

Risk Factors Comparison 2024-02-27 to 2023-03-02 Form: 10-K

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Investing in our securities involves a variety of risks and uncertainties, known and unknown, including, among others, those discussed below. You should carefully consider the risks described below together with other information set forth in this Annual Report on Form 10-K. If any of the following risks or uncertainties occur, our business, financial condition, prospects, results of operations, and cash flows could be materially and adversely affected. The risks discussed below are not the only risks we face. Additional risks or uncertainties not currently known to us, or that we currently deem immaterial, may also have a material adverse effect on our business, financial condition, prospects, results of operations, or cash flows. We cannot assure you that any of the events discussed in the risk factors below will not occur.

Risks Related to Food Safety and Consumer Preferences Our business may be adversely affected by food safety issues, including food-borne illnesses, tampering, or contamination. We ~~are a~~ **operate in the** food service ~~business sector~~ and may experience **are subject to potential** food safety ~~issues concerns~~, including **risks** the possibility of food-borne illnesses, tampering, **and adulteration, or** contamination. These risks may **escalate** be increased as we **introduce-launch** new products, **increase-broaden our** distribution **through** channels ; such as our **DFD operations business channels, or and expand our** manufacturing and production **capacity facilities**. Failure to maintain adequate **Inadequate** food safety **standards measures** in our shops could result in **lead to** temporary closures and **shutdowns, disrupt disrupting both** our **in-shop and** retail operations as well as our **DFD operations**. Food safety issues could **incidents might** also adversely affect **negatively impact** the price **cost** and availability of affected ingredients, **leading to** which could result in disruptions in our supply chain **disruptions** or lower **reduced profit** margins for us and our franchisees -- **franchise partners**. Furthermore **Moreover**, our **reliance dependency** on third - party parties as intermediaries in the delivery **services heightens** of our products to our consumers increases the risk that **of food safety issues arising from external factors**. **While we oversee some of these partners' operations, the quality and service they provide could be compromised by various unforeseeable factors, making it challenging to identify contamination or other defects. The risk is even higher with partners we do not monitor or monitor less rigorously. Additionally, food safety concerns may expose us to legal actions, regulatory investigations, product recalls, and financial penalties. Any association of our brand, our franchisees, or the broader food service industry with** food safety issues could **harm** be caused by factors outside of our direct control. While we monitor the operations of certain of these business partners, the product quality and service they deliver may be diminished by any number of factors beyond our control and it may be difficult to detect contamination or other defects. There is greater risk from those we do not monitor, or do not monitor as closely. Additionally, food safety issues could expose us to litigation, governmental investigation, recalls, penalties or fines. Any report or publicity linking us, our franchisees, or the food service industry to food safety issues could adversely affect our reputation as well as our, **leading to a decline in** revenues - **revenue** and profits **profitability**. Changes in consumer preferences and demographic trends could negatively impact our business. **The** Food service businesses are often affected by changes in consumer tastes, dietary and health preferences, national, regional, and local economic conditions, discretionary spending priorities, demographic trends, traffic patterns, and the type, number, and location of competing brands. In addition, the food service industry continues **is highly susceptible** to be under heightened **shifts in consumer preferences, including dietary choices and health concerns, as well as broader factors like regional economic conditions, spending habits, demographic changes, traffic trends, and competition from other brands in terms of their number, type, and location. Additionally, there is increasing** legal and legislative scrutiny related to **focus on the industry, particularly concerning** menu labeling and packaging **resulting from the perception. This scrutiny is largely due to concerns** that the products and practices **and offerings** of food service companies **have may** contributed - **contribute** to **issues like poor** nutritional -- **nutrition**, excessive caloric intake, obesity, or other health **issues among** consumers concerns of their guests. **Our business must remain agile** If we are unable to adapt to changes in **responding to** these **evolving** consumer preferences and trends -. **We also need to be prepared or for** if **potential** regulatory changes are implemented that **impact could affect** any of our **operational** markets -. **Failure to effectively adapt to these changes our - or to comply with new regulations could adversely affect our** operating **operational** results could be negatively impacted.

Risks Related to Cybersecurity, Data Privacy, and Information Technology We rely on information technology in our operations. Any material failure, inadequacy, or interruption of that technology could adversely affect our ability to effectively operate our business and result in financial or other loss. ~~We~~ **Our business** and **that of** our franchisees **rely significantly** **depend** on computer systems and information technology to **conduct for efficient operation. The effectiveness of** our business -. Our ability to effectively manage **management is closely tied to** our business depends significantly on the reliability and capacity of these systems. Our omni-channel approach **strategy, particularly our delivery model, relies heavily** -, in large part, on our **robust** information technology systems to operate successfully, including the implementation of our delivery strategy. As we **expand-diversify** our business channels, our exposure **susceptibility** to such **related** risks **intensifies** will increase. **We** Business interruptions also could result from the **face potential business disruptions due to failure failures of in** other important **critical** information technology platforms we use to operate our business, including platforms **those** hosted or otherwise provided by third parties on our behalf. Service **These** interruptions **disruptions can stem from**, degradation, or other performance problems may occur because of hardware and software **issues** defects or malfunctions, **cyber- attacks (including** distributed denial- of- service **attacks)** and other cyberattacks, infrastructure changes, human error, earthquakes, hurricanes, floods, fires, natural disasters **(like earthquakes, hurricanes, floods, and fires)**, power losses **outages**, disruptions in telecommunications services **failures**, **human** fraud, military or political conflicts, terrorist --- **errors** attacks,

computer viruses, ransomware, malware, or other events. Our systems also may be subject to break-ins, sabotage, theft, and intentional acts of vandalism because of criminal activities third parties (including those by state-sponsored organizations with significant financial groups), and intentional vandalism. These risks extend to threats like computer viruses, ransomware, and malware. Adapting to evolving consumer expectations and technological advancements is crucial resources), third parties we do business with, and our franchisees' employees. In addition, we must effectively respond to changing guest expectations and new technological developments. Any disruptions interruption, delays delay, or deficiencies flaw in developing the design and /or implementation-- implementing of any of these systems, or misjudging our inability to accurately predict the costs and revenue potential of such these initiatives, can hamper or our essential business functions. This our failure to generate revenue and corresponding profits from such activities and investments, could negatively impact our ability to perform necessary business operations, which could adversely affect our reputation, competitive position edge, operational business, results of operations, and financial condition health. While we endeavor strive to keep all our systems current updated, there is can be no guarantee that we can reliably absolute assurance of uninterrupted maintenance. If our mitigation controls fail, especially when update updates and maintain our systems. In instances where we are not feasible unable to do so, it the mitigating controls we put in place to reduce the risk may fail. Any such failure could lead to Ecommerce downtime outages, disruptions to our information technology systems system disruptions, and expose heightened vulnerabilities vulnerability to cyber threats eriminals. Our business interruption insurance may might not fully be sufficient to cover all our losses that may result from interruptions in our service disruptions caused by as a result of systems system failures and or similar events. Therefore As a result, significant if we experience any outsized material impacts from a system failure failures of our systems, could materially and adversely affect our business operations, results of operations, and financial standing condition could be materially and adversely effected. Breaches or failures of our information technology systems or other cybersecurity or data security- related incidents may have an adverse impact on our business, financial condition, and results of operations. Our Efforts to hack or breach security measures, failures of systems or software to operate as designed or intended, viruses, operator error, or inadvertent releases of data all threaten our and our franchisees' information systems and records are at risk of. The techniques and sophistication used to conduct cyber- attacks and security breaches of information technology. These include hacking attempts, software or systems system failures, as well as the sources viruses, operator errors, and targets of these accidental