

Risk Factors Comparison 2024-02-20 to 2023-02-27 Form: 10-K

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You should carefully review the risks described below as they identify important factors that could cause our actual results to differ materially from our forward- looking statements, expectations and historical trends. Any of the following risk factors, either by itself or together with other risk factors, could materially adversely affect our business, growth prospects, results of operations, cash flows and / or financial condition. Risks Related to ~~COVID-19~~, Food Safety and Catastrophic Events ~~The coronavirus (COVID-19) global pandemic has had, and may continue to have, an adverse effect on our business, growth prospects and results of operations. Developments related to the COVID-19 global pandemic have had, and may continue to have, adverse impacts on our business, growth prospects and results of operations. As a result of the pandemic, governmental authorities implemented measures to reduce the spread of COVID-19, some of which remain in place today. These measures have included, and in some instances continue to include restrictions on travel outside the home and limitations on business and other activities as well as encouraging social distancing. As a result of the pandemic, we and our Concepts' franchisees have experienced store closures and reduced store-level operations, including reduced operating hours and dining room closures. The impact on our sales in each of our markets has been dependent on the timing, severity and duration of the outbreak, measures implemented by government authorities as well as our reliance on dine-in sales in the market. During 2022, COVID-19 outbreaks and resulting government restrictions limiting mobility continued to impact sales in certain key markets such as China. We are unable to fully predict the impact that COVID-19 will have on our and our Concepts' franchisees' operations going forward due to various uncertainties, including the severity and duration of the pandemic and future outbreaks of COVID-19, the timing, availability, acceptance and effectiveness of medical treatments and vaccines, the spread of potentially more contagious and / or virulent forms of COVID-19, and actions that may be taken by governmental authorities. Food safety and food- or beverage- borne illness concerns may have an adverse effect on our business and / or our growth prospects. Food or beverage- borne illnesses (that can be caused by food- borne pathogens such as E. coli, Listeria, Salmonella, Cyclospora and Trichinosis) and food safety issues (such as food tampering, contamination including with respect to allergens **or adulteration**) ~~or adulteration~~ have occurred and may occur within our system from time to time. ~~Furthermore, due to the COVID-19 pandemic, there are now stricter health regulations and guidelines and increased public concern over food safety standards and controls.~~ In addition, the health and environmental risks of certain ubiquitous substances (including per- and polyfluoroalkyl substances (PFAS)) commonly found in packaging have been the subject of increased regulatory scrutiny and lawsuits against other restaurant companies. Any report linking our or our Concepts' franchisees' restaurants, our suppliers or distributors or otherwise involving the types of products used at our restaurants, or linking our competitors, suppliers, distributors or the retail food industry generally, to instances of food- or beverage- borne illness or food safety issues or substances having perceived health or environmental risks could result in adverse publicity and otherwise adversely affect us and possibly lead to **consumer complaints** ~~product liability claims~~, litigation ~~and / or~~ governmental investigations. **There is also a risk that we or our actions** ~~Concepts' franchisees' restaurants, suppliers or distributors under report food safety incidents or system failures, which could hinder response~~ **and damages** ~~tracking of such risks~~. Moreover, **the our Concepts' restaurants'** reliance of our Concepts' restaurants on third- party food suppliers and distributors and increasing reliance on food delivery aggregators **may increase** ~~increase~~ the risk that food- or beverage- borne illness incidents and food safety issues could be caused by factors outside of our control. If a customer is believed to have become ill from food or beverage- borne illnesses or as a result of food safety issues, **remediation efforts** ~~steps will be taken that~~ could include **temporary closure of** ~~restaurants in our system being temporarily closed~~, which could disrupt our operations and adversely affect our **reputation**, business and / or our growth prospects. The occurrence of food- borne pathogens in restaurant products or food safety issues could also adversely affect the price and availability of affected ingredients, which could result in disruptions in our supply chain and / or lower margins for us and our Concepts' franchisees. Our business and / or growth prospects may be adversely affected by **public health conditions associated with the coronavirus (" COVID- 19 ")**, **or the occurrence of other** catastrophic or unforeseen events, such as future health epidemics ~~or pandemics~~, **or** natural disasters, **geopolitical events, acts of war** and events that lead to avoidance of public places or restrictions on public gatherings. ~~Our~~ **If public health conditions related to COVID- 19 significantly worsen in markets where we conduct significant operations, our business and financial results could be adversely impacted, and we may be unable to effectively respond to any such developments. In addition, our** business and / or growth prospects could be adversely impacted by various **other** future occurrences (which may be beyond our control), including ~~future~~ health epidemics or pandemics, natural disasters, geopolitical events, acts of war, terrorism, political, financial or social instability, boycotts, social or civil unrest, workplace violence, or other events that lead to avoidance of public places or restrictions on public gatherings such as in our and our Concepts' **franchisees'** restaurants. For example, the outbreak of a widespread future health epidemic or pandemic, particularly if located in regions where we ~~derive~~ **have** significant **operations**, ~~revenue or profit~~ could adversely affect our business and / or growth prospects. In addition, our operations could be disrupted if any ~~of employees~~ **at our , our Concepts' franchisees' restaurants** or our business partner employees **had or** were suspected of having the avian flu or swine flu, or other **highly communicable** illnesses such as hepatitis A or norovirus, since this could require us **, our Concepts' franchisees,** or our business partners to quarantine some or all of such employees ~~or and~~ close our restaurant facilities **, including restaurants**. Prior outbreaks of avian flu have resulted in confirmed human cases and it is possible that outbreaks could reach pandemic levels. Public concern over avian flu may cause fear about the consumption of chicken, eggs and other products derived from poultry, which could cause customers to consume less poultry and related products, which~~

would adversely affect us given **that** poultry is **widely** offered at our Concepts' restaurants. Avian flu outbreaks could also adversely affect the price and availability of poultry, which could negatively impact **profit margins and revenues for us and our business** Concepts' franchisees. Furthermore, other viruses may be transmitted through human contact, and the risk or perceived risk of contracting viruses could cause employees or guests to avoid gathering in public, which could adversely affect restaurant guest traffic or the ability to adequately staff restaurants. We could also be adversely affected if government authorities impose mandatory or voluntary closures, impose restrictions on operations of restaurants, or restrict the import or export of products, or if suppliers issue mass recalls of products. Risks Related to our Business Strategy and **reliance** **Reliance** upon Franchisees Our operating results and growth strategies are closely tied to the success of our Concepts' franchisees. The vast majority (98 %) of our restaurants are operated by our Concepts' franchisees. Our long- term growth depends on maintaining the pace of our new unit growth rate through our Concepts' franchisees. We also rely on master franchisees, who have rights to license to sub- franchisees the right to develop and operate restaurants, to achieve our expectations for new unit development. If our Concepts' franchisees and master franchisees do not meet our expectations for new unit development, we may not achieve our desired growth. We have limited control over how our Concepts' franchisees' businesses are run, and their inability to operate successfully could adversely affect our operating results through decreased royalties, advertising funds contributions, and fees paid to us for other discrete services we may provide to our Concepts' franchisees (e. g. **fees for the** management of e- commerce platforms). Our control is further limited where we utilize master franchise arrangements, which require us to rely on our master franchisees to enforce sub- franchisee compliance with our operating standards. If our Concepts' franchisees fail to adequately capitalize their businesses or incur too much debt, if their operating expenses or commodity prices increase or if economic or sales trends deteriorate such that they are unable to operate profitably or repay existing debt, it could result in their financial distress, including insolvency or bankruptcy, or the inability to meet development targets or obligations. If a significant franchisee of our Concepts becomes, or a significant number of our Concepts' franchisees in the aggregate become, financially distressed our operating results could be impacted through reduced or delayed fee payments that cause us to record bad debt expense, **and** reduced advertising fund contributions, and **experience** reduced new unit development. In addition, we are secondarily liable on certain Concepts' franchisees' restaurant lease agreements, including lease agreements that we have guaranteed or assigned to franchisees, **and** our operating results and / or growth prospects could be impacted by any **increased** rent obligations to the extent such franchisees default on these lease agreements. Our **success results may also depends on** **be impacted by** whether our Concepts' franchisees implement marketing programs **and or other** major initiatives, such as restaurant remodels or equipment or technology upgrades, which may require financial investment by such franchisees. Our Concepts may be unable to successfully implement strategies that we believe are necessary for **further** growth if our Concepts' franchisees do not participate, which may harm our growth prospects and financial **condition results**. Additionally, the failure of our Concepts' franchisees to focus on key elements of restaurant operations, such as compliance with our operating standards addressing quality, service and cleanliness (even if such failures do not breach the franchise documents), may be attributed by guests to our Concepts' brand and could negatively impact our **reputation**, business and / or our growth prospects. Moreover, franchisee noncompliance with our franchise agreements may reduce the overall customer perception and goodwill of our Concepts' brands, including by failing to meet health and safety standards (**e. g., additional sanitation protocols and guidelines connected to the COVID-19 pandemic**), to engage in quality control or maintain product consistency, **or as well as** through the participation in improper business practices. We have franchise relationships that are particularly important to our business, **due to their scale and / or growth prospects** such as our relationship with Yum China. Any failure to realize the expected benefits of such franchise relationships, including with Yum China, may adversely impact our business, growth prospects and operating results. In connection with the spin- off of our China business in 2016 into an independent publicly- traded company (the "Separation" or "Yum China spin- off"), we entered into a Master License Agreement ("MLA") pursuant to which Yum China is the exclusive licensee of the KFC, Taco Bell and Pizza Hut Concepts and their related marks and other intellectual property rights for restaurant services in mainland China. Following the Separation, Yum China became, and continues to be, our largest franchisee. **Our financial results are significantly affected by Yum China's results as we are entitled to receive a 3 % sales- based royalty on all Yum China system sales related to these Concepts.** We may not achieve our target restaurant development goal and new restaurants may not be profitable. Our growth strategy depends on our and our Concepts' franchisees' ability to increase the number of restaurants around the world. The successful development of new units depends in large part on the ability of our Concepts' franchisees to open new restaurants and to operate these restaurants profitably. Effectively managing growth can be challenging, particularly as we expand into new markets, and we cannot guarantee that we, or our Concepts' franchisees, including Yum China, will be able to achieve our expansion goals or that new restaurants will be operated profitably, consistent with results of existing restaurants or with our or our Concepts' franchisees' expectations. Other risks that could impact our ability to open new restaurants include: **(i) economic conditions and trade or economic policies or sanctions, (ii) our ability to attract new franchisees, (iii) new restaurant construction and development costs of, (iv) our Concepts' franchisees' ability to meet new restaurant permitting, construction, development and team member training timelines, and (v) supply chain challenges, including our ability to secure sufficient supply to support** new restaurants, **and our, or our Concepts' franchisees', ability to obtain suitable restaurant locations, negotiate acceptable lease or purchase terms for the locations, obtain required permits and approvals in a timely manner, hire, train and retain qualified management teams and restaurant crews, and meet construction schedules.** Expansion could also be affected by our Concepts' franchisees' willingness to invest capital or ability to obtain financing to construct and open new restaurants. If it becomes more difficult or more expensive for our Concepts' franchisees to obtain financing to develop new restaurants, or if the perceived return on invested capital is not sufficiently attractive, the expected growth of our system could slow and our future **financial results** revenues and operating cash flows could be adversely impacted. In addition, expansion **new restaurants** could impact the sales of our Concepts' existing restaurants nearby, **and the risks of such**. There

