have experienced, and could continue to experience, a shortage of labor for store positions, and the increased availability of alternative telecommuting employment options by other employers could decrease the pool of available qualified talent for** **other** **key functions.** **In addition, our wages and benefits programs may be insufficient to attract and retain the best talent. Starting in September 2021, Starbucks partners at a number of company- operated stores sought union representation through elections conducted by the** **authorities** **National Labor Relations Board.** **Unions have secured representation rights at** **hundreds** **a number of these** **our more than 10, 000 U. S. company- operated** **stores, with potentially more to follow,** **and Starbucks is engaged in collective bargaining for initial collective bargaining agreements for these stores.** **If we encounter difficulties negotiating collective bargaining agreements, are unsuccessful in those efforts, or obtain contracts with unfavorable terms, then we could incur additional costs, change our employee culture, decrease our flexibility, and increase our operational complexity.** **These risks could also present the potential to disrupt our current operational model by affecting our ability to fully implement operational changes to enhance our efficiency and adapt to changing business needs.** **The law places limitations on unilateral actions taken with respect to employees who are represented by unions**

because, in certain circumstances, the law requires the employer to notify and to bargain with the union prior to making certain operational or other changes that may affect employee wages, hours, or other terms and conditions of employment. Moreover, where a petition for representation has been filed by a union, the employer is also constrained from making changes in wages, hours, and working conditions. These limitations could also negatively affect our costs, change our employee culture, and decrease our flexibility, and increase our operational complexity. They also present the potential to disrupt our current operational model by affecting our ability to fully implement operational changes to enhance our efficiency and adapt to changing business needs. Moreover, we have experienced job actions in some company- operated stores. Such job actions and work stoppages have the potential to negatively impact our operations, third- party providers upon whom we rely to deliver product, our sales, and customer flow in impacted locations, our costs, and can also have a negative impact on our reputation and brand. Additionally, our position with respect to unions and the unionization of partners could negatively impact how our brand is perceived and could have material adverse effects on our business, including on our financial results. These positions could also expose us to legal risk, causing us to incur costs to defend legal and regulatory actions, potential penalties and restrictions, and reputational harm. • The loss of key personnel....., which could lead to reduced profitability. The specialty coffee market is intensely competitive, including with respect to product quality, innovation, service, convenience, (such as delivery service and mobile ordering), and price, and we face significant and increasing competition in all of these areas in each of our channels and markets. Accordingly, we do not have leadership positions in all channels and markets. In the U. S., the ongoing focus by large competitors in the quick- service restaurant sector on selling high- quality specialty coffee beverages could lead to decreases in customer traffic to Starbucks® stores and / or average value per transaction, adversely affecting our sales and results of operations. Similarly, continued competition from well- established competitors, or competition from large new entrants or well- funded smaller companies, in our domestic and international markets could hinder growth and adversely affect our sales and results of operations in those markets. Many small competitors also continue to open coffee specialty stores in many of our markets across the world, which in the aggregate may also lead to significant decreases of customer traffic to our stores in those markets. Increased competition globally in packaged coffee and tea and single- serve and ready- to- drink coffee beverage markets, including from new and large entrants to this market, could adversely affect the profitability of the Channel Development segment. In addition, not all of our competitors may seek to establish environmental or sustainability goals at a comparable level to ours, which could result in lower supply chain or operating costs for our competitors. We may incur increased costs associated with reducing carbon dioxide and other greenhouse gas emissions, reducing the use of plastic, or imposing performance obligations on our suppliers that could increase financial obligations for us and our business partners and could affect our profitability. Additionally, if we are unable to respond to consumer demand for healthy beverages and foods, or our competitors respond more effectively, this could have a negative effect on our business. We believe our ability to compete successfully in the current market environment depends on our ability to improve existing products; successfully develop and introduce new products; price our products appropriately; deliver a satisfactory customer experience; manage our investments in store development, technology, digital engagement, and delivery; and respond effectively to our competitors' actions or offerings or to unforeseen disruptive actions. There can be no assurance these strategies will be effective, and some strategies may be effective at improving certain metrics while adversely affecting others, which could have the overall effect of harming our business. Furthermore, declines in general consumer demand for specialty coffee products for any reason, including