data leaks. Cyber- attacks are increasingly sophisticated and varied, often involving may take many forms (including phishing, social engineering, denial, or degradation of service disruption attacks, malware, or ransomware), change frequently and are often they may not recognized be detected until they such attacks are launched or have been active in place for some a period of time. Additionally In addition, our internal threats exist from employees, franchisees, contractors, or third parties with whom who might bypass we do business or to whom we outsourced business operations may attempt to circumvent our security measures to misappropriate access or leak sensitive, regulated, protected, or personally identifiable information, either maliciously and may purposefully or inadvertently cause a breach involving or compromise of such information. We cannot guarantee There is no assurance that any the security procedures or measures and controls that we implemented by us or our third- party providers are foolproof against such have implemented will be sufficient to prevent data security related incidents from occurring. An actual A breach or perceived breach in our the security of our or our third- party providers' information technology systems could severely interrupt or our operations, negatively affect our business, financial standing, and operational results, and harm our reputation and brand credibility among consumers and business partners. Furthermore, significant incidents involving unauthorized access to, theft, exposure, alteration, or misuse of consumer, employee, or proprietary data could lead to legal actions, regulatory investigations, and non- compliance penalties, disrupting our operations, tarnishing our reputation, and leading to substantial financial repercussions. Our cybersecurity insurance may not fully cover the consequences of such breaches or incidents, and future coverage may not be available at reasonable costs or at all. Insurers might also deny claims for certain incidents. Addressing a security breach would require substantial financial and operational resources, including remediation of security vulnerabilities, legal defense, and compliance with notification obligations. Such efforts could divert management attention and resources away from our business activities, adversely affecting our business operations, financial condition, and results. Additionally, our efforts to remedy these issues may not be successful, and we might face challenges in implementing, maintaining, and upgrading effective safeguards. If we or our franchisees or licensees are unable to protect our consumer and employee data and other regulated, protected, or personally identifiable information, we or our franchisees could be exposed to data loss, litigation, regulatory fines, and other liability, and our reputation could be significantly harmed. Our operations necessitate collecting, transmitting, and storing large amounts of consumer and employee data, including sensitive information like credit and debit card numbers and other personally identifiable details. This data is housed in our own and our franchisees' information technology systems, as well as those of our franchisees and third- party service providers could lead to. Ensuring the integrity an and interruption in the operation of our systems, resulting in material adverse impacts on our business, financial condition, and results of operations, and could result in adverse publicity and significant damage to our brand and reputation with consumers and third parties with whom we do business. Additionally, a significant theft, loss, disclosure, modification, or misappropriation of, or access to, guests', employees', third parties', or other proprietary data or other breach of our information technology systems could result in fines, legal claims or proceedings, including regulatory investigations and actions, or liability for failure to comply with privacy and information security laws, which could disrupt our operations, damage our reputation, and expose us to claims from guests and employees, any of this which could have a material adverse effect on our financial condition and results of operations. Our cybersecurity insurance may not be sufficient in type or amount to cover us against claims related to breaches, failures, or other data security related incidents, and we cannot be certain that cyber insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any

future claim. We could be forced to expend significant financial and operational resources in protecting against or responding to a security breach, including investigating and remediating any information security vulnerabilities, defending against and resolving legal and regulatory claims, and complying with notification obligations, all of which could divert resources and the attention of our management and key personnel away from our business operations and adversely affect our business, financial condition, and results of operations. In addition, our remediation efforts may not be successful, and we could be unable to implement, maintain and upgrade adequate safeguards. If we or our franchisees or licensees are unable to protect our consumer and employee data and other regulated, protected, or personally identifiable information, we or our franchisees could be exposed to data loss, litigation, regulatory fines, and other liability, and our reputation could be significantly harmed. Our business requires the collection, transmission, and retention of large volumes of consumer and employee data, including credit and debit card numbers and other personally identifiable information, in various information technology systems that we and our franchisees maintain, and in those maintained by third parties with whom we contract to provide services. The integrity and protection of that data is **paramount critical to us**. **Non-compliance** Any failure to comply with legal and industry **standards** rules and/or requirements could significantly harm **severely damage** our brand, reputation, business, and **operational** results of operations. We also rely **Additionally, our reliance** on independent service providers for payment processing **poses risks**; including credit and debit cards. If these independent service providers become unwilling or unable to provide these services to us or if the cost of using these providers increases, **are unable** our **or** business could be harmed **unwilling to offer services or if their costs escalate**. We **operate under** are, and may increasingly become, subject to other various laws, directives, industry standards and regulations, as well as contractual obligations, relating to data privacy and security in the jurisdictions in which we operate **laws, directives, and regulations, both domestically and internationally**. The information, security, and privacy requirements imposed by governmental regulation are increasingly demanding. In the U. S., various **has a complex landscape of** federal and state **data protection** regulators have adopted, or are considering adopting, laws and regulations, with some concerning personal information and data security and have prioritized privacy and information security violations for enforcement actions. Certain state laws **offering** may be more stringent **protections** or broader in scope, or offer greater individual rights, with respect to personal information than federal, international, or other state laws, and such laws may differ from each other, all of which may complicate compliance efforts. **The potential introduction** State laws are changing rapidly and there is discussion in the U. S. Congress of a new comprehensive federal data privacy law to which we would **could increase** become subject if it is enacted, which may add additional complexity, variation in requirements, restrictions, and potential legal risks, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data, and could result in increased compliance costs or changes in business practices and policies. We are also subject to international laws, **impact data** regulations, and standards in many jurisdictions, which apply broadly to the collection, use **strategies**, retention, security, disclosure, transfer, and other processing of personal information **necessitate additional investments in compliance infrastructure**. **Internationally** For example, we are subject to **regulations like** the **European Union's** General Data Protection Regulation ("GDPR"), which was adopted by the European Union effective May 2018, and the U. K.'s **GDPR and U.K.-Data Protection Act of 2018**, which retains the GDPR in the U. K.'s national law. These laws **impose strict requirements on** include obligations and restrictions concerning data transparency and **handling, including** consent, **individual** the overall rights, **cross-border** of individuals to whom the personal data relates, the transfer of personal data out of the European Economic Area ("EEA") or the U. K., security breach notifications, and the **data** security and confidentiality of personal data. **Non-compliance with these** Our failure to adhere to or successfully implement appropriate processes to adhere to international **regulations could result in significant penalties and legal liabilities for us and our franchisees**. Adapting our and our franchisees' systems to these evolving requirements may require **substantial investment and time**. The interpretation and enforcement of **data privacy requirements and security laws and standards** are evolving, leading to potential inconsistencies with our data processing practices and policies. Any perceived **non-compliance could lead to fines, audits, investigations, lawsuits, and other penalties**. Additionally, any failure to adhere to **our public statements and privacy policies** could expose us and our franchisees to financial penalties and legal liability. Our and our franchisees' systems may not be able to satisfy changing requirements or may require significant additional investments or time to do so. Because the interpretation and application of laws, regulations, standards, and other obligations relating to data privacy and security are still uncertain, it is possible that these laws, regulations, standards, and other obligations may be interpreted and applied in a manner that is inconsistent with our data processing practices and policies. If our practices are not consistent, or are viewed as not consistent, with changes in laws, regulations, standards, or