can be no assurance that sales cannibalization may will not occur or become more significant in the future as we increase our presence in existing markets. We may not realize the anticipated benefits from past or potential future acquisitions, investments or other strategic transactions, or our portfolio business model. From time to time we have completed, and we may evaluate and continue to complete, mergers, acquisitions, divestitures, joint ventures, strategic partnerships, minority investments (including minority investments in third parties, such as, franchisees or master franchisees) and other strategic transactions, including our acquisition of The Habit Restaurants, Inc. completed in March 2020. Past and potential future strategic transactions may involve various inherent risks, including, without limitation: • expenses, delays or difficulties in integrating acquired companies, joint ventures, strategic partnerships or investments into our organization, including the failure to realize expected synergies and / or the inability to retain key personnel; • diversion of management's attention from other initiatives and / or day-to-day operations to effectively execute our growth strategy; • inability to generate sufficient revenue, profit, and cash flow from acquired companies, joint ventures, strategic partnerships or investments; • the possibility that we have acquired substantial contingent or unanticipated liabilities in connection with acquisitions or other strategic transactions; • the possibility that our Concepts and potential future acquisitions have divergent interests; and • the possibility that our interests and strategic direction do not align with those of acquired companies or other parties that maintain an interest in our investments. Past and potential future strategic transactions may not ultimately create value for us and may harm our reputation and adversely affect our business, growth prospects, financial condition and results of operations. In addition, we account for certain investments, including minority investments in certain franchisees such as Devyani International Limited, on a mark-to-market basis and, as a result, changes in the fair value of these investments impact our reported results. Changes in market prices for equity securities are unpredictable, and our investments have caused, and could continue to cause, fluctuations in our results of operations and / or growth prospects. Risks Related to Operating a Global Business We have significant exposure to the Chinese market through our largest franchisee, Yum China, which subjects us to risks that could negatively affect our business and / or our growth prospects. A significant meaningful portion of our total business, particularly with respect to our KFC Concept, is conducted in mainland China through our largest franchisee, Yum China. **We are contractually entitled to receive a 3 % sales-based license fee on all Yum China system sales related to our KFC, Taco Bell and Pizza Hut Concepts.** Yum China's business is exposed to risks in mainland China, which include, among others, potential political, financial and social instability, changes in economic conditions (including consumer spending, unemployment levels and ongoing wage and commodity inflation), consumer preferences, the regulatory environment (including uncertainties with respect to the interpretation and enforcement of Chinese laws, rules and regulations), **heightened data and cybersecurity risks associated with 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) ~~and the effect of the COVID-19 pandemic and related restrictions in China~~. Any significant or prolonged deterioration in U. S. – China relations, including as the result of current U. S. – China tensions, could adversely affect our Concepts in mainland China. **Additionally,** Chinese law regulates Yum China's business conducted ~~within in~~ mainland China. **Our royalty income, and as such our license fee** from the Yum China business is therefore subject to numerous uncertainties based on Chinese laws, regulations and policies, which may change from time to time. If Yum China's business is harmed or development of our Concepts' restaurants is slowed in mainland China due to any of these factors, it could negatively impact the **royalty license fee** paid by Yum China to us, which would negatively impact our financial results ~~or our growth prospects~~. Our relationship with Yum China is governed primarily by a MLA, as amended from time to time, which may be terminated upon the occurrence of certain events, such as the insolvency or bankruptcy of Yum China. In addition, if we are unable to enforce our intellectual property or contract rights in mainland China, if Yum China is unable or unwilling to satisfy its obligations under the MLA, or if the MLA is otherwise terminated, it could result in an interruption in the operation of our brands that have been exclusively licensed to Yum China for use in mainland China. Disputes over the proper interpretation of the MLA have arisen in the past and may arise from time to time in the future. Such interruption or disputes could cause a delay in, or loss of, ~~royalty income~~ **the license fee paid** to us, which would negatively impact our financial results. Our global operations subject us to risks that could negatively affect our business. A significant portion of our Concepts' restaurants are operated outside of the U. S., and we intend to continue expansion of our global operations. As a result, our and our Concepts' franchisees' business and / or growth prospects are increasingly exposed to risks inherent in global operations. These risks, which can vary substantially by country, include political, financial or social instability or conditions, ~~geopolitical events,~~ corruption, **increasing** anti-American sentiment **and perception of our Concepts as American brands,** social and ethnic unrest, natural disasters, military conflicts and terrorism, as well as exposure to the macroeconomic environment in such markets ~~(including consumer preferences and spending, unemployment levels and wage and commodity inflation)~~, the regulatory environment (including the risks of operating in markets in which there are uncertainties regarding the interpretation and enforceability of legal requirements and the enforceability of contract rights and intellectual property rights), and income and non-income based tax rates and laws. Additional risks include the impact of import restrictions or controls, sanctions, foreign exchange control regimes (including restrictions on currency conversion), health guidelines and safety protocols ~~related to the COVID-19 pandemic~~, labor costs and conditions, compliance with the U. S. Foreign Corrupt Practices Act, the UK Bribery Act and other similar applicable laws prohibiting bribery of government officials and other corrupt practices, and the laws and policies that govern foreign investment in countries where our Concepts' restaurants are operated. For example, we have been subject to a regulatory enforcement action in India alleging violation of foreign exchange laws for failure to satisfy conditions of certain operating approvals, such as minimum investment and store build requirements as well as limitations on the remittance of fees outside of the country (see Note 20). **Following As a result of our global operations, we also have increased exposure to geopolitical events and instability. We have been adversely affected, and may continue to be adversely affected, by ongoing geopolitical instability arising from current events such as the military conflict between Russian and invasion of Ukraine, and the conflict in early 2022 the Middle East. Such conflicts may affect our business**