due to consumer preference for other products, flattening demand for our products, changed customer daily routines or traffic to stores, or changed customer spending behaviors due to challenging economic conditions, could have a negative effect on our business. Risks Related to Environmental, Social and Governance Matters • Climate change may have an adverse impact on our business. We recognize that there are inherent climate- related risks wherever business is conducted. For example, as we noted above, the supply and price of coffee we purchase can also be affected by multiple factors in the producing countries, such as weather and water supply quality and availability, which. These factors may be caused by or exacerbated by climate change. Climate change may also result in decreased availability, less favorable pricing, or other adverse consequences for non- coffee inputs in our products. In particular addition to impacts in producing countries, climate change may affect the availability of water in the markets in which we operate and expect to operate and elsewhere in our supply chain, which could have adverse impacts on our business. We operate in 86-87 markets globally. Our properties and operations may be vulnerable to the various adverse effects of climate change, which are predicted to increase the frequency and severity of extreme weather events and other natural cycles such as wildfires and droughts. Such events have the potential to disrupt our operations, cause store closures, disrupt the business of our third- party suppliers, and impact our customers and partners, all of which may cause us to suffer losses and incur additional costs to maintain or resume operations. → Our business is subject to evolving corporate governance and public disclosure regulations and expectations, including with respect to environmental, social and governance matters, that could expose us to numerous risks. We are subject to changing rules and regulations promulgated by a number of governmental and self- regulatory regulators and organizations, including the SEC, the European Union, the Nasdaq Stock Market, and the Financial Accounting Standards Board. These rules and regulations continue to evolve in scope and complexity, and many new requirements have been created in response to laws enacted by Congress and state legislatures, which in certain cases may be inconsistent with one another, making compliance more difficult and uncertain. In addition, increasingly regulators, customers, investors, employees, and other stakeholders are focusing on environmental, social, and governance (commonly referred to as "ESG") matters and related disclosures and operational regulations. 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. For example, developing and acting on initiatives within the scope of ESG, and collecting, measuring, and reporting ESG- related information and metrics can be costly, difficult, and time consuming and is subject to evolving reporting standards, including the SEC's proposed climate- related reporting requirements

and similar proposals by other international regulatory bodies. For example, the European Union's Corporate Sustainability Reporting Directive ("CSRD"), with different implementation dates depending on company size and geographic location, has established extensive ESG-related disclosure requirements based on the European Sustainability Reporting Standards, including certain assurance obligations. The standards used to identify and collect the information and data required pursuant to the CSRD are still developing and uncertain, and this lack of certainty could result in increased costs related to complying with our reporting obligations under the CSRD and could increase the risk of failing to comply with the CSRD. We may also communicate certain initiatives and goals regarding related to environmental matters, diversity, responsible sourcing and, social investments, and other ESG-related matters in our SEC filings or in other public disclosures. These initiatives and goals within the scope of ESG 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 the disclosure. Further, statements about our ESG-related initiatives and goals, and progress toward 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.

Previously reported data may in the future be adjusted to reflect improvements in the availability and quality of third-party data, changing assumptions, changes in the nature and scope of our operations, and other changes in circumstances. If our ESG-related data, processes, and reporting are incomplete or inaccurate, our reputation, business, financial performance, and growth could be adversely affected. If we are unable to meet our ESG-related goals, commitments, initiatives, or evolving stakeholder or industry expectations and standards, if we change or are perceived to have changed our goals, commitments, or initiatives, or if we are perceived to have not responded appropriately to stakeholder interests in the growing concern for ESG issues, customers and consumers may choose to stop purchasing our products or purchase products from another company or a competitor, and our reputation, business, or financial condition may be adversely affected. If our ESG-related data, processes and reporting are incomplete or inaccurate, 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, business, financial performance and growth could be adversely affected. In addition, we could be criticized by ESG detractors, shareholders, stakeholders, regulators, or other interested parties for the scope or nature of our ESG initiatives or goals or for any revisions to these goals. We have been and could also continue to be subjected to negative responses by governmental actors (such as anti-ESG legislation or retaliatory legislative treatment) or consumers (such as boycotts or negative publicity campaigns) targeting Starbucks that, which could adversely affect our reputation, business, financial performance, and growth.