new interpretations or applications of existing laws, regulations, and standards, we may also become subject to fines, audits, inquiries, whistleblower complaints, adverse media coverage, investigations, lawsuits, loss of export privileges, severe criminal or civil sanctions, or other penalties. Although we endeavor to comply with our public statements and documentation, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other statements that provide promises and assurances about data privacy and security can subject us to potential government or legal action **for** if they are found to be deceptive, **or** unfair, or misrepresentative of our actual practices. Any concerns **Concerns** about our data privacy and security practices, even if unfounded, could **damage the harm our** reputation, **deter** of our businesses and discourage potential users, **from our products and services negatively impact our business**. Any of the **these** foregoing **outcomes** could have an adverse **adversely** effect **affect** on our business **operations**, financial condition, results of operations, and **future** prospects. Risks Related to Executing Our Business Strategy We may not realize the anticipated benefits from past or potential future acquisitions, investments, or other strategic transactions. **We periodically assess** From time to time, we evaluate and may **complete engage in** mergers, acquisitions, divestitures, joint ventures, strategic partnerships, minority investments, or **other** strategic **initiatives** transactions, including to **expand broaden** our Global Points of Access. Such transactions **These efforts** may **involve** include strategic opportunities to acquire or partner **collaborate** with our **both** domestic and international franchisees. In certain circumstances

some cases, our former or current past and existing franchisees may might retain a minority stake interest in the franchise shops we acquire and continue to participate be involved in the their operation operations of. We make the these applicable shops decisions based on individual circumstances. Such arrangements are entered into on a case-by-case basis. Past and potential future strategic endeavors come with transactions may involve various inherent risks, including, without limitation but not limited to: • Expenses The challenges, delays, or difficulties in and costs associated with integrating acquired Krispy Kreme franchised shops, Points of Access, and strategic partnerships, or investments into our organization existing structure, including the potential failure to realize expected achieve anticipated synergies and/or the inability to retain key personnel staff; • Diversion Diverting of management focus 's attention from everyday operations or other important initiatives and/or day-to-day operations to effectively execute implement our growth strategy; • Inability to generate sufficient The risk of not achieving expected revenue, profit, and/or cash flows flow from newly acquired Krispy Kreme franchised shops, Points of Access, companies, strategic partnerships, or investments; • The potential to inherit significant possibility that we have acquired substantial contingent or unanticipated unforeseen liabilities through in connection with acquisitions or other strategic transactions dealings; and • The possibility that risk of significant value depreciation in our investments we have made may decline significantly in value, possibly leading which could lead to goodwill the potential impairment charges for of the carrying value of goodwill associated with acquired businesses entities. Our Past past and potential future strategic transactions may not create yield the anticipated benefits, intended value for us and may harm could negatively impact our reputation and have a materially material, adversely adverse affect effect on our business, financial condition health, and results of operations operational outcomes. Our franchisees may affect our operating results and reputation. We have Our ability to influence the management of our franchisees' businesses is limited control over how our franchisees' businesses are run, and their inability potential failure to operate successfully effectively could adversely affect negatively impact our overall operating results. Although While we provide certain training and support to, our franchisees, run their own independent businesses. This means that the operational quality of franchised shops may suffer due to factors outside our control. Additionally, franchisees might not always manage are independently owned and operated businesses. Consequently, the their quality of franchised shop shops in compliance with relevant laws and regulations operations may be diminished by any number of factors beyond our or control align with our established standards and requirements. Moreover Furthermore, there' s a risk that franchisees may struggle to recruit not operate shops in a manner consistent with applicable laws and regulations or in accordance with our standards and requirements. Also, franchisees may not successfully hire and train qualified competent managers and staff other shop personnel. Although Currently, we believe we currently generally enjoy a generally positive relationship with our franchisees. However, there is no assurance that future developments, some of which may be outside beyond our control, could potentially strain these may not significantly harm our future relationships with both existing and new franchisees. Should In addition, our image and reputation, and the image and reputation of other franchisees fail to, may suffer materially if our franchisees do not operate successfully, or adhere to in accordance with our standards and requirements, which it could result in substantially harm the image and reputation of both individual franchisees and our overall brand. Such scenarios could lead to a significant marked decline in Krispy Kreme 's branded sales, adversely affecting our revenues revenue, and our profitability. Our DFD business channels depend on key customers and are subject to risks if such key customers reduce their purchases or terminate their relationships with us. A considerable portion of our revenue comes from Sales sales to retail customers through via our DFD channels represent, which necessitate a substantial portion of our revenue. The infrastructure with notable necessary to support this business line requires significant fixed and semi- fixed costs. We have several In our global operations, we serve a number of large retail customers around the world. However, yet no single retail customer accounted for contributed to more than 10 % of our total revenue in the fiscal years ended ending December 31, 2023, January 1, 2023, or January 2, 2022, or January 3, 2021. These customers do relationships are not enter bound by long- term contracts; instead rather, they make purchase purchases are influenced by factors like pricing decisions based on a combination of price, product quality, consumer demand, and service quality excellence. In Looking ahead, the there future, they may is a possibility that these customers might reallocate their shelf space, including space currently used for occupied by our products, for to other products items, possibly including private label products goods. The Consequently, a loss of or a significant reduction decrease in sales to one of our large these key retail customers, or significant if they encounter substantial financial issues difficulties in their businesses, could adversely affect have a negative impact on our business 's health, financial condition stability, and operational results of operations. Our reputation and brand image are essential to our business success. Krispy Kreme is one of the most beloved and well- known sweet treat brands in the world. Our continued success depends hinges on our and our franchisees' ability to maintain uphold our brand image, penetrate extend our products to new markets and distribution channels, innovate expand our brand image with new product offerings, and consistently deliver consistently high- quality, delicious delectable products to our consumers. While we seek are committed to nurturing maintain, extend, and expand enhancing our brand image and reputation through marketing investments, including traditional advertising and consumer promotions, we place a significant emphasis most of our marketing initiatives rely heavily on social media for most of our marketing activities. We increasingly rely Our growing dependency on social media and online dissemination of digital platforms for advertising means that campaigns. Social and digital media increase the speed and extent that reach at which information or, as well as misinformation and opinions can be shared, are spread is amplified. Negative posts feedback or comments commentary about us, our brands, or our products on social or digital media could seriously damage severely harm our brands brand and reputation. These This risks risk are especially pronounced is particularly acute given our reliance on our social media presence to promote bolster our brand and maintain consumer loyalty and engagement. Our reputation is also shaped by based in part on consumers' subjective opinions perceptions. Any Regulatory regulatory or legal challenges action against us, product recalls, or other adverse negative publicity could damage