and operations as result of, among other things, the economic consequences and disruptions from such conflicts, increased energy and supply prices, consumer boycotts of Western brands, consumer reaction to perceived acts or failures to act by us or our Concepts including maintaining operations in countries or regions that are linked to such conflicts, and economic sanctions restricting cross-border commerce. These risks may be further heightened if either conflict expands in scope, or other conflicts arise in other areas of the globe. As a result of the conflict between Russia and Ukraine, we suspended all investment and restaurant development no longer have any corporate presence in Russia following our disposal as well as the operations of our all company-owned KFC restaurants in Russia. During the second quarter of 2022, we transferred ownership of the Pizza Hut and KFC businesses in Russia during business to a local operator who has initiated the process second quarters of re-branding locations to a non-YUM concept. Moreover, in October 2022, we entered into a sale and purchase agreement to transfer ownership of our KFC restaurants, operating systems and master franchise rights, including the network of franchised restaurants in Russia, to a local operator who will be responsible for re-branding locations to a non-YUM concept. Completion of this transaction is subject to regulatory and governmental approvals in Russia, as well as other conditions. There can be no guarantee that our efforts to transfer ownership or re-brand and of 2023 will be successful, respectively and any transfer or re-brand, or failure to transfer or re-brand, could result in damage to our and our Concepts' brand reputations. In addition, the Russian invasion of Ukraine, including associated macroeconomic conditions, increased energy and other prices, regional instability, and heightened economic sanctions from the international community has adversely affected, and may continue to adversely impact, us and our Concepts' restaurants located in Russia and Eastern Europe, including to the extent that any such sanctions restrict our ability in this region to conduct business with certain suppliers or vendors, and / or to utilize the banking system and repatriate cash. We are unable to predict the full impact of the Russian invasion of Ukraine, associated sanctions, macroeconomic impacts and geopolitical instability, and the possibility of broadened military conflict, may have on us. In addition to the sanctions associated with the Russian invasion of Ukraine as noted above, we and our Concepts' franchisees do business in jurisdictions that may be subject to trade or economic sanction regimes and such, which sanctions could be expanded. Any failure to comply with such sanction sanctions regimes or other similar legal requirements laws or regulations could result in the assessment imposition of damages or, the imposition of penalties, the suspension of business licenses, or a cessation of operations at our or our Concepts' restaurants franchisees' businesses, as well as damage to our and our Concepts' brand images and reputations. Foreign currency risks and foreign exchange controls could adversely affect our financial results. Our results of operations, growth prospects and the value of our assets are affected by fluctuations in currency exchange rates, which has have had, and may continue to have adverse effects on our reported earnings. More specifically, an increase in the value of the U. S. dollar, relative to other currencies, such as the Chinese Renminbi ("RMB"), Australian Dollar, the British Pound and the Euro, as well as currencies in certain other markets have had and could continue to have an adverse effect on our reported earnings. Any significant fluctuation in the value of currencies of countries in which we or our Concepts' franchisees operate, and in particular RMB in China, could materially impact the U. S. dollar value of royalty payments made to us, which could result in lower revenues. In addition, fluctuations in the value of currencies in which we or our Concepts' franchisees operate could lead to increased costs and lower profitability to us or our Concepts' franchisees and / or cause us or our Concepts' franchisees to increase prices to customers, which could negatively impact sales in these markets and harm our financial condition and operating results. There can be no assurance as to the future effect of any such changes on our results of operations, growth prospects, financial condition or cash flows. In addition, the governments in certain countries where our Concepts operate, including China and certain others, restrict the conversion of local currency into foreign currencies and, in certain cases, the remittance of currency out of the country. Currency control Restrictions restrictions on the conversion of other currencies to U. S. dollars or further restrictions imposed by countries on the cash remittance remittances of occurrences could cause royalty payments to us to be delayed, remitted only partially or not remitted at all, which could cause us to incur bad debt expense and impact our liquidity. Risks Related to Technology, Data Privacy and Intellectual Property Any cybersecurity incident, including the failure to protect the integrity or availability of IT systems or the security of Confidential Information, or the introduction of malware or ransomware, could materially affect our business, financial results and / or our growth prospects and result in substantial costs, litigation, reputational harm and a loss of consumer confidence. Our business relies heavily on computer systems, hardware, software, technology infrastructure and online websites, platforms and networks (collectively, "IT Systems") to support both internal and external, including franchisee-related, operations. We own and manage some of these IT Systems but also rely on third parties for a range of IT Systems and related products and services. In addition, we and other parties (such as vendors and franchisees), collect, transmit and / or maintain certain personal, financial and other information about our customers, employees, vendors and franchisees, as well as proprietary information pertaining to our business (collectively, "Confidential Information"). The security and availability of our IT Systems and Confidential Information is critical to our business and regulated by evolving and increasingly demanding laws and regulations in various jurisdictions, certain third-party contracts and industry standards. We experience The current cyber threat environment presents increased risk for all companies, including companies in our industry. The cybersecurity risks we face include cyber-attacks involving ransomware and malicious software, phishing, and other attempts by third parties and others to access, acquire, use, disclose, misappropriate or manipulate our information, systems, databases, processes and people. We are regularly the target of cyber-attacks and other attempts to breach, or gain unauthorized access to, our systems and databases. Moreover, given the current cyber threat environment, we expect the volume and intensity of cyber-attacks and attempted intrusions to continue to increase. Further, the information systems of third parties upon which we rely in connection with our business, such as vendors, suppliers, franchisees and third-party delivery providers, could be compromised in a manner that adversely affects us and our information systems and business continuity and could result in indemnification claims or other disputes with such third parties. Despite our security measures, we have experienced security incidents from time to time and we may

continue to experience such attacks and incidents in the future. **In particular** Despite the security measures that we and many third parties have implemented, our IT Systems may be disrupted or damaged and our Confidential Information may be compromised, corrupted, lost or stolen. The number and frequency of cyber-attacks and other security incidents may escalate. These risks are exacerbated by an increase in the use of and reliance on our digital commerce platforms. In addition, advanced new attacks against IT Systems and devices by potential malicious attackers, including nation-state actors, state-sanctioned groups, advanced persistent threats, and known and unknown ransomware groups, increase the risk of cybersecurity incidents, including ransomware, malware and phishing attacks. On January 18, 2023, we announced a ransomware attack that impacted certain IT Systems which resulted in the closure of fewer than 300 restaurants in one market for one day, temporarily disrupted certain of our affected systems and resulted in data being taken from our network. We have incurred, and **may will** continue to incur, certain expenses related to this attack, including expenses to respond to, remediate and investigate this matter. We remain subject to risks and uncertainties as a result of the incident, including as a result of the data that was taken from the Company's network. **There is no assurance that the security measures we take to reduce the risk of such incidents and protect our systems will be sufficient. There can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information. Additionally, the cybersecurity risks we face are exacerbated by an increase in the use of and reliance on our digital commerce platforms. Moreover, advanced new attacks against information systems and devices by potential malicious attackers, including nation- state actors, state- sanctioned groups, advanced persistent threats, and known and unknown ransomware groups, increase the risk of cybersecurity incidents, including ransomware, malware and phishing attacks. The rapid evolution and increased adoption of artificial intelligence technologies may also heighten our cybersecurity risks by making cyber- attacks more difficult to detect, contain, and mitigate.** Other adversarial cyber actions that may occur, such as credential stuffing or distributed denial- of- service attacks, may affect consumer confidence, our ability to provide digital commerce platforms, or lead to regulatory actions or litigation. Furthermore, the significant increase in remote working and personal device use, increases the risks of cyber incidents and the improper dissemination of personal or Confidential Information. If our IT Systems, **or the information systems of any of or our franchisees are disrupted or compromised, or those-- the information systems** of businesses with which we interact, **such as suppliers or distributors or third- party delivery providers,** are disrupted or compromised, **in a manner which impacts us or our IT Systems,** as a result of a cyber- attack, **data or security breach,** or other security incident, or if our employees, franchisees or vendors fail to comply with applicable laws and regulations or fail to meet contractual and industry standards **in connection therewith,** any such developments and Confidential Information is obtained or accessed by unauthorized persons or used inappropriately, it could result in liabilities and penalties, **have an adverse impact on our financial results and growth prospects,** damage our brands and reputation, cause interruption of normal business **performance operations,** cause us to incur substantial costs, result in a loss of consumer confidence and sales and disrupt our supply chain, business and plans. Additionally, such events could result in the **loss, misappropriation, corruption or unauthorized access, acquisition, use or disclosure of data or inability to access data, the** release of Confidential Information about our operations and **could** subject us to litigation and government enforcement actions, **the losses associated with which may not be covered by insurance.** Moreover, any significant cybersecurity **events-- event** could require us to devote significant management time and resources to address such events, interfere with the pursuit of other important business strategies and initiatives, and cause us to incur additional expenditures, which could be material, including to investigate such events, remedy cybersecurity problems, recover lost data, prevent future compromises and adapt systems and practices in response to such events. There is no assurance that any remedial actions will meaningfully limit the success of future attempts to breach our IT Systems, particularly because malicious actors are increasingly sophisticated and **utilizing-utilize** tools and techniques specifically designed to circumvent security measures, avoid detection and obfuscate forensic evidence, which means we may be unable to identify, investigate or remediate effectively or in a timely manner. **Additionally, while we maintain insurance coverage designed to address certain aspects of cybersecurity risks, such insurance coverage may be insufficient to cover all losses or all types of claims that may arise. Further, our franchisees may not have insurance coverage (or may have insufficient insurance coverage) designed to cover business interruption losses and / or all types of claims that may arise from cybersecurity risks.** Further, the standards and the technology currently used for transmission and approval of electronic payment transactions can put such data at risk, and are determined and controlled by the payment card industry, not by us. If we or our Concepts' franchisees fail to adequately control fraudulent credit card and debit card transactions or to comply with the **global** Payment Card Industry Data Security Standards, we or our Concepts' franchisees may face civil liability, diminished public perception of our security measures, fines and assessments from the card brands, and significantly higher credit card and debit card related costs, any of which could adversely affect **us our business, growth prospects, financial condition and results of operations.** The failure to maintain satisfactory compliance with data privacy and data protection legal requirements may adversely affect our business and / or growth prospects and subject us to penalties. Data privacy is subject to frequently changing legal requirements, which sometimes conflict among the various jurisdictions where we and our Concepts' franchisees do business. For example, we are subject to numerous global laws, including but not limited to, the European Union's (" E. U. ") General Data Protection Regulation (" GDPR ") and the UK General Data Protection Regulations (**which implements the GDPR into UK law**), which impose strict data protection requirements and provide for significant penalties for noncompliance. In addition, within the U. S., **the various states, including California, have passed laws that** Consumer Privacy Act (the " CCPA ") requires **require** companies that process information **on California residents with respect to consumers** to, among other things, provide new disclosures and options to consumers about data collection, use and sharing practices. **Further, Some of the these laws are already in** CCPA has been subject to revision and amendments, including significant modifications made by the California Privacy Rights Act (" CPRA "), under which the majority of requirements took effect January 1, **while others are proposed**