**Risks Related to Intellectual Property** We actively engage in discussions with our shareholders regarding further strengthening our Company and creating long-term shareholder value. This ongoing dialogue can include certain divisive activist tactics, which can take many forms. Some shareholder activism, including potential proxy contests, has resulted in, and could in the future result in, substantial costs, such as legal fees and expenses, and the diversion of management's and our Board's attention and resources from our businesses and strategic plans. Additionally, public shareholder activism could give rise to perceived uncertainties as to our future, adversely affect our relationships with our customers, partners, licensees, or business partners, make it more difficult to attract and retain qualified personnel, and cause our stock price to fluctuate based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business. Activists or other shareholders holding a large portion of our outstanding shares will also have the ability to exert a substantial influence on actions requiring a shareholder vote, including the election of directors, the approval of mergers, acquisitions, and other significant business transactions, shareholder proposals, and amendments to our governing documents. These risks could adversely affect our business and operating results. Our policies and procedures are designed to comply with all applicable laws, accounting and reporting requirements, tax rules, and other regulations and requirements, including those imposed by the SEC, Nasdaq, and foreign countries, as well as applicable trade, labor, healthcare, food and beverage, sanitation, safety, environmental, labeling, anti-bribery and corruption, and merchandise laws. Such laws and regulations are complex and often subject to differing interpretations, which can lead to unintentional or unknown instances of non-compliance. For example, changes in the enforcement priorities of regulators may also shift the impact of applicable regulations on the business and the costs necessary to ensure compliance therewith, including through an expansion in the nature, scope, or complexity of matters on which we are required to report. Changes in applicable environmental laws and regulations, including expanded increased or additional regulations and associated costs to limit carbon dioxide and other greenhouse gas emissions, to discourage the use of plastic, or to limit or impose additional costs on commercial water use, may result in increased compliance costs, capital expenditures, incremental investments, and other financial obligations for us and our business partners, which could affect our profitability not be effective able to adequately protect our intellectual property or for adequately ensure the Company until fiscal 2025, and it is not expected to result in a material impact to our consolidated financial statements. We will continue to monitor regulatory developments with respect to this initiative for potential impacts. The complexity of the regulatory environment in which we operate and the related costs of compliance are both increasing due to additional or changing legal and regulatory requirements, our ongoing expansion into new markets and new channels, and the fact that we foreign laws occasionally conflict with domestic laws. In addition to potential damage to our reputation and brand, failure by us or our business partners to comply with the various applicable laws and regulations, as well as changes in laws and regulations or the manner in which they are interpreted or applied not infringing the intellectual property of others, may result in litigation, civil and criminal liability, damages, fines and penalties, increased cost of regulatory compliance, and restatements of our financial statements, all of which could have harm the value of our brand and an adverse impact on our business. Our brand and financial results names, trademarks and related intellectual property rights are critical assets, and our success depends on our continued ability to use our existing

trademarks and service marks in order to increase brand awareness and further develop our branded products in both domestic and international markets. We have been, and in the future may be, subject to litigation and other legal proceedings that may adversely affect our business. These legal proceedings may involve claims brought by store partners, customers, government agencies, suppliers, shareholders, or others through private actions, administrative proceedings, regulatory actions, or other litigation, including litigation on a class or collective basis on behalf of what can be a large group of potential claimants. These legal proceedings have involved, and in the future may involve, allegations of illegal, unfair, or inconsistent employment practices, including those governing wage and hour, employment of minors, discrimination, harassment, wrongful termination, and vacation and family leave laws; food- safety issues including food- borne illness, food combination- contamination of trademarks, and adverse health effects from consumption of our food products; data security or privacy breaches; customer discrimination; personal injury