tarnish our reputation and brand image, **erode** our consumers' **consumer trust** confidence, and **reduce** **diminish** long-term demand for our products. **Failure to effectively** If we do not maintain, **extend** **enhance**, and **expand** **grow** our brand image, **then** **could materially and adversely impact** our business **operations**, financial **condition** **health**, and **overall performance** results of operations could be materially and adversely affected. Our success depends on our ability to compete with many food service businesses. We **operate in a highly** compete **competitive** with many well-established food service companies **landscape**, **ying against numerous established players**. **Our** At the shop **shops** level, we compete with other **face competition from a diverse array of** indulgence retailers and bakeries, specialty coffee **retailers** **shops**, bagel **shops stores**, quick service restaurants, delicatessens, take-out food service **services** companies, convenience stores, and supermarkets. Our Branded Sweet Treat Line competes primarily with grocery store bakeries and packaged snack foods. In both our shop **operations** and Branded Sweet Treat Line business channels, **we face challenges from** aggressive pricing by our competitors **or** **and** the entrance **potential entry** of new competitors **players** into our markets, **which** could **reduce** **affect** our sales and profit margins. **Moreover** **Additionally**, many of our competitors offer consumers a wider **broader product** range **and possess significantly** of products. Many of our competitors or potential competitors have substantially greater financial and other resources, **enabling** than we do which may allow them to react **better adapt** to changes in pricing, **and** marketing **market**, **and shifts in** the quick service restaurant industry **better than we can**. **The relatively low** As competitors expand their operations, competition may intensify. In addition, the start-up costs **for** associated with retail indulgence and similar food service **ventures also lower the** establishments are not a significant barrier **barriers** to entry into the retail indulgence business, further **escalating** increasing the potential for competition. **Furthermore** In addition to the above, our omni-channel **strategy** business approach, especially **particularly exemplified by** our Insomnia Cookies brand, which emphasizes **with its focus on** delivery as, **competes in a** **fiercely contested arena** key component, competes with **both** local and international indulgence brands in a highly competitive space. While we **manage** control and operate our **own** Ecommerce platform, we **rely** **depend** on third-party food-delivery services for **the final leg** last-mile delivery of our products **product distribution**. We are also **participate as** a partner platform on such services **these platforms**, **where** in which the **they handle the entire consumer** end-to-end transaction with consumers, including delivery of our products, is conducted by the third-party platform. Our consumers **may prefer** **might opt for** other indulgence providers' Ecommerce platforms or other delivery platforms and services **due to factors like** for a variety of competitive reasons, including delivery availability **reach**, app **usability** user experience, and overall market demand **preference** for food delivery **services**. If we **fail** are unable to **successfully** compete **effectively**, **our ability** we may be unable to sustain or increase **grow** our revenues and profitability **profits**, as well as leverage to **capitalize on** the **expected** growth we expect to achieve through our omni-channel business model, **could be compromised**. Risks Related to Our Global Expansion and Growth A key portion of our growth strategy depends on opening new Krispy Kreme shops and Points of Access both domestically and internationally. **Our** A core part of our business strategy **strategic** is **focus includes** expansion **expanding** of our Global Points of Access, through **encompassing** the addition **establishment** of new shops, DFD **doors** **Doors**, and Ecommerce **platforms**, both in existing **our current markets** and new geographies **regions**. Our ability to successfully execute such an **However, the effective implementation of this** expansion strategy may be influenced **impacted** by **external** factors beyond our **outside the control of both us** and our franchisees' control, **potentially hindering** which may slow shop development and **impair** **impeding** our **overall** growth strategy **objectives**. **We** **Operational challenges**, such as difficulties in **sourcing product components or logistical services**, may also be limited by logistical **impose limitations**. **Additionally**, **or** **our presence in** other operational concerns, including an inability to source product components or logistical services. Further, certain international markets of ours are heavily **reliant** **depends** on our franchisees and, **there** **There is** can be no assurance **guarantee** that our **these** franchisees will successfully develop or operate **manage** their shops in **alignment** a manner consistent with our brand standards. **Moreover**, **their ability to effectively open, operate, and sustain these shops as per their agreements and** **or** **our** will have **brand requirements may be constrained by** their business abilities **capabilities** or access to financial resources necessary to open, operate, and maintain the shops required by their agreements and our brand requirements. We will face risks as we continue to focus on expansion of our omni-channel business model. **Continued** **Our ongoing** expansion of **our** **the** omni-channel business model **involves substantial** will entail significant costs and uncertainties arising. **These stem** from **various factors**, among including other **the** things, expanding **expansion of** Points of Access, increasing our **enhancement of** manufacturing capability **capabilities**, developing **development** our **of** information technology and logistics systems, and **adapting** **adjustments in** our corporate organization **structure** and talent **workforce**. Successful implementation will **The success of this expansion is** continue **contingent upon** to rely on our ability to **capitalize** **effectively leverage** and realize certain goals, **objectives**. **These** including **include** identifying **finding suitable** retail partners, expanding **extending** the geographies we serve **our market reach**, and developing **building** and maintaining **sustaining** the manufacturing and logistical capacity **capabilities** required to meet **fulfill** our delivery needs **commitments**. **Furthermore** In addition, these may exacerbate **this expansion could intensify** or be exacerbated **affected** by other risk factors **included** **mentioned** herein, especially **particularly** those **concerning** related to our logistical and manufacturing capacity **capabilities** and **our competitiveness** ability to compete in the indulgence market. There is no **guarantee** **assurance** that we will **attain the expected benefits or** achieve the benefits we anticipate or achieve the costs **cost** savings, revenue **generation** **growth**, and other positive effects necessary **outcomes needed** to offset **counterbalance** the costs and risks **associated with** discussed here. Our failure to improve the performance of our Branded Sweet Treat Line could materially and adversely affect our results of operations. Our Branded Sweet Treat Line, which has only been deployed in the U. S., has thus far been dilutive to our adjusted EBITDA margins. There is no guarantee that it will see success among customers in domestic markets, be deployed or be successful in international markets, or ever become accretive to our adjusted EBITDA margins either domestically or internationally. Any failure to recognize the benefits we expected in pursuing this **expansion** business line could materially and adversely affect our results of operations. Political, economic, currency, and other risks associated with our

international operations could adversely affect our and our international franchisees' operating results. As of January-December 31, 2023, our company operates a substantial portion of its business outside the U. S., with 1, 2023 and 558 Krispy Kreme shops internationally, excluding Doughnut Factories, there were 1,346 Krispy Kreme shops operated outside of the U. This accounts for 72 S. and Canada, representing 69% of our total shop count. Among these Of this total, 1, 028 are managed 862 shops were owned and operated by franchisees. Our revenues from international operations and, encompassing various business segments, are exposed-subject to numerous risks inherent to associated with doing business in foreign countries markets. These Risks risks arising from our international operations include, but are not limited to: • Exposure to Recessionary recessionary or expansive growth trends in international global markets, impacting consumer spending and market stability; • Ongoing government regulatory reform reforms in areas like, including relating to public health, food safety, tariffs and tax, taxation, sustainability, and responses to climate change response leading to, which result in regulatory uncertainty-uncertainties and as well as potential spikes significant increases in compliance costs; • Challenges in adhering to international Food safety related matters, including compliance with food safety regulations and ability to ensure maintaining high standards of product quality and safety; • Navigating varying Import import and or other business licensing requirements across countries; • Limitations on the Constraints in fund repatriation of funds and foreign currency exchange, influenced by restrictions due to current or new U. S. and international regulations-laws; • Difficulty-Difficulties in managing and staffing international, developing, and managing foreign operations and, supply chain logistics, including and ensuring the consistency consistent of our product quality and service; • Disputes-Risks associated with our franchisees-franchisee disputes, or operational failures by, development delays, our- or franchisees to operate successfully, to develop or finance new shops or build them on suitable sites- site selection issues or open them on schedule; • Complexities and costs arising from Local-local labor laws in hiring that make it more expensive and complex to negotiate with, retain-retaining, or terminate-terminating employees-staff; • Facing strong Competition-competition in new markets with established local players entrenched competitors as we expand our international operations; and • Potential increase-increase in anti- American sentiment affecting and the identification of the brand image, as Krispy Kreme is widely recognized as an American brand. Our financial performance results of operations and asset valuation in the value of our foreign assets markets are susceptible to affected by fluctuations in currency exchange rates- rate fluctuations and liquidity issues, negatively impacting which may adversely affect reported earnings. Royalties from our-international franchisees are based on, calculated as a percentage of their net sales, (as defined in our franchise agreements) generated by our foreign franchisees' operations. Royalties payable to us by our international franchisees are based-subject to