and will go into 2023. Other states have enacted similar laws that take effect in 2023 and 2024, and the coming years. Moreover, the U. S. federal government along with other and a significant number of additional states are considering expanding or passing privacy laws in the near term. These and other newly enacted and evolving legal requirements, such as the E. U.'s Directive 2011 / 16 / EU on administrative cooperation in the field of taxation (referred to as " DAC7 "), have required, and may continue to require, us and our Concepts' franchisees to modify our data processing practices and policies and to incur substantial costs and expenses to comply. Moreover, each some of these laws, such as the GDPR and the CCPA-California Consumer Privacy Act, confer a private right- of- action to certain individuals and associations. Additionally, state and the CPRA will fund the creation of a regulatory bodies body enforcing its provisions. Enforcement priorities from this body and others- other governmental authorities tasked with enforcing new privacy laws are engaging in enforcement investigations and actions. Future enforcement priorities from these bodies may be unclear or changing. Failure to comply with these and any other comprehensive privacy laws passed at the international, federal or state level may result in regulatory enforcement action, the imposition of monetary penalties, and damage our reputation. The Federal Trade Commission (" FTC ") and many state attorneys general are also interpreting federal and state consumer protection laws to impose standards for the collection, use, dissemination and security of data. The FTC has also been pursuing privacy as a dedicated enforcement priority, with specialized attorneys seeking enforcement action for violation of US privacy laws including unfair or deceptive practices relating to privacy policies, consumer data collection and processing consent, and digital advertising practices. Various other jurisdictions, where our Concepts have operations, have significantly strengthened, and may continue to strengthen, their data privacy requirements. Moreover, new and changing cross- border data transfer requirements, including the implementation of Standard Contractual Clauses published by the European Commission in June 2021 and the UK International Data Transfer Agreement finalized by the UK in March 2022, will require us to incur costs to comply and may impact the transfer of personal data throughout our organization and to third parties. Other Additionally, we areas-- are subject to of particular focus for increasing legal requirements with respect to the use of artificial intelligence and machine learning applications and tools (including in relation to hiring and employment practices and in digitally marketing or our Concepts), risk of penalties include data collected from minors, and biometric information. These legal requirements, and data used in machine learning, all of which are subject to rapidly changing and laws which are not consistent across jurisdictions, and our inability to adapt to or comply with such legal requirements may adversely impact us, including as the result of liabilities or penalties as the result of any such non- compliance. The increasingly complex, restrictive and evolving regulatory environment at the international, federal and state level related to data privacy and data protection may require significant continued effort and cost, changes to our business practices and impact our ability to obtain and use data to provide personalized experiences for our customers. In addition, failure to comply with applicable requirements may subject us and our Concepts' franchisees to fines, sanctions, governmental investigation, lawsuits and other potential liability, as well as reputational harm. Unreliable or inefficient restaurant or consumer- facing technology or the failure to successfully implement technology initiatives in the future could adversely impact operating results, growth prospects and the overall consumer experience. We and our Concepts' franchisees rely heavily on IT Systems to efficiently operate in the conduct of our business, some of which are managed, hosted, provided and / or our used restaurants and drive the customer experience, sales growth and margin improvement. Our growth may be impacted by our initiatives to implement proprietary technology, as well as third parties, - party technology solutions (including, point- of- sale processing in our restaurants, management of our supply chain, and various other processes and procedures) and gather and leverage data to enhance restaurant operations and improve the customer experience. These IT systems Systems are subject to damage, interruption or failure due to theft, fire, power outages, telecommunications failure, computer viruses, employee misuse, security breaches, malicious cyber- attacks including the introduction of malware or ransomware or other disruptive behavior by hackers, or other catastrophic events. Certain IT Systems may also be unreliable or inefficient, and technology vendors may limit or terminate product support and maintenance, which could impact the reliability of critical systems' operations. If our or our Concepts' franchisees' IT Systems are damaged or fail to function properly, we may incur substantial costs to repair or replace them, and may experience loss of critical data and interruptions or delays in our ability to manage inventories or process transactions, which could result in lost sales, customer or employee dissatisfaction, or negative publicity that could adversely impact our reputation, growth prospects, results of operations and financial condition. We Moreover, our failure to adequately invest in new technology or adapt to technological advancements and industry trends, particularly with respect to digital commerce capabilities, could result in a loss of customers and related market share. If our Concepts' digital commerce platforms do not meet franchisees rely on technology to efficiently operate our restaurants and drive the customer customers experience' expectations in terms of security, speed, privacy, attractiveness sales growth and margin improvement. Our growth will be dependent on our- or ease of use, initiatives to implement proprietary and third- party technology solutions and gather and leverage data to enhance restaurant operations and improve the customer customers experience. It may be difficult less inclined to return recruit and retain qualified individuals for these efforts due to such intense competition for qualified technology systems' developers necessary to innovate, develop and implement new technologies for our growth initiatives, including increasing our digital commerce relationship with customers. Our strategic digital and technology initiatives may not be timely implemented or may not achieve the desired results. Failure to adequately manage implementations, updates or enhancements of new technology or interfaces between platforms, which could place negatively impact us at a competitive disadvantage, and disrupt and otherwise adversely impact our operations and / or our growth prospects Concepts' franchisees. Even if we effectively implement and manage our technology initiatives, there is no guarantee that this will result in sales growth or margin improvement. Additionally, developing Developing and implementing consumers' evolving technology demands may place a significant financial burden on us and our Concepts' franchisees, and our Concepts' franchisees may have differing views on investment priorities. Moreover, Our strategic digital and technology initiatives may not be timely implemented our- or may not

achieve the desired results. Failure to adequately invest in **manage implementations, updates or enhancements of** new technology or **interfaces between platforms** adapt to technological advancements and industry trends, particularly with respect to digital commerce capabilities, could result in **place us at a competitive disadvantage** loss of customers and related market share. If our Concepts' digital commerce platforms do not meet customers' expectations in terms of security, speed, privacy, attractiveness **and disrupt and otherwise adversely impact** or our ease of use, customers **operations and / or growth prospects. It may be difficult** less inclined to return **recruit and retain qualified individuals for these efforts due to** such **intense competition for qualified technology systems' developers necessary to innovate, develop and implement new technologies for our growth initiatives, including increasing our digital commerce platforms relationship with customers. Even if we effectively implement and manage these technology initiatives, there is no guarantee that this will result in sales growth or margin improvement. Certain IT Systems which are managed, hosted, provided and / or used by third parties may also be unreliable or inefficient, and technology vendors may limit or terminate product support and maintenance**, which could **negatively impact the reliability of critical systems' operations. However, if there are issues with the proprietary technology, we may be subject to liability** our **or business and / financial penalties to** or our growth prospects **Concepts' franchisees**. We cannot predict the impact that alternative methods of delivery, including autonomous vehicle delivery and third- party delivery technology solutions, or changes in consumer behavior facilitated by these alternative methods of delivery, will have on our business. Advances in alternative methods of delivery, including advances in digital ordering technology, or certain changes in consumer behavior driven by these or other technologies and methods of delivery, could have a negative effect on our business, growth prospects and market position. Moreover, technology and consumer offerings continue to develop and evolve and we cannot predict consumer or team member acceptance of these existing and new technologies **(e. g. automation, such as artificial intelligence, new delivery channels)** or their impact on our business, and / or our growth prospects, nor can we be certain of our ability to implement or execute such technologies, which could result in loss of sales; dissatisfaction from our customers, employees, or employees of our Concepts' franchisees; or negative publicity that could adversely impact our reputation, **or financial** results of operations, growth prospects and financial condition. There are risks associated with our increasing dependence on digital commerce platforms to maintain and grow sales. Customers are increasingly using **our internally- owned** e- commerce websites and apps, such as kfc. com, tacobell. com, pizzahut. com, habitburger. com, **and the** KFC, Taco Bell, Pizza Hut and The Habit Burger Grill apps **in the U. S.**, **and as well as** apps owned by third- party delivery aggregators and third- party **mobile developers and** payment processors, to order and pay for our Concepts' products. Moreover, there has been a rapid increase in the use of **store-level owned and /** or third- party delivery services by our Concepts. As a result, our Concepts and our Concepts' franchisees are increasingly reliant on digital ordering and payment as a sales channel and our business and / or growth prospects could be negatively impacted if we are unable to successfully implement, execute or maintain our consumer- facing digital initiatives, such as delivery, curbside pick- up and mobile carryout. If the third- party aggregators that we utilize for delivery, including marketplace and delivery as a service, cease or curtail their operations, fail to maintain sufficient labor force to satisfy demand, **provide poor customer service,** materially change fees, access or visibility to our products, **or give greater priority or promotions to our competitors, our reputation,** business and / or growth prospects may be negatively impacted. In addition, third- party delivery services typically charge restaurants a per order fee, and as such utilizing third- party delivery services may not be as profitable as sales directly to our customers, and may also introduce food quality and customer satisfaction risks outside of our control. These digital ordering and payment platforms also could be damaged or interrupted by power loss, technological failures, user errors, cyber- attacks, other forms of sabotage, inclement weather or natural disasters and have experienced interruptions and could experience further interruptions, which could limit or delay customers' ability to order through such platforms or make customers less inclined to return to such platforms. The rapid acceleration in growth of digital sales has placed additional stress on those platforms that are more reliant upon legacy technology, such as certain platforms used by Pizza Hut, which may result in more frequent and potentially more severe interruptions. Moreover, our reliance on multiple digital commerce platforms to support our global footprint, multiple Concepts and highly franchised business model could increase our vulnerability to cyber- attacks and / or security breaches and could necessitate additional expenditures as we endeavor to consolidate and standardize such platforms. Yum China, our largest franchisee, utilizes third- party mobile payment apps such as Alipay, WeChat Pay and Union Pay as a means through which to generate sales and process payments. Should customers become unable to access mobile payment apps in China, should the relationship between Yum China and one or more third- party mobile payment processors become interrupted, or should Yum China' s ability to use Alipay, WeChat Pay, Union Pay or other third- party mobile payment apps in its operations be restricted, its business could be adversely affected, which could have a negative impact on the **royalty license fee** paid to us. Our inability or failure to recognize, respond to and effectively manage the increased impact of social media could adversely impact our business and / or growth prospects. There has been a marked increase in the use of social media platforms, including blogs, chat platforms, social media websites, and other forms of Internet- based communications which allow individuals access to a broad audience of consumers and other interested persons. The rising popularity of social media and other consumer- oriented technologies has increased the speed and accessibility of information dissemination and given users the ability to more effectively organize collective actions such as boycotts and other brand- damaging behaviors. Many social media platforms immediately publish content, often without filters or checks on accuracy. Information posted on such platforms may be adverse to our interests and / or may be inaccurate. The dissemination of information online could harm our **reputation,** business and / or growth prospects, regardless of the information' s accuracy. The damage may be immediate without an opportunity for redress or correction. In addition, social media is frequently used by our Concepts **or Concepts' franchisees** to communicate with customers and the public. Failure by our Concepts **or Concepts' franchisees** to use social media effectively or appropriately, particularly as compared to our Concepts' competitors, could lead to a decline in **brand reputation,** brand value, customer visits and revenue. Social media is also increasingly used to compel companies to express