in our stores; marketing and advertising claims, including claims that our environmental and social program claims are misleading or inaccurate; infringement of patent, copyrights- copyright, or service marks, trade secrets, patents and other intellectual property rights to protect; violation of the federal securities laws; workers' compensation; our- or other concerns brand and branded products. We are party to a number of have registered certain trademarks and have other trademark registrations pending lawsuits in the U. S. and certain foreign jurisdictions. The trademarks that governmental audits alleging violations of federal and state employment laws, including wage and hour claims, and we could be involved in similar or even more significant litigation and legal proceedings in the future. Even if the allegations against us in currently-- current use have or future legal matters are unfounded or we ultimately are held not liable, been registered in all of the countries outside of the U. S. in which we do business or may do business in the future and may never be registered in all of these-- the countries. It costs to defend ourselves may be significant costly and time consuming to protect our intellectual property, and the steps we have taken to protect our intellectual property in the U. S. and foreign countries may not be adequate. In addition, the steps we have taken may not adequately ensure that we do not infringe the intellectual property of others, and third parties may claim infringement by us in the future. Any claim of infringement, whether or not it has merit, could be time- consuming, result in costly litigation and harm our business. In addition, we cannot ensure that licensees will not take actions that adversely affect the value of our intellectual property. Risks Related to Cybersecurity and Data Privacy • Failure to maintain satisfactory compliance with certain privacy and data protections laws and regulations may subject us to substantial settlements, fines, penalties, or judgments against us and may divert management' s attention away from operating our business, all of which could negatively impact our financial condition and results of operations. Litigation also may generate negative publicity, regardless of whether the allegations are valid or we ultimately are not liable, which could damage our reputation and adversely impact our sales as well as our relationships with our store partners and customers. See Note 16, Commitments and Contingencies, to the consolidated financial consequences, reputational harm and civil statements included in Item 8 of Part II of this 10- K or for criminal penalties information regarding certain legal proceedings in which we are involved. Complex local, state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These privacy and data protection laws and regulations are quickly evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations and increased enforcement and litigation. In addition, our legal and regulatory obligations in jurisdictions outside the U. S. are subject to unexpected changes, including the potential for regulatory or other governmental entities to enact new or additional laws or regulations, to issue rulings that invalidate prior laws or regulations, or to increase penalties significantly. Complying with these laws and regulations can be costly and can impede the development and offering of new products and services. For example, Europe' s General Data Protection Regulation ( " GDPR " ) and the U. K. General Data Protection Regulation (which implements the GDPR into U. K. law), impose stringent data protection requirements and provide for significant penalties for noncompliance. In China, the Personal Information Protection Law ( " PIPL " ) has established personal information processing rules, data subject rights, and obligations for personal information processors, among other things. In addition to the PIPL, China' s Data Security Law regulates data processing activities associated with personal and non- personal data. Noncompliance with these laws may result in significant civil and criminal penalties. Other newly enacted and proposed privacy and data protection laws in other jurisdictions served by Starbucks and its licensees may impose similar requirements, including restrictions on cross- border data transfers and stringent safeguards on personal and non- personal data. Such laws may impact Starbucks our business operations and increase the cost and expense of compliance. In the United States, the California Consumer Privacy Act ( " CCPA " ) requires, among other things, covered companies to provide new disclosures to California consumers and allows such consumers new abilities to exercise certain rights in connection with their personal information, such as the right to opt- out of certain sales of personal information. The CCPA also provides for civil penalties for violations as well as a private right of action for data breaches that may increase data breach litigation. Further, the California Privacy Rights Act, which became effective in January 2023, significantly modified the CCPA and to includes- include additional compliance obligations. Colorado Since the CCPA was first passed, Connecticut