currency conversion risks. An increase in our reliance on a conversion of local currencies to U. S. dollars using the prevailing exchange rate, and changes in exchange rates could adversely affect our revenues. To the extent that the portion of our revenues generated from international operations amplifies increases in the future, our exposure-vulnerability to changes in foreign political and economic conditions and-instability, currency volatility fluctuations will increase. In addition, and regulatory constraints on currency political circumstances in certain countries where we operate may restrict the conversion of local currency into foreign currencies and, in certain cases, the remittance of currency out of the country. Additionally-Moreover, we typically-our international operations predominantly rely on export-exporting our products, principally our doughnut mixes and doughnut mix concentrates, to our franchisees in markets outside the. These exports are governed by a myriad of U. S. Numerous government and international regulations concerning apply to both the export of food products from the U. In S. as well as the import of food products into other-- the countries. If event of a ban one- on any of or our more of the ingredients in our products are banned, identifying suitable alternative-alternatives ingredients would-could need to be challenging and time- consuming identified. Although we intend to be proactive in addressing any product ingredient issues, potentially such requirements may delay-delaying our ability expansion plans. In conclusion, our expanding international presence heightens our exposure to a diverse range of risks associated open shops in other countries in accordance with our desired-schedule foreign market operations, regulatory environments, and global economic conditions. Risks Related to Our Human Capital An inability to recruit and retain personnel could have materially adverse effects on our operations. We rely heavily on our Krispy Kremers to provide high-quality service and unique experiences. Our Krispy Kremers play a pivotal role in delivering exceptional service and creating memorable experiences for our consumers. They are essential-indispensable for continued-the smooth operation of our retail and-outlets, manufacturing facilities, and as well as our delivery logistics. Our ability They enable us to maintain the highest ensure that we provide a consistent-product quality to our consumers, whether it is in our Hot Light Theater Shops or at one of our DFD access points, heavily relies on their dedication. Our future-Furthermore, our continued success hinges on also depends upon the continued-ongoing contributions of our senior management and other-key personnel, and the our ability to retain and motivate them. However, certain Economic-economic and social trends beyond our control, such as labor shortages, may pose challenges in make it difficult to recruit-recruiting and retain-retaining talented Krispy Kremers, including our senior management and other key personnel. As The growth of our business can make-continues to grow, it becomes increasingly difficult-challenging to locate-identify and hire a sufficient numbers- number of employees, establish to maintain an effective system of internal controls for a globally dispersed enterprise, and to provide comprehensive train training employees to ensure consistent product quality and outstanding consumer experiences worldwide to deliver a consistently high-quality product and consumer experience. If we are unable to-encounter difficulties in recruit-recruiting, retain-retaining, and motivate-motivating Krispy Kremers sufficiently to support the-our projected growth and strategic initiatives, it could have significant adverse effects on our overall operations. Changes in the availability or cost of labor could adversely affect our business. Our business is susceptible to potential adverse impacts arising from rising labor costs, encompassing wages and employee benefits. These cost increases may stem from various factors, including state and federal legislation, regulatory actions related to wages, scheduling, and benefits, as well as escalating healthcare and workers' compensation insurance expenses. Additionally, there may be a need to enhance wages and benefits to attract

and retain highly skilled employees with the requisite expertise. Moreover, we could encounter challenges related to the availability of labor for in-shop positions. This shortage may be influenced by evolving market trends, changing employment conditions, the emergence of new telecommuting job opportunities, and other factors that can reduce the pool of qualified talent for critical roles within our organization. The fluctuating landscape of labor availability and costs has the potential to yield materially adverse effects on our business operations. Changes in the availability or cost of labor could adversely affect our business. Our business could be adversely impacted by increases in labor costs, including wages and benefits. Such increases may be triggered by state and federal legislation and regulatory actions regarding wages, scheduling, and benefits; increased healthcare and workers' compensation insurance costs; increased wages and costs of other benefits necessary to attract and retain high-quality employees with the right skill sets and increased wages. Furthermore, we may experience a shortage of labor for store positions, including due to market trends and conditions, the availability of new telecommuting employment options, and other factors, which could decrease the pool of available qualified talent for key functions. Such changes in the availability or cost of labor could have materially adverse effects on our business.

Risks Related to Our Supply Chain We are the exclusive or primary supplier of doughnut mixes and key ingredients to shops worldwide and any problems supplying these ingredients could negatively affect our and our franchisees' ability to make doughnuts. We serve as the exclusive supplier of doughnut mixes for many to numerous domestic and international Krispy Kreme shops and. Additionally, we hold the exclusive supplier role of providing doughnut mix concentrate, which is blended with other various ingredients to produce create doughnut mixes at both domestic and international production facilities, for to all Krispy Kreme shops globally worldwide. We also Furthermore, we are the exclusive sole supplier of specific critical certain other key ingredients to all domestic Company-owned shops, most the majority of domestic franchise shops, and some select international franchise shops. Our We manufacture all our concentrates concentrate manufacturing primarily takes place at our manufacturing facility located in Winston-Salem, North Carolina and, on and to a limited scale extent, through a manufacturing agreement with BakeMark USA LLC ("BakeMark"). Domestic We produce doughnut mix domestically production occurs at our Winston-Salem plant and a third-party facility in Pico Rivera, California. We The distribute distribution of doughnut mixes, essential and other key ingredients, and flavors using to Krispy Kreme shops, both domestically and internationally, is facilitated by independent contract distributors for Krispy Kreme shops domestically and internationally. Without It is important to note that an any disruption in the production of our mixes and concentrates would have a cascading effect on our global supply chain, with no adequate alternative source available, any shutdown or disruption of our mix and concentrate production would disrupt our entire global supply chain. The Pico Rivera facility produces is responsible for producing mix-mixes for distribution to most Krispy Kreme shops west of the Mississippi River and. In the event of a shutdown or capacity loss at our Winston-Salem facility, Pico Rivera has the capacity capability to manufacture our doughnut mixes for other regions. Nevertheless, in the event of a production shut-down or loss of capacity at our Winston-Salem facility. Nevertheless, an interruption of production at any manufacturing facility could impede hinder our, and our franchisees', ability or that of our franchisees to make produce doughnuts domestically. Internationally, we produce operate several plants for doughnut mix production, at several plants and any disruption at such these facilities could may have regional impacts impact on doughnut production capabilities at regionally, affecting our locations and those of our franchisees' locations. We generally ship our Our international shipments of mix-mixes and concentrate concentrates internationally primarily depart from a single port in Florida. Any Delays delays in shipping or disruptions in logistics chains could impact adversely affect ours our and our franchisees' international operations as well as those of our franchisees. Such Events that delay delays shipment may be result from known or unknown unforeseen events, including those related to events arising in connection with adverse weather events conditions, customs and border shutdowns closures, trade conflicts, and general trade route delays. Furthermore In addition, if any unexpected termination of our relationships with our raw material suppliers terminate unexpectedly, even when we have multiple suppliers exist for the same ingredient, we may not be able hinder our ability to obtain secure adequate quantities of the same high-quality ingredients at competitive prices. As we continue to expand our global footprint expansion, the these above risks may intensify, leading to be exacerbated as we encounter supply shortages, logistical hurdles challenges, and other increased operational costs associated with operating managing and supplying a global network of Krispy Kreme shops. We are the only manufacturer of substantially all our doughnut-making equipment. If we have any problems producing this equipment, our shops' ability to make doughnuts could be negatively affected. Our We manufacture our custom doughnut-making equipment in one is exclusively manufactured at a single facility located in Winston-Salem, North Carolina. Although While we have maintain limited back-backup up-sources for to produce our equipment production, obtaining the process of manufacturing new equipment quickly swiftly in the event of a loss of disruption at our Winston-Salem facility would be difficult present significant challenges. In the unfortunate event of such an event a disruption, we would be forced compelled to rely on explore alternative options, such as partnering with third-party manufacturers or shift relocating production to another facility. This transition may entail substantial delays in the manufacturing process facility, and result we could face significant delays in manufacturing and increased costs. Consequently, which would jeopardize our ability to supply provide equipment to new newly established shops or new essential replacement parts for the maintenance of in existing shops could be compromised in terms of timeliness. This situation underscores the importance of safeguarding our manufacturing operations to ensure the consistent supply of equipment in established to support our expanding network of shops on a timely basis and the maintenance requirements of our existing locations. We have limited suppliers for many of the product components and services that we rely on and any interruption in supply could impair our ability to make and deliver our signature products, adversely affecting our business, financial condition, and results of operations. Although While we own possess exclusive ownership of the recipe recipes for our glaze flavoring and glaze base, we currently rely on a single supplier for these essential ingredients. Additionally, for all the cookie dough used by our Insomnia Cookies brand, all cookie dough