public positions on issues and topics not directly related to their core business, which could prove controversial or divisive to consumers and result in lost sales or a misallocation of resources. In addition, laws and regulations, including FTC enforcement, are rapidly evolving to govern social media platforms and communications. A failure of us, our employees, our Concepts' franchisees or third parties acting at our direction **or on our behalf**, or others perceived to be associated with us or our Concepts' franchisees, to abide by applicable laws and regulations regarding the use of social media, or to appropriately use social media, could adversely impact our Concepts' brands, our reputation, our business and our growth prospects, result in negative publicity, or subject us or our Concepts' franchisees to fines, other penalties or litigation. Other risks associated with the use of social media include improper disclosure of proprietary information, negative comments about our Concepts' brands, exposure of personally identifiable information, fraud, hoaxes or malicious dissemination of false information. Failure to protect our trademarks or other intellectual property could harm our Concepts' brands and overall business and / or growth prospects. We regard our registered trademarks (e. g., Yum ®, KFC ®, Taco Bell ®, Pizza Hut ® and The Habit ®) **and**, unregistered trademarks, **copyrightable works, inventions, and trade secrets** related to our restaurant businesses, as having significant value and being important to our marketing efforts. Our trademarks, many of which are registered in various jurisdictions, create brand awareness and help build goodwill among our customers. We rely on a combination of legal protections provided by trademark registrations, contracts, copyrights, patents and common law rights, such as unfair competition, passing off and trade secret laws to protect our intellectual property from potential infringement. However, from time to time, we become aware of other persons or companies using names and marks that are identical or confusingly similar to our brands' names and marks, **or using other proprietary intellectual property we own**. Although our policy is to challenge infringements and other unauthorized uses of ~~marks similar to our intellectual property~~ **identical to our brands' marks**, certain or unknown unauthorized uses or other misappropriation of our trademarks **and other intellectual property** could diminish the value of our Concepts' brands and adversely affect our business, growth prospects and goodwill. In addition, effective intellectual property protection may not be available in every country in which our Concepts have, or may in the future open or franchise, a restaurant and the laws of some countries do not protect intellectual property rights to the same extent as the laws of the U. S. There can be no assurance that the steps we have taken to protect our intellectual property or the legal protections that may be available will be adequate or that our Concepts' franchisees will maintain the quality of the goods and services offered under our brands' trademarks or always act in accordance with guidelines we set for maintaining our brands' intellectual property rights and defending or enforcing our trademarks and other intellectual property could result in ~~the expenditure of significant expenditures~~ **resources any of which could result in significant harm to our business, growth prospects, reputation, financial condition and results of operations**. Our brands may also be targets of infringement claims that could interfere with the use of certain names, trademarks, **works of authorship** and / or the proprietary know-how, **inventions**, recipes, or trade secrets used in our business. Defending against such claims can be costly, and as a result of defending such claims, we may be prohibited from using such intellectual property or proprietary information in the future or forced to pay damages, royalties, or other fees for using such proprietary information, any of which could negatively affect our business, growth prospects, reputation, **and financial condition, and results of operations**. Risks Related to Our Supply Chain and Employment Shortages or interruptions in the availability and delivery of food, equipment and other supplies may increase costs or reduce revenues. The products sold or used by our Concepts and their franchisees are sourced from a wide variety of suppliers although certain products and equipment have limited suppliers, which increases our reliance on those suppliers. We, along with our Concepts' franchisees, are also dependent upon third parties to make frequent deliveries of food products, equipment and supplies that meet our specifications at competitive prices. Shortages or interruptions in the supply **or distribution** of food items, equipment and other supplies to our Concepts' restaurants have happened from time to time and could reduce sales, harm our Concepts' reputations and delay the planned openings of new restaurants by us and our Concepts' franchisees. We have experienced and may continue to experience, ~~certain supply chain disruptions resulting from~~, **among other things, capacity, transportation, staffing and operational challenges associated with the pandemic and** the current macroeconomic environment, which have adversely affected and may continue to adversely affect our business, growth prospects and results of operations. Future shortages or disruptions could also be caused by factors such as natural disasters, health epidemics and pandemics, social unrest, the impacts of climate change, inaccurate forecasting of customer demand, problems in production or distribution, restrictions on imports or exports including due to trade disputes or restrictions, the inability of vendors to obtain credit, political instability in the countries in which the suppliers and distributors are located, the financial instability of suppliers and distributors, suppliers' or distributors' failure to meet our standards or requirements, transitioning to new suppliers or distributors, product quality issues or recalls, inflation, food safety warnings or advisories, the cancellation of supply or distribution agreements or an inability to renew such arrangements or to find replacements on commercially reasonable terms. In addition, in the U. S., the Company and the Company's KFC, Taco Bell and Pizza Hut franchisee groups are members of Restaurant Supply Chain Solutions, LLC ("RSCS"), which is a third party responsible for purchasing certain restaurant products and equipment. The Habit Burger Grill entered into a purchasing agreement with RSCS in 2020. **RSCS manages our relationship with** McLane Foodservice, Inc. ("McLane") **which** serves as the largest distributor for the Company's KFC, Taco Bell and Pizza Hut Concepts in the U. S. **RSCS and McLane both have certain contractual rights to terminate the relevant distribution contract upon a specified notice period.** Any failure or inability of our significant suppliers or distributors, ~~including RSCS or McLane~~ to meet their respective service requirements **or any termination of relevant agreements without a notice period sufficient to enable an appropriate transition**, could result in shortages or interruptions in the availability of food and other supplies. The loss of key personnel, labor shortages and increased labor costs could adversely ~~effect~~ **affect** our business and / or growth prospects. Much of our future success depends on the continued availability and service of senior management personnel. The loss or failure to engage in adequate succession planning of any of our executive officers or other key senior management personnel could harm our business and / or our growth prospects. In addition, our restaurant operations are highly service-oriented and our success