and Virginia recently 19 other states have enacted similar data privacy legislation that has also gone into, eight of which are in effect as of in 2023, and a new privacy law in Utah will go into effect at the end of 2023-2024. In addition, a number of other states have passed or are considering additional privacy laws, including laws on health data and biometric data that are in effect, or are expected to take effect in the near future. These state privacy laws will require us to incur additional costs and expenses in our efforts to comply. Privacy and data protection laws, such as those referenced above, may impact Starbucks operation- operations and new business models, such as Starbucks Digital Solutions, which rely on Starbucks functioning as controller of customer personal information in licensed markets. As such, Starbucks may be primarily responsible for compliance with privacy and data protection laws in the markets served by participating licensees. Our failure to comply with applicable laws and regulations or other obligations to which we may be subject relating to personal data, or to

protect personal data from unauthorized access, use, or other processing, could result in enforcement actions and regulatory investigations against us, claims for damages by customers and other affected individuals or parties, or fines and damage to our brand reputation, any of which could have a material adverse effect on our operations, financial performance, and business. The amount and scope of insurance we maintain may not cover all types of claims that may arise. ~~• The unauthorized access, use, theft or destruction of customer or employee personal, financial or other data or of Starbucks proprietary or confidential information that is stored in our information systems or by third parties on our behalf could impact our reputation and brand and expose us to potential liability and loss of revenues.~~ Many of our information technology systems (whether cloud-based or hosted in proprietary servers), including those used for our point-of-sale, web and mobile platforms, online and mobile payment systems, delivery services and, rewards programs, and administrative functions, contain personal, financial, or other information that is entrusted to us by our customers, business partners, and employees. Many of our information technology systems also contain Starbucks proprietary and other confidential information related to our business, such as business plans and product development initiatives and designs, and confidential information about third parties, such as licensees and business partners. Similar to many other retail companies and because of the prominence of our brand, we have in the past experienced, and we expect to continue to experience, cyber-attacks, including phishing, and other attempts to breach, or gain unauthorized access to, our systems and databases. To date, these attacks have not had a material impact on our operations, but we cannot provide assurance that they will not have an impact in the future. Our third-party providers' and business partners' information technology systems and databases are likewise subject to such risks. The number and frequency of these attempts varies from year to year but could be exacerbated to some extent by an and increase increases in as the scale and scope of our technology footprint and digital operations increases. In addition, to conduct our business, we provide some customer and employee data, as well as Starbucks proprietary information and other confidential information important to our business, to third parties to conduct our business, including licensees and business partners. Individuals performing work for Starbucks and such third parties also may access some of this data, including on personally-owned digital devices. To the extent we, a third party, or such an individual were to experience a breach of our or their information technology systems that results in the unauthorized access, theft, use, destruction or other compromises of customers' or employees' data or confidential information of the Company stored in or transmitted through such systems, including through cyber-attacks or other external or internal methods, it could result in a material loss of revenues from the potential adverse impact to our reputation and brand, a decrease in our ability to retain customers or attract new ones, the imposition of potentially significant costs (including loss of data or payment for recovery of data) and liabilities, loss of business, loss of business partners and licensees, and the disruption to our supply chain, business, and plans. Unauthorized access, theft, use, destruction, or other compromises are becoming increasingly sophisticated and may occur through a variety of methods, including attacks using malicious code, vulnerabilities in software, hardware, or other infrastructure (including systems used by our supply chain), system misconfigurations, phishing, deepfakes, ransomware, malware, or social engineering. The rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks. Our logging capabilities, or the logging capabilities of third parties, are not always complete or sufficiently granular, affecting our ability