is supplied by **sourced from** a single **sole** supplier. Our dependence on **such these** suppliers **subjects-exposes** us to **potential** the possible risks of, **including** shortages, **supply** interruptions, and price fluctuations. Any **interruption-disruption** in the **delivery supply chain** of glaze flavoring **would could have** adversely **adverse** affect **consequences on** our ability to produce and deliver our signature products, including **our the beloved** hot Original Glazed doughnut, to our consumers **on in** a timely and competitive **basis and manner**. **Such interruptions** could adversely affect **also impact** our **operating operational** results **performance**. In the event **that suitable** we cannot obtain replacement products **in a timely manner cannot be secured promptly**, we **risk face** the **potential** loss of revenue resulting from the inability to **sell-offer** our products and **related the associated** increased **increase in** administrative and shipping costs **expenses**. Furthermore, dealing with **our reliance on** a limited number of providers exposes us to **increased heightened** risks **associated with the** arising from such suppliers' distribution networks **of**. **Increases in the these suppliers**. **Factors such as fuel** price **increases** of fuel, **employee labor** strikes, organized labor activities, **element-adverse** weather **conditions**, and **various unforeseen variables may hinder** a variety of other known and unknown factors could limit our providers' **ability- capacity** to **service meet** our logistical needs **requirements**. **If we encounter difficulties in sourcing alternative logistical providers, our costs may experience significant escalation**. If we are unable to source alternative logistical providers, our costs may significantly increase and, if we are unable to pass **on these** increased distribution costs **on** to our consumers **through in the form of higher product** prices for our products, **it could adversely impact** our business, financial **condition health**, and **operational** results of operations could be adversely affected. Our reliance on a single vendor for distribution of materials and supplies in the U. S. and a portion of Canada poses risks to our and our franchisees' ability to make doughnuts if the vendor fails to provide these materials and supplies per the agreement. We **entered into have established** an exclusive distribution agreement **partnership** with BakeMark, which, **among other things**, grants BakeMark **the** exclusive rights to **BakeMark to** distribute ingredients, packaging, and supplies to **both** Company- owned and franchise shops in **parts-certain regions** of the U. S. and Canada. **If However, in the event that** BakeMark **experiences encounters** economic or operational challenges, **this it** could **cause potentially lead to** disruptions to **within** our supply chain in the U. S. and Canada. **Finding** We cannot control the factors that may cause such challenges, and we may not be able to find an alternative distribution channel in a timely manner to **prevent mitigate these** disruptions to our operations **and challenges may prove difficult**. **In some cases**, which might even require that we **may need to** temporarily **stop-halt** production **in at** the affected shops until **other suitable alternative** arrangements are taken **can be put in place**. Additionally **Furthermore**, the cost of a replacement distribution channel **may also affect could have implications for** the financial performance of these shops. **A Severe-severe** disruption to **our** BakeMark **could-production has the potential to** result in a **material-significant** and adverse impact on our **overall** business, **and our** consolidated financial position, results of operations, and cash flows. **Ensuring the reliability and continuity of our supply chain is of utmost importance to safeguard the seamless operation of our shops in the U. S. and Canada, and we actively monitor and assess potential risks in this regard**. Our profitability is sensitive to changes in the cost of raw materials and other commodities. **Although While** we **utilize employ** forward purchase contracts **and**, futures contracts, and **/or** options on such contracts to mitigate the risks related to **associated with** commodity price fluctuations, **such it is important to acknowledge that these** contracts **do may** not fully mitigate **offer complete protection against** commodity price risk, particularly over **extended timeframes** the longer term. **Additionally** **In addition**, the portion of our anticipated future commodity requirements **covered by** that is subject to such contracts **varies from can vary over** time to time. **Our Among our essential ingredients**, three **most stand out in** significant **significance**: ingredients are flour, shortening, and sugar. We also purchase **Furthermore, we procure** a substantial amount **quantity** of gasoline **for to fuel** our **delivery vehicle** fleet **servicing** of delivery vehicles for our DFD business and **significant**, as well as **substantial** amounts of packaging materials to make, **including among other things**, our iconic boxes for our dozens and, half- dozens, and three- packs of doughnuts. **The Recent years have witnessed notable volatility in the prices of key commodities such as** wheat and soybean oil, which **are constitute** the **principal primary** components of flour and shortening, respectively. **Additionally**, **and the prices** of sugar and gasoline **have exhibited fluctuations** been volatile in recent years. We attempt **While we strive** to leverage our **market** size to achieve **secure** economies of scale in **purchasing procurement**, but there **can it is essential to recognize that effective cost management cannot always** be **guaranteed** no assurances that we can always do so effectively. Adverse changes **Unfavorable shifts** in commodity prices could adversely affect **have the potential to impact** our profitability, **underscoring the importance of ongoing diligence in managing and mitigating these risks**. **Risks Related to 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. **Our organization frequently encounters** We are regularly involved in claims or disputes **by involving various stakeholders, including** franchisees, suppliers, employees, customers, **governments- government entities**, and others related to. **These disputes encompass a wide range of issues, including** operational, foreign exchange, tax, franchise, contractual, **or and** employment issues **matters**. **They** These claims or disputes may relate **also pertain** to **diverse areas such as** personal injury, **franchisees- franchisee**'s employment, real estate related, environmental **concerns**, tort **claims**, intellectual property **disputes**, **breach-breaches** of contract, data privacy **issues**, securities **litigation**, derivative **actions**, and **various** other litigation-legal matters. **Notably**, **Plaintiffs-plaintiffs** often seek **substantial** recovery of very large or indeterminate **undetermined** amounts **in damages**, and lawsuits are subject to **inherent-inherently carry** uncertainties, some of which are beyond our control. **We** **It is important to note that not all current or former employees** may **not** have valid arbitration agreements and waivers of class certification **in place** with all current or former employees, and the **certain** arbitration agreements that are **in place** may not **fully** protect us from **certain specific** claims, **particularly** in certain states (**including such as California where** Private Attorney General Act claims **are involved** in California). **Additionally**, **Unfavorable-unfavorable** rulings or developments may **also** occur in cases we are not involved in **unrelated to our direct involvement**. Moreover, regardless **Regardless** of whether any **the merits of** such lawsuits **or** have merit, or **our** whether we are ultimately **ultimate**