depends in part on our and our Concepts' franchisees' ability to attract, retain and motivate a sufficient number of qualified employees, including franchisee management, restaurant managers and other crew members. Our Concepts and their franchisees have experienced and may continue to experience increased labor shortages and employee turnover at many of our restaurants and increased competition for qualified employees, **due to taking into account** ongoing challenging labor market conditions. These labor market conditions and the ongoing inflationary environment in **countries-markets** where **we** our Concepts and their franchisees operate have increased **in recent years**, and may continue to increase, the labor costs for our Concepts and their franchisees, including due to the payment of higher wages to attract or retain qualified employees (including franchisee management, restaurant managers and other crew members) and **due to** increased overtime costs to meet demand. Such increases in labor costs have also **resulted from been driven by**, and may continue to **result from be driven by**, higher minimum wages at the federal, state or local level, including in connection with the increases in **state** minimum wages that have recently been enacted by various states and **any (if ultimately enacted) the** potential increase in the federal minimum wage in the U. S. **proposed by the current presidential administration**. Moreover, there may be a long-term trend toward higher wages in emerging markets and higher labor costs more generally **as well as various other markets**. For example, California's **Assembly Bill No. 1228** passed the Fast Food Accountability and Standards Recovery Act (the "FAST Act **AB 1228**") in September **raises the minimum wage to \$ 20 an hour beginning April 2022-2024** (a state law which authorizes the establishment of a council to set standards with **annual increases through 2030**) for workers respect to the wages, working hours, and health and safety conditions of employees at certain quick service restaurants which, **if in the state that are part of brands that have more than 60 establishments nationwide. AB 1228 also creates an advisory- only council with powers to recommend that state agencies enacted-- enact additional health**, would apply to **safety and employment standards for quick service restaurants. Because AB 1228 will increase the operating costs for** our Concepts' restaurants in California - The implementation of the FAST Act, which was set to take effect **it may have an adverse impact** on January 1, 2023, has been paused pending the outcome of a California voter referendum to repeal this law scheduled for November 2024. If this voter referendum fails and **disrupt** the FAST Act goes into effect, and / or if similar legislation is enacted in other -- **the operations of** jurisdictions, this may increase our and our Concepts' **restaurants located there** franchisees' costs, and otherwise disrupt and adversely affect our operations and / or growth prospects. The inability to recruit and retain a sufficient number of qualified individuals at the store level may result in reduced operating hours, have a negative impact on service or customer experience, delay our planned use, development or deployment of technology, **or impact the** planned openings of new **restaurants, or result in closures of existing** restaurants by us and our Concepts' franchisees, any of which could adversely affect our business and / or our growth prospects. In addition, **our Concepts and their franchisees may be subject to increasing** union **activity** organizers have engaged in efforts to organize employees at certain of our Concepts' restaurants and those -- **the of other restaurant space** companies, and strikes, work slowdown or other labor unrest impacting us may become more common. In the event of a strike, work slowdown or other labor unrest, the ability to adequately staff at the store level could be impaired, which could adversely impact our operations, growth prospects and distract management from focusing on our business and strategic priorities. An increase in food prices and other operating costs may have an adverse impact on our business and / or our growth prospects. Our and our Concepts' franchisees' businesses depend on reliable sources of large quantities of raw materials such as proteins (including poultry, pork, beef and seafood), cheese, oil, flour and vegetables (including potatoes and lettuce). Raw materials purchased for use in our Concepts' restaurants are subject to price volatility caused by any fluctuation in aggregate supply and demand, or other external conditions, such as weather and climate conditions, (which may be exacerbated by climate change), energy costs or natural events or disasters that affect expected harvests of such raw materials, taxes and tariffs (including as a result of trade disputes), industry demand, inflationary conditions, labor shortages, transportation issues, fuel costs, food safety concerns, product recalls, governmental regulation and other factors, all of which are beyond our control and in many instances are unpredictable. Taking into account ongoing inflationary conditions, we have recently experienced and expect to continue to experience, an increase in the price of various raw materials and other operating costs (such as rent and energy costs) as well as increased volatility in such prices and costs, which has adversely affected, and may continue to adversely affect our results of operations and / or our growth prospects. In addition, a significant increase in gasoline prices could result in the imposition of fuel surcharges by our distributors. **As the We and / or our Concepts' franchisees have taken, and may continue to take, certain actions as a** result of the significant **recent inflationary** increases in food and other operating costs noted above, **including by increasing** we and our Concepts' franchisees have recently increased food prices beyond typical pricing patterns at certain of our Concepts' restaurants, **attempting to negotiate favorable pricing terms with our suppliers and / or shifting to suppliers with more favorable pricing where feasible, and utilizing forward contracts and commodity futures and options contracts where possible to hedge commodity prices**. However, because we and our Concepts' franchisees provide competitively priced food, we **may have not have the ability always been able** to pass through to our customers the full amount of **any commodity price or our other cost increases or otherwise fully mitigate the cost increases experienced by us or our Concepts' franchisees**. If we and our Concepts' franchisees are unable to manage the cost of raw materials or to increase the prices of products proportionately, our and our Concepts' franchisees' profit margins and return on invested capital may be adversely impacted. Moreover, to the extent that we raise menu prices to offset these costs, this could result in decreased consumer demand and adversely affect our business and / or our growth prospects. Risks Related to our Concepts' Brands and Reputation Our success depends substantially on our corporate reputation and on the value and perception of our brands. Our success depends in large part upon our ability and our Concepts' franchisees' ability to maintain and enhance our corporate reputation and the value and perception of our brands, **and a key aspect of our growth strategy is based on innovating and elevating the perception of our restaurant brands**. Brand value is based in part on consumer perceptions **on regarding** a variety of subjective factors, including the nutritional content and preparation of our food, our ingredients, food safety, and our business practices, including with respect to how we source commodities, and our pricing

(including price increases and discounting). Consumer acceptance of our offerings is subject to change and some changes can occur rapidly. For example, nutritional, health and other scientific studies and conclusions, which constantly evolve and may have contradictory implications, drive popular opinion, litigation and regulation (including initiatives intended to drive consumer behavior) in ways that may affect perceptions of our Concepts' brands generally or relative to alternatives. ~~The ~~in~~~~ ~~addition, the~~ retail food industry has ~~also~~ been subject to scrutiny and claims that the menus and practices of restaurant chains have led to customer health issues, such as weight gain and other adverse effects. Publicity about these matters (particularly directed at the quick service and fast-casual segments of the retail food industry) may harm our Concepts' reputations and adversely affect our business and / or our growth prospects. Moreover, this scrutiny could lead to increased regulation of the content or marketing of our products, including legislation or regulation taxing and / or regulating food with high-fat, sugar and salt content, or foods otherwise deemed to be "unhealthy," which may increase costs of compliance and remediation to us and our Concepts' franchisees. **Additionally, if the demand for offerings at our Concepts' restaurants and other fast-casual or quick service segments of the retail food industry decreases or shifts as a result of wellness trends or changing dietary preferences, including as a result of developments in or increased adoption of weight loss medications, our business, financial results and / or growth prospects may be adversely impacted**. In addition, business or other incidents, whether isolated or recurring, and whether originating from us, our Concepts' restaurants, franchisees, competitors, governments, suppliers or distributors, can significantly reduce brand value and consumer perception, particularly if the incidents receive considerable publicity or result in litigation or investigations. For example, the reputation of our Concepts' brands could be damaged by claims or perceptions about the quality, safety or reputation of our products, suppliers, distributors or franchisees or by claims or perceptions that we, founders of our Concepts, our Concepts' franchisees or other business partners have acted or are acting in an unethical, illegal, racially-biased or socially irresponsible manner or are not fostering an inclusive and diverse environment, including with respect to the service and treatment of customers at our Concepts' restaurants, and our or our Concepts' franchisees' treatment of employees, regardless of whether real or perceived. Our corporate reputation could also suffer from negative publicity or consumer sentiment regarding Company action or brand imagery, misconduct by any of our or our Concepts' franchisees' employees, or a real or perceived failure of corporate governance. Any such developments could ~~adversely impact cause a decline directly or indirectly in consumer confidence in, or~~ the perception of, our Concepts' brands and / or our products and, ~~reduce consumer demand for our products~~ **or otherwise adversely impact us, likely resulting in lower revenues and profits**. We cannot guarantee that franchisees or other third parties with licenses to use our intellectual property will not take actions that may harm the value of our intellectual property. Franchisee use of our Concepts' trademarks are governed through franchise agreements and we monitor use of our trademarks by both franchisees and third parties, but franchisees or other third parties **use or** may refer to or make statements about our Concepts' brands that do not make proper use of our trademarks or required designations, that improperly alter trademarks or branding, or that are critical of our Concepts' brands or place our Concepts' brands in a context that may tarnish their reputation. Moreover, unauthorized third parties, including our Concepts' current and former franchisees, may use our intellectual property to trade on the goodwill of our Concepts' brands, resulting in consumer confusion or brand dilution. Our ability to reach consumers and drive results is heavily influenced by brand marketing and advertising and our ability to adapt to evolving consumer preferences, including developing and launching new and innovative products and offerings. Our marketing and advertising programs may not be as successful **as intended**, or may not be as successful as our competitors, and thus, may adversely affect our **reputation**, business, our growth prospects and the strength of our brand. **In addition, any decisions we may make to collaborate or cease to collaborate 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 reputation and financial results**. We are subject to increasing and evolving expectations and requirements with respect to social and environmental sustainability matters, which could expose us to numerous risks. There has been an increased focus, including from investors, the public and governmental and nongovernmental authorities, on social and environmental sustainability matters, such as climate change, greenhouse gases, packaging and waste, human rights, diversity, sustainable supply chain practices, animal health and welfare, deforestation, land, energy and water use and other corporate responsibility matters. **At the same time, other stakeholders and regulators have increasingly expressed or pursued opposing views, legislation and investment expectation with respect to sustainability initiatives, including so-called anti-environmental, social and governance ("ESG") legislation or policies**. We are and may become subject to changing rules and regulations promulgated by ~~a number of~~ governmental and self-regulatory organizations with respect to social and environmental sustainability matters. These changing rules, regulations and stakeholder expectations have resulted in, and are likely to continue to result in, an increase in expenses and management focus associated with satisfying such regulations and expectations. As ~~the a~~ result of these increased expectations and evolving requirements, as well as our commitment to social and environmental sustainability matters, we may continue to establish or expand goals, commitments or targets, and take actions to meet such goals, commitments and targets. These goals could be difficult and expensive to implement, the technologies needed to implement them may not be cost effective and may not advance at a sufficient pace, and we may be criticized for the accuracy, adequacy or completeness of disclosures. Further, **these** goals may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, assumptions that are subject to change, and other risks and uncertainties, many of which are outside of our control. If our data, processes and reporting with respect to social and environmental matters are incomplete or inaccurate, or if we fail to achieve progress with respect to these goals on a timely basis, consumer and investor trust in our brands may suffer. **In addition, some third parties (including ESG groups) may object to the scope or nature of our 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 actions) or consumers (such as boycotts, lawsuits or negative publicity campaigns) that could adversely affect us or our brand value**. We may be adversely affected by climate change.