to fully understand the scope of security breaches. Such security breaches also could result in a violation of applicable U. S. and international privacy, cyber, and other laws or trigger data breach notification laws, including new disclosure rules promulgated by the SEC, and subject us to private consumer, business partner or licensee, or securities litigation and governmental investigations and proceedings, any of which could result in our exposure to material civil or criminal liability. These risks also exist in acquired businesses, joint ventures, or companies we invest in or partner with that use separate information systems or that have not yet been fully integrated into our information systems. Significant capital investments and other expenditures could also be required to investigate security incidents, remedy cybersecurity problems, recuperate lost data, prevent future compromises, and adapt systems and practices to react to the changing threat environment. These include costs associated with notifying affected individuals and other agencies, additional security technologies, trainings, personnel, experts, and credit monitoring services for those whose data has been breached. 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 business partners or service providers, 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. The rapid evolution and increased adoption of artificial intelligence technologies by attackers amplifies these concerns. We continue to make significant investments in technology, third-party services, and personnel to develop and implement systems and processes that are designed to anticipate cyber-attacks and to prevent or minimize breaches of our information technology systems or data loss, but these security measures cannot provide assurance that we will be successful in preventing such breaches or data loss. ~~• We rely heavily on information technology in our operations and growth initiatives, and any material failure, inadequacy, interruption or security failure of that technology could harm our ability to effectively operate and grow our business and could adversely affect our financial results.~~ We rely heavily on information technology systems across our operations for numerous purposes, including for administrative functions, point-of-sale processing and payment in our stores and online, management of our supply chain, Starbucks Cards, online business, delivery services, mobile technology, (including mobile payments and ordering apps), reloads and loyalty functionality, and various other processes and transactions, (including providing Starbucks Digital Solutions to participating licensees), and many of these systems are interdependent on one another for their functionality. Many of our non-store employees continue to work on a remote or hybrid basis, which has resulted in increased demand on our information technology infrastructure. Additionally, the success of several of our initiatives

to drive growth, including our ability to increase digital relationships with our customers to drive incremental traffic and spend, is highly dependent on our technology systems. Furthermore, we continue to expand convenience-led formats, which depend heavily on our mobile ordering capabilities. **Any failure, inadequacy, or interruption of these systems could harm our ability to effectively operate and grow our business and could adversely affect our financial results. In addition, the technologies and artificial intelligence tools we are incorporating into certain aspects of our operations may not generate the intended efficiencies and may impact our business results.** We also rely on third-party providers and platforms for some of these information technology systems and support. **Our** Additionally, our systems hardware, software, and services provided by third-party service providers are not fully redundant within a market or across our markets. Our contractual and operational safeguards may not be effective in preventing the failure of these systems or platforms to operate effectively and be available. Such failures may be caused by various factors, including power outages, climate change-related impacts, catastrophic events, physical theft, computer and network failures, inadequate or ineffective redundancy, problems with transitioning to upgraded or replacement systems or platforms, flaws in third-party software or services, errors or improper use by our employees or third-party service providers, or a breach in the security of these systems or platforms, including through cyber-attacks such as those that result in the blockage of our or our third-party business partners' or service providers' systems and platforms and those discussed in more detail in this risk factors section. If our incident response, disaster recovery, and business continuity plans do not resolve these issues in an effective and timely manner, they could result in an interruption in our operations and could cause material negative impacts to our product availability and sales, the efficiency of our operations, and our financial results. In addition, remediation of any problems with our systems and related customer support could result in significant, unplanned expenses.