liability held liable or settle settlement outcomes, such litigation may legal proceedings can be expensive costly to defend, may divert resources and management attention away from our core operations, and potentially may negatively impact our financial performance results of operations. With respect to Furthermore, in cases involving insured claims, a judgment for monetary damages in that excess exceeds our of any insurance coverage could have adversely adverse affect implications for our financial condition or position and operational results of operations. Any Moreover, any adverse publicity resulting from these allegations may impact also adversely affect our reputations reputation, potentially which in turn could adversely affect affecting our results of operations operational performance. We remain committed to addressing these challenges diligently and responsibly to safeguard our organization's interests. Our business may be adversely affected by litigation, regulation and publicity concerning food quality, health, and other issues, which can negatively affect public policy and consumer preferences toward our products. As a food service business, we may be acknowledge the potential adversely adverse affected by impacts stemming from litigation, regulation regulatory actions, and consumer or government complaints related to from consumers or government authorities resulting from food quality, illness, injuries, injury or other health concerns, or operating operational issues stemming. These concerns may arise from one individual shop shops or a limited number of shops, including shops those operated by our franchisees. Additionally, or they may emerge as we introduce new products or increase expand distribution channels, such as our DFD business channels. In addition, It is important to note that class action lawsuits have been filed and may continue to be filed against various food service businesses (, including quick service restaurants) alleging. These lawsuits may allege, among other things, the that food service businesses have failed failure to disclose the health risks associated with high-fat foods and that certain food service business-marketing practices have that encouraged encourage obesity. Because Given that one of our core competitive strengths is advantages lies in the taste and quality of our doughnuts and other indulgence indulgent products, adverse publicity or regulations relating related to food quality or other similar concerns affect us have a more than it would pronounced impact on our business compared to food service businesses that primarily compete primarily on other factors. We could also incur Furthermore, in the event that such lawsuits or claims result in unfavorable judgments or due to litigation costs, regardless of the final outcome, we may face significant liabilities if such a lawsuit. We remain committed to upholding or our reputation claim results in a decision against us or for taste and quality while diligently addressing because of litigation costs, regardless of the these result potential challenges and complying with regulations to ensure the satisfaction and safety of our consumers. We are subject to franchise laws and regulations that govern our status as a franchisor and regulate some aspects of our franchise relationships. Our ability to develop new franchised shops and to enforce contractual rights against franchisees may be adversely affected by these laws and regulations, which could cause our franchise revenues to decline. As a franchisor, we are subject to operate within the regulation regulatory framework established by the Federal Trade Commission (the "FTC") and by domestic and foreign laws regulating governing the offer and sale of franchises. Our The importance of adhering to these regulations cannot be overstated, as any failure to obtain or maintain approvals to for offer offering franchises would could cause us to result in the lose loss future of potential franchise revenues and revenues generated through our Market Development segment. Furthermore In addition, it is essential to recognize that both domestic or and foreign laws that not only oversee the procedural aspects of offering franchises but also regulate substantive aspects of our relationships with franchisees. These laws may limit impose limitations on our ability to terminate or otherwise effectively resolve conflicts with our franchisees. Compliance with these regulations is integral to the successful operation of our franchising business model and the maintenance of harmonious relationships with our franchisees. Healthcare legislation and other potential employment legislation could adversely affect our business, financial condition, and results of operations. We anticipate that Federal federal legislation concerning regarding government-mandated health benefits and potential minimum wage legislation is expected regulations will lead to increase increased costs for both our organization and our domestic franchisees' costs. In the past Over recent years, several years states have increased already raised their minimum wages wage rates, and there is mounting pressure to for similar increase increases minimum wage on a federal level as well. Additionally In addition, for those of our employees paid at rates whose compensation is set above but related tied to the applicable minimum wage, further increases hikes in the minimum wage could increase our result in higher labor expenses. These costs cost increases, which may also be increased influenced by inflationary pressures and potential any shortages in the labor market shortages. Our relationships with employees are governed by Various various federal and state labor laws govern, which play a pivotal role in shaping our relationships with our employees and affect operating operational costs. These laws include encompass aspects such as employee classifications as exempt or non-exempt, minimum wage requirements stipulations, unemployment tax rates, workers' compensation rates, overtime regulations, family leave policies, safety standards, payroll taxes, citizenship requirements, and other wage and benefit requirements prerequisites for employees classified as non-exempt. The future trajectory It is difficult to predict the overall trend of government regulation regulations in these areas remains uncertain, and we may be subject to substantial significant and sweeping change changes or reforms stemming from arising out of legislative initiatives surrounding related to labor laws, healthcare laws, or other laws affecting regulations impacting our labor costs. Significant The imposition of additional government regulations could impose increased may introduce heightened compliance costs, and we may be subject to litigation arising out of noncompliance with such these regulations could potentially lead to litigation. Such risks Considering these factors, combined in combination with other potential increases in our labor costs expenses, could have there is a possibility of material adverse effects on our business, financial condition, and operating operational results. We remain vigilant in monitoring developments in labor-related legislation to adapt and comply accordingly. Our annual effective income tax rate can change materially as a result of changes in our geographic mix of U. S. and foreign earnings and other factors, including changes in tax laws and changes made by regulatory authorities. We are subject to federal, state, and local income taxes both in the U. S. and in foreign jurisdictions. Our The impact of potential changes in tax laws on our

future effective tax rates and the value of our deferred tax assets **remains uncertain and has** could be adversely affected by changes in tax laws, the consequences of which have not yet been fully determined. **Additionally** In addition, we are subject to the examination of our income tax returns **are subject to examination** by the Internal Revenue Service (“IRS”) and other tax authorities. **While** Although we believe we have made taken appropriate **measures to provisions** provision for taxes in the jurisdictions **where** in which we operate, changes alterations in the tax laws or challenges from tax authorities **under based on** existing tax laws could **have** adversely **adverse affect repercussions on** our business, financial condition, and **operational** results of operations. Our overall effective income tax rate is **equal to calculated as** our total tax expense **relative to as a** percentage of total earnings before tax. However, **It is important to note that** income tax expense and benefits are not recognized on a **global basis but rather on a jurisdictional or legal entity basis**, rather than on a global scale. Losses **incurred** in one jurisdiction may not be used to offset profits in other jurisdictions and may cause, **potentially resulting in** an increase in our **overall** tax rate. Changes in the **mix distribution** of earnings (or losses) **between among different** jurisdictions and the assumptions **used employed** in the calculation **calculating** of income taxes, among other factors, could have can exert a significant effect **influence** on our overall effective income tax rate. **Additionally Furthermore**, changes in adjustments to tax laws and changes **modifications** made by regulatory authorities could have a **the potential to significant significantly impact** effect on our overall effective income tax rate. **For example, member countries of the Organization for Economic Co-operation and Development have enacted or are in the process of enacting legislation related to the implementation of a global minimum tax rate of 15 % as early as 2024. As legislation becomes effective in countries in which we do business, our taxes could increase and negatively impact our effective tax rate. Additionally, the cost of complying with new legislation could negatively impact our results.** The full realization of our deferred tax assets may be affected by a number of factors, including future earnings and the feasibility of ongoing planning strategies. We **have hold** deferred tax assets **including,** encompassing federal, state, and foreign net operating loss carryforwards, accruals not yet deductible for tax purposes, tax credits, and other items. We have established valuation allowances **to reduce,** reducing the deferred tax assets **related to associated with** U. S. federal tax credits, as well as foreign and state and local net operating loss carryforwards, to an amount **deemed** that is more likely than not to be realized. **The realization of** Our ability to utilize the **these** deferred tax assets **hinges on** depends in part upon our ability to generate future taxable income within each respective jurisdiction during the periods **when in which** these temporary differences reverse or, **our or our** ability **capability to carryback carry back** any losses created by **resulting from** the deduction of these temporary differences. **Due It is essential to acknowledge that** legal or regulatory changes, such as suspensions on the use of deferred tax assets and tax credits by certain jurisdictions, possibly with retroactive effect, our existing deferred tax assets and tax credits could **potentially** expire or **become** otherwise be unavailable to offset future income tax liabilities **due to legal** For **or** example, California temporarily suspended **regulatory changes.** **Such changes may include suspension on the use of deferred tax assets** certain net operating losses and tax credits to offset revenue losses associated **imposed by certain jurisdictions, possibly with retroactive effects.