We could be adversely affected by the physical and / or transitional effects of climate change. Our **and our franchisees'** properties and operations may be vulnerable to the adverse effects of climate change, which is predicted to result in ongoing changes in global weather patterns and more frequent and severe weather-related events such as droughts, wildfires, hurricanes and other natural disasters. Such adverse weather-related impacts may also adversely affect the general economy in countries where we operate, disrupt our operations, cause restaurant closures or delay the opening of new restaurants, adversely impact our supply chain and increase the costs of (and decrease the availability of) food and other supplies needed for our operations. In addition, various legislative and regulatory efforts to combat climate change may increase in the future, which could result in additional taxes, increased **expenses-compliance costs**, and otherwise disrupt and adversely impact **us our business and / or our franchisees our growth prospects**. Risks Related to Government Regulation and Litigation We may be subject to litigation that could adversely affect us by increasing our expenses, diverting management attention or subjecting us to significant monetary damages and other remedies. We are regularly involved in legal proceedings, which include regulatory claims or disputes by claimants such as franchisees, suppliers, employees, customers, governments and others related to operational, foreign exchange, tax, franchise, contractual or employment issues. These claims or disputes may relate to personal injury, employment, real estate ~~related~~, environmental, tort, intellectual property, breach of contract, **technology services**, data privacy, securities, **consumer protection**, derivative and other litigation matters. See the discussion of legal proceedings in Note 20 to the Consolidated Financial Statements included in Item 8 of this Form 10-K. Plaintiffs often seek recovery of large or indeterminate amounts, and lawsuits are subject to inherent uncertainties (some of which are beyond the Company's control). Unfavorable rulings or developments may also occur in cases we are not involved in. Moreover, regardless of whether any such lawsuits have merit, or whether we are ultimately held liable or settle, such litigation may be expensive to defend, may divert resources and management attention away from our operations, and may negatively impact our **financial results of operations and / or our growth prospects**. With respect to insured claims, a judgment for damages in excess of any insurance coverage could adversely affect our financial condition or results of operations and / or growth prospects. Any adverse publicity resulting from these allegations may also adversely affect our Concepts' reputations, which could adversely affect our financial results. Changes in, or noncompliance with, legal requirements may adversely affect our business operations, growth prospects or financial condition. The Company, and our Concepts and their franchisees, are subject to numerous laws and regulations around the world. These laws and regulations change regularly and are increasingly complex. For example, we are subject to: • The Americans with Disabilities Act in the U. S. and similar laws that provide protection to individuals with disabilities in the context of employment, public accommodations and other areas. • The U. S. Fair Labor Standards Act as well as a variety of similar laws, which govern matters such as minimum wages, and overtime, and the U. S. Family and Medical Leave Act as well as a variety of similar laws which provide protected leave rights to employees. • Employment laws related to workplace health and safety, non-discrimination, non-harassment, whistleblower protections, and other terms and conditions of employment. • Laws and regulations in government-mandated health care benefits such as the Patient Protection and Affordable Care Act in the U. S. • Laws and regulations relating to nutritional content, nutritional labeling, product safety, product marketing and menu labeling. • Laws relating to state and local licensing. • Laws relating to the relationship between franchisors and franchisees. • Laws and regulations relating to health, sanitation, food, workplace safety, child labor, including laws regulating the use of certain "hazardous equipment", building and zoning, and fire safety and prevention. • Laws and regulations relating to union organizing rights and activities. • Laws relating to information security, privacy, cashless payments, and consumer protection. • Laws relating to **our use of third party aggregators**. • **Laws relating to** currency conversion or exchange. • Laws relating to international trade and sanctions. • Anti-bribery and anti-corruption laws, including the U. S. Foreign Corrupt Practices Act. • Environmental laws and regulations, including with respect to climate change and greenhouse gas emissions. • Federal and state immigration laws and regulations in the U. S. **We may also be adversely impacted by legal developments resulting in** Regulations, health guidelines and safety protocols related to the COVID-19 pandemic. In addition, if any governmental authority were to adopt and implement a broader **standard standards** for determining when two or more **entities otherwise unrelated employers** may be found to be a joint employer **employers** of the same employees under laws such as the National Labor Relations Act (the "NLRA") **in**. **In this regard, the National Labor Relations Board issued a manner rule with an anticipated effective date in February 2024 addressing the joint-employer test under the NLRA. This rule provides for more expansive standards in relation to determining joint employer status by giving consideration as to whether one entity has authority to control essential terms and conditions of employment of another entity, whether or not such control is exercised and whether or not any such exercise of control is direct or indirect. To the extent that is applied generally the joint employer standards reflected in this rule are determined to be applicable** to franchise relationships, **this we or our Concepts** could cause us or our Concepts to be liable or held responsible for unfair labor practices and other violations and could **be subject our Concepts to other liabilities, and / or require required our Concepts to conduct engage in** collective bargaining negotiations, regarding **with representatives of the** employees of totally separate, independent employers; most notably our Concepts' franchisees. For example, **In addition to the foregoing** National Labor Relations Board issued a proposed rule in September 2022 regarding the joint-employer test under the NLRA which would take into account the indirect control that a company has over the employees of another entity, thereby increasing the likelihood of a joint-employer relationship under the NLRA. Moreover, many states (including California) have increasingly **enacted or are considering legislation regarding, or otherwise increased their focused-- focus on**, and / or enacted legislation around the misclassification of independent contractors, **which could have an adverse impact on and disrupt the operations of our Concepts' restaurants in other ways, such as costs relating to delivery aggregators or certain staff augmentation models**. Any failure or alleged failure to comply with applicable laws or regulations or related standards or guidelines could adversely affect our reputation, global expansion efforts, growth prospects and financial results or result in, among other things, litigation, revocation of required licenses, internal investigations, governmental investigations or proceedings, administrative enforcement