**Risks Related to Pandemics** **Given the increasing complexity and sophistication of techniques used by bad actors to obtain unauthorized access to or disable information technology systems, and the fact that cyber-attacks are being made by groups and individuals with a wide range of expertise and motives, it is increasingly difficult to anticipate and defend against cyber-attacks, and a cyberattack could adversely affect our business and persist for an extended period of time before being detected. Moreover, the extent of a particular cyber incident and the steps that we may need in the future to impact macroeconomic conditions, consumer behavior, labor availability and supply chain management, as well as local operations in impacted markets, all of which can adversely affect our business, financial results and outlook. Governmental responses to take to investigate health epidemics or pandemics, including operational restrictions, can also affect the foregoing items. Incident may not be immediately clear, and it may take a significant amount of time before such investigation can be finalized and completed and reliable information about the incident is known. During the pendency of any such investigation, we may not know the extent of the harm or how best to predict, remediate it, and we may be required to disclose incidents before their full extent is known. Our and brand names, trademarks, and related intellectual property rights are critical assets, and our success depends on many factors, including the emergence of new variants and the availability, acceptance and effectiveness of preventative measures. A health epidemic or our pandemic continued ability to use our existing trademarks and service marks in order to increase brand awareness and further develop our branded products in both domestic and international markets. We rely on a combination of trademarks, copyrights, service marks, trade secrets, patents, and other intellectual property rights to protect our brand and branded products. We have registered certain trademarks and have other trademark registrations pending in the U. S. and certain foreign jurisdictions. The trademarks that we currently use have not been registered in all of the markets outside of the U. S. in which we do business or may also heighten do business in other -- the risks disclosed future and may never be registered in all of these markets. It may be costly risk factors, including, but not limited to, those related to the availability and costs of labor and commodities, supply chain interruptions, consumer behavior, and consumer perceptions of our brand -- and time consuming and industry. Risks Related to Governmental and Regulatory Changes** **Failure to comply with applicable laws and changing legal and regulatory requirements could harm our intellectual property, particularly in rapidly evolving business and financial results. Our policies and procedures are areas designed to comply with all applicable laws, accounting and reporting requirements, tax rules and other -- the regulations and requirements, including steps we have taken to protect our intellectual property in those -- the U. S. imposed by the SEC, Nasdaq and foreign countries, as well as applicable trade, labor, healthcare, food and beverage, sanitation, safety, environmental, labeling, anti-bribery and corruption and merchandise laws. Such laws and regulations are complex and often subject to differing interpretations, which can lead to unintentional or unknown instances of non-compliance. Changes in the enforcement priorities of regulators may not be adequate also shift the impact of applicable regulations..... partners, which could affect our profitability. In addition, the steps we have taken may not adequately ensure that we do not infringe the intellectual property of others, and third parties may claim infringement by us in the future. Any claim of infringement, whether our or business is subject to complex and not it has merit, could, particularly in rapidly evolving U. S. and international laws and regulations regarding data privacy and data protection, and companies are under increased regulatory scrutiny relating to these matters. The Federal Trade Commission and many state attorneys general are also interpreting federal and state consumer protection laws to impose standards for the online collection, use, dissemination and security of data. The interpretation and application of existing laws and regulations regarding data privacy and data protection are in flux and authorities around the world are considering a number of additional legislative and regulatory proposals in this area areas. Current and future data privacy and data protection laws and regulations (including the GDPR and the CCPA, be time-consuming discussed in more detail in this risk factors section, and other applicable international and U. S. privacy laws), or new interpretations of existing laws and regulations, may limit our ability to collect and use data, require us to otherwise modify our data processing practices and policies or result in costly the possibility of fines, litigation or orders, which may have an and could adverse effect on our business and results of operations. The burdens imposed by these and other**

laws and regulations that may be enacted, or new interpretations of existing and future laws and regulations, may also require us to incur substantial costs in reaching compliance in a manner adverse to our business. The complexity of the regulatory environment in which we operate and the related costs of compliance are both increasing due to additional or changing legal and regulatory requirements, our ongoing expansion into new markets and new channels and the fact that foreign laws occasionally conflict with domestic laws. In addition to potential damage to our reputation and brand, failure by us or our business partners to comply with the various applicable laws and regulations, as well as changes in laws and regulations or the manner in which they are interpreted or applied, may result in litigation, civil and criminal liability, damages, fines and penalties, increased cost of regulatory compliance and restatements of our financial statements and have an adverse impact on our business and financial results. **In addition, we cannot ensure that licensees and other third parties who hold licenses to our intellectual property will not take actions that adversely affect the value of our intellectual property.**