actions, fines and civil and criminal liability. Publicity relating to any such noncompliance or perception that we are not paying a sufficient amount of taxes could also harm our Concepts' reputations and adversely affect our revenues. In addition, the compliance costs associated with complying with new or existing legal requirements could be substantial. Tax matters, including changes in tax rates or laws, disagreements with taxing authorities, imposition of new taxes and our restructurings could impact our results of operations, growth prospects and financial condition. We are subject to income taxes as well as non-income based taxes, such as payroll, sales, use, value-added, net worth, property, withholding and franchise taxes in various jurisdictions. Our accruals for tax liabilities are based on past experience, interpretations of applicable law, and judgments about potential actions by tax authorities, but such **Such accruals tax positions** require significant judgment which may be incorrect **or challenged by tax authorities** and may result in payments greater than the amounts accrued. If the Internal Revenue Service ("IRS") or another taxing authority disagrees with our tax positions, we could face additional tax liabilities, including interest and penalties, which could be material. For example, as disclosed in Note 20, as a result of an audit by the IRS for fiscal years 2013 through 2015, in August 2022, we received a Revenue Agent's Report that includes a proposed adjustment for the 2014 fiscal year relating to a series of reorganizations we undertook during that year in connection with the business realignment of our corporate and management reporting structure along brand lines. While we disagree with the position of the IRS and intend to contest it vigorously, an unfavorable resolution of this matter could have a material, adverse impact on our Consolidated Financial Statements in future periods. In addition, if jurisdictions in which we or our Concepts operate enact tax legislation, modify tax treaties and / or increase audit scrutiny, it could increase our taxes and have an adverse impact on our results of operations, growth prospects and financial position. For example, the Organization for Economic Cooperation and Development (the "OECD"), the **European Union E. U.** and other countries (including countries in which we operate) have committed to enacting substantial changes to numerous long-standing tax principles impacting how large multinational enterprises are taxed in an effort to limit perceived base erosion and profit shifting incentives. In particular, the OECD's Pillar Two initiative **introduces provides for** a 15 % global minimum tax applied on a country-by-country basis, **with a recommended effective date for most provisions of which many jurisdictions have now committed to an effective enactment date starting** January 1, 2024. **If these These proposals have been or are expected to be** implemented in **any many** jurisdictions in which we operate, **and we anticipate an** they could negatively impact our effective tax rate as well as increase **in the burdens related to** the tax compliance and reporting costs **related to such requirements as a result of the new rules**. Risks Related to the Yum China Spin-Off The Yum China spin-off and certain related transactions could result in substantial U. S. tax liability. We received opinions of outside counsel substantially to the effect that, for U. S. federal income tax purposes, the Yum China spin-off and certain related transactions qualified as generally tax-free under Sections 355 and 361 of the U. S. Internal Revenue Code. The opinions relied on various facts and assumptions, as well as certain representations as to factual matters and undertakings (including with respect to future conduct) made by Yum China and us. If any of these facts, assumptions, representations or undertakings are incorrect or not satisfied, we may not be able to rely on these opinions of outside counsel. Accordingly, notwithstanding receipt of the opinions of outside counsel, the conclusions reached in the tax opinions may be challenged by the IRS. Because the opinions are not binding on the IRS or the courts, there can be no assurance that the IRS or the courts will not prevail in any such challenge. If, notwithstanding receipt of any opinion, the IRS were to conclude that the Yum China spin-off was taxable, in general, we would recognize taxable gain as if we had sold the Yum China common stock in a taxable sale for its fair market value. In addition, each U. S. holder of our Common Stock who received shares of Yum China common stock in connection with the spin-off transaction would generally be treated as having received a taxable distribution of property in an amount equal to the fair market value of the shares of Yum China common stock received. That distribution would be taxable to each such U. S. stockholder as a dividend to the extent of accumulated earnings and profits as of the date of the spin-off. For each such U. S. stockholder, any amount that exceeded our earnings and profits would be treated first as a non-taxable return of capital to the extent of such stockholder's tax basis in our shares of Common Stock with any remaining amount being taxed as a capital gain. The Yum China spin-off may be subject to China's indirect transfer tax. In February 2015, the Chinese State Tax Administration ("STA") issued the Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises ("Bulletin 7"). Pursuant to Bulletin 7, an "indirect transfer" of Chinese taxable assets, including equity interests in a China resident enterprise ("Chinese interests"), by a non-resident enterprise, may be recharacterized and treated as a direct transfer of Chinese taxable assets, if such arrangement does not have reasonable commercial purpose and the transferor has avoided payment of Chinese enterprise income tax. Using general anti-tax avoidance provisions, the STA may treat an indirect transfer as a direct transfer of Chinese interests if the transfer has avoided Chinese tax by way of an arrangement without reasonable commercial purpose. As a result, gains derived from such indirect transfer may be subject to Chinese enterprise income tax, and the transferee or other person who is obligated to pay for the transfer would be obligated to withhold the applicable taxes, currently at a rate of up to 10 % of the capital gain in the case of an indirect transfer of equity interests in a China resident enterprise. We evaluated the potential applicability of Bulletin 7 in connection with the Separation in the form of a tax free restructuring and continue to believe it is more likely than not that Bulletin 7 does not apply and that the restructuring had reasonable commercial purpose. However, there are significant uncertainties on what constitutes a reasonable commercial purpose, how the safe harbor provisions for group restructurings are to be interpreted and how the Chinese tax authorities will ultimately view the spin-off. As a result, our position could be challenged by the Chinese tax authorities resulting in a tax at a rate of 10 % assessed on the difference between the fair market value and the tax basis of Yum China at the date of the spin-off. As our tax basis in Yum China was minimal, the amount of such a tax could be significant and have an adverse effect on our results of operations, growth prospects and our financial condition. Risks Related to Consumer Discretionary Spending and Macroeconomic Conditions Our business and / or our growth prospects may be adversely impacted by changes in consumer discretionary spending and **economic macroeconomic** conditions **in the various markets**, including inflationary pressures **and elevated interest rates, in markets in which we operate**. As a company dependent upon consumer

discretionary spending, we (and our Concepts' franchisees) are sensitive to ~~changes in or uncertainty regarding~~ macroeconomic conditions **and consumer discretionary spending levels** in markets where we and ~~our~~ Concepts' franchisees operate. Some of the factors that **may** impact discretionary consumer spending **and macroeconomic conditions** include unemployment and underemployment rates, fluctuations in disposable income, the price of gasoline, other inflationary pressures, higher taxes, reduced access to credit, elevated interest rate levels, stock market performance and changes in consumer confidence. In this regard, we and our Concepts' franchisees have been adversely impacted by, and may continue to be adversely impacted by, negative macroeconomic conditions in **certain** markets where we and our Concepts' franchisees operate, including impacts from increased commodity prices and other inflationary pressures, **elevated interest rates**, challenging labor market conditions, ~~elevated interest rates~~ **ongoing geopolitical instability**, supply chain ~~disruptions~~ **disruption**, and ~~governmental restrictions implemented to mitigate against the pandemic~~ **increases in real estate costs in certain domestic and international markets**. Any significant deterioration in current negative macroeconomic conditions **in markets where we operate**, or any recovery therefrom that is significantly slower than anticipated, could have an adverse effect on our business, growth prospects, financial conditions, or results of operations. In addition, negative macroeconomic conditions or other adverse business developments may result in future asset impairment charges. Moreover, if negative macroeconomic conditions result in significant disruptions to capital and financial markets, or negatively impact our credit ratings, our cost of borrowing, our ability to access capital on favorable terms and our overall liquidity and capital structure could be adversely impacted.

Risks Related to Competition The retail food industry is highly competitive. Our Concepts' restaurants compete with international, national and regional restaurant chains as well as locally- owned restaurants, and the industry in which we operate is highly competitive with respect to price and quality of food products, new product development, digital engagement, advertising levels and promotional ~~and price discounting~~ initiatives, customer service ~~reputation~~, restaurant location ~~and~~ attractiveness and maintenance of properties, management and hourly personnel and qualified franchisees. Moreover, if we are unable to successfully respond to changing consumer or dietary preferences, if our marketing efforts and / or launch of new products are unsuccessful, or if our Concepts' restaurants are unable to compete successfully with other retail food outlets, our and our Concepts' franchisees' businesses and / or our growth prospects could be adversely affected. ~~In addition, the COVID-19 pandemic has also resulted in a change of consumer routines and behavior, and it is difficult to fully assess the impacts of such developments on us or our Concepts, or the extent to which any such consumer patterns may continue after the COVID-19 pandemic has ended.~~ We also face ongoing competition due to convergence in grocery, convenience, deli and restaurant services, including the offering by the grocery industry of convenient meals, including pizzas and entrees with side dishes. Competition from delivery aggregators and other food delivery services has also increased and is expected to continue to increase, particularly in urbanized areas. Finally, not all of our competitors may seek to establish environmental or sustainability goals comparable to ours, which could result in lower supply chain or operating costs for our competitors. Increased competition and other competitive factors could have an adverse effect on our business or development plans.

Risks Related to Our Indebtedness Our **substantial level of** indebtedness makes us more sensitive to adverse economic conditions, may limit our ability to plan for or respond to significant changes in our business, and requires a significant amount of cash to service our debt payment obligations that we may be unable to generate or obtain. As of December 31, ~~2022~~ **2023**, our total outstanding short- term borrowings and long- term debt was approximately \$ **11.92** billion. Subject to the limits contained in the agreements governing our outstanding indebtedness, we may incur additional debt from time to time, which would increase the risks related to our ~~high~~ level of indebtedness. Our ~~high~~ level of indebtedness could have important potential consequences, including, but not limited to:

- increasing our vulnerability to, and reducing our flexibility to plan for and respond to, adverse economic and industry conditions and changes in our business and the competitive environment;
- requiring the dedication of a substantial portion of our cash flow from operations to the payment of principal of, and interest on, indebtedness, thereby reducing **or eliminating** the availability of such cash flow to fund working capital, capital expenditures, acquisitions, dividends, share repurchases or other corporate purposes;
- increasing our vulnerability to a downgrade of our credit rating, which could adversely affect our cost of funds, liquidity and access to capital markets;
- restricting us from making strategic acquisitions or causing us to make non- strategic divestitures;
- placing us at a disadvantage compared to other less leveraged competitors or competitors with comparable debt at more favorable interest rates;
- increasing our exposure to the risk of increased interest rates insofar as current and future borrowings are subject to variable rates of interest or we are forced to refinance indebtedness at higher interest rates, which ~~risk risks is are~~ **risk risks is are** heightened by the current elevated interest rate environment;
- increasing our exposure to the risk of discontinuance, replacement or modification of certain reference rates;
- making it more difficult for us to repay, refinance or satisfy our obligations with respect to our debt;
- limiting our ability to borrow additional funds in the future and increasing the cost of any such borrowing;
- imposing restrictive covenants on our operations due to the terms of our indebtedness, which, if not complied with, could result in an event of default, which if not cured or waived, could result in the acceleration of the applicable debt, and may result in the acceleration of any other debt to which a cross- acceleration or cross- default provision applies; and
- increasing our exposure to risks related to fluctuations in foreign currency as we earn profits in a variety of currencies around the world and our debt is primarily denominated in U. S. dollars. If our business does not generate sufficient cash flow from operations or if future debt or equity financings are not available to us on acceptable terms in amounts sufficient to pay our indebtedness or to fund other liquidity needs, our financial condition may be adversely affected. As a result, we may need to refinance all or a portion of our indebtedness on or before maturity. There is no assurance that we will be able to refinance any of our indebtedness on favorable terms, or at all. Any inability to generate sufficient cash flow or refinance our indebtedness on favorable terms could have an adverse effect on our business, growth prospects and financial condition.