** For instance, during the COVID-19 pandemic, **Illinois temporarily suspended** Other **the** jurisdictions could also impose **use of specific net operating losses and tax credits to offset revenue losses. Similar** limitations on the use of certain deferred tax assets and tax credits **could be enforced by other jurisdictions**. We **anticipate** expect to realize **realizing** the **these** deferred tax assets over an extended period. **If However, if** we are unable to **encounter challenges in** generate **generating** sufficient future taxable income in the U. S. and / or certain foreign jurisdictions, or if there is a significant **change alteration** in the **timeframe time** period within which the underlying temporary differences become taxable or deductible, we **could may** be required **compelled** to **increase augment** our valuation allowances against our deferred tax assets. **Our Such an adjustment could lead to an increase in our** effective tax rate **would increase if we were required.** **We remain diligent in managing these considerations to increase optimize** our **financial position** valuation allowances against our deferred tax assets. Risks Related to Our Intellectual Property Our failure or inability to obtain, maintain, protect, and enforce our trademarks or other intellectual property could adversely affect our business and the value of our brands. We **possess own certain** common-law trademark rights in the U. S., **complemented by** as well as numerous trademark and service mark registrations **both domestically** in the U. S. and **internationally** in other jurisdictions. **Our** We possess intellectual property that includes **portfolio encompasses** ingredient formulas, trademarks, copyrights, patents, business processes, and other **valuable** trade secrets. We **view** believe that our trademarks and other intellectual property rights are **important as integral** to our success and **our competitive position positioning**. **We To safeguard these assets, we** rely on a combination of **comprehensive strategy encompassing** legal protections **provided offered** by trademark registrations, contracts, copyrights, patents, and common law rights, such as **protections against** unfair competition, passing off, and trade secret **violations** laws to protect our intellectual property from potential infringement. Despite our **proactive** efforts to **obtain secure**, maintain, **protect safeguard**, and enforce our trademarks, service marks, and other intellectual property rights, there can be no **assurance absolute guarantee** that these protections will be available in all cases **universally applicable. Challenges such as potential infringements**, and our trademarks, service marks, or other intellectual property rights could be challenged **challenges to validity**, **declarations of invalidated, declared generic status**, **circumvented circumvention**, infringed, or otherwise violated **violations may arise**. **Furthermore** In addition, the effective **effectiveness of** intellectual property protection may **vary across** not be available in every country **countries where** in which our brands have, **existing** or **potential** may in the future open or franchise, a shop **shops** or other facility **facilities** and the. **The intellectual property** laws of some **certain** foreign countries do **may not provide** the same level of **protect protection** as those in the U. S. We acknowledge the possibility that the measures we have implemented to safeguard our intellectual property, along with the available legal protections, may not always prove sufficient. Additionally, it is not assured that our franchisees will consistently uphold the quality of goods and services **under our brand trademarks or consistently adhere to the guidelines we establish for preserving our brand's** intellectual property rights to the same extent as the laws of the U. S. There **The defense** 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 franchisees will maintain the quality of the goods and **enforcement of** 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 **entail substantial** result in the expenditure of significant resources- **resource allocation and potentially impact** or result in significant harm to our business, reputation, financial condition **standing**, and **operational** results of operations. Our **Furthermore, our** brands may **become** also be targets of infringement claims, **potentially impacting** that could interfere with the use of certain **specific** names or, trademarks, and/or the proprietary **knowledge** know-how, recipes, or and trade secrets used in **integral to** our business. Defending **The defense** against such claims is **can be** costly, and **in some cases** as a result of defending such claims, we **it** may be prohibited from using **lead to** **restrictions on our use of proprietary information in the future or require the payment of damages, royalties, or other fees for the continued use of** such proprietary information in. **Any of the these outcomes has** future or forced to pay damages, royalties, or other-- **the potential to exert a** fees for using such proprietary information, any of which could negatively-- **negative affect influence on** our business, reputation, financial condition, and **operational** results of operations. **We remain vigilant in protecting and managing our intellectual property assets**. Loss of our trade secret recipes could adversely affect our sales. **Our** We derive significant competitive benefit from **advantage is significantly driven by** the fact that our doughnut recipes and formulations are **closely guarded** trade secrets. Although **While** we take reasonable steps **precautions** to safeguard **our** **protect these** trade secrets, **any inadvertent disclosure** should they become known to competitors, **could potentially have a substantial adverse impact on** our competitive **standing** position could suffer substantially. Furthermore, **It is essential to acknowledge that safeguarding** trade secrets can be difficult to a complex endeavor. **To fortify the** **protect** **protection of**. We seek to protect our trade secrets and **proprietary knowledge, we engage in** other-- **the practice of** know-how, in part, by entering into non-disclosure and confidentiality agreements with parties **individuals and entities** who may have access to them, such as **this confidential information. This includes** our employees, corporate collaborators, **outside external** contractors, consultants, advisors, and other third parties. **We** **However, we** cannot guarantee that we **have entered into** such agreements **have been established** with each **every relevant** party, and **there exists the possibility that** any of these parties may breach **the these** agreements and disclose, **thereby divulging** our proprietary information. Enforcing a claim that **Furthermore, pursuing legal action against** a party **illegally alleged to have unlawfully** disclosed or misappropriated a trade secret is **difficult a challenging**, expensive **costly**, and time-consuming, **process with and- an the uncertain** outcome. **Moreover, it is feasible that** unpredictable. In addition, others may independently discover our trade secrets and confidential information. **In**, and in such cases **instances**, we **could would not be unable to** assert any trade secret rights against **such these** parties. **We remain vigilant in our efforts to protect our trade secrets, recognizing the critical role they play in maintaining our competitive edge**. Risks Related to Macroeconomic Conditions Adverse economic conditions or disruptions in the markets where we operate could adversely impact our business, results of operations, and financial condition. **Adverse Unfavorable** economic conditions **circumstances** or disruptions in the markets- **market disturbances within the regions** where we and our franchisees operate could result in **conduct business have the potential to lead to** higher unemployment rates, **shortages in the** labor **shortages market**, increases in inflation **inflationary pressures**, and declines **a decrease** in consumer confidence and spending. Our products are **an fall into the category of** indulgence **indulgences**, which is highly **making them particularly** sensitive to **shifts in** discretionary spending **trends patterns**. **If In the event of** such **adverse** conditions, occur-- **our consumers**, our customers may **find themselves with** have less money for discretionary purchases and may stop or reduce **reduced disposable income, leading to potential reductions in** their purchases **consumption** of our products. There can be no assurance **It is crucial to acknowledge** that government **interventions in** responses- **response** to economic disruptions will **restore do not always guarantee the restoration of** consumer confidence. Ongoing **Prolonged** disruptions in **national both domestic** and global economies may **have the potential to exert adversely--** **adverse effects on our business, financial performance, and overall financial health. We remain vigilant in monitoring economic developments and their potential** impact **on** our business, results of operations, and financial condition. Risks Related to Crises, Catastrophic Events, and Business Continuity Public health outbreaks, epidemics, or pandemics, including the global COVID- 19 outbreak, have disrupted and may continue to disrupt, our business, and could materially affect our business, financial condition, and results of operations. Health epidemics or pandemics can **adversely have detrimental affect effects on** consumer spending and, confidence levels and, supply **chain** availability, and **associated costs in within** the markets **where in** which we and our franchisees operate. **These factors**, all of which can affect **collectively influence** our business, financial condition **standing**, and **operational** results of operations. For example, **A notable instance of this was the global spread of** the COVID- 19 epidemic **spread globally** in recent years, **disrupting which disrupted** global health, economic, and market conditions, consumer **behavior behaviors**, and food service operations. While we have **enacted protections implemented measures** to **address significant** manage large scale public health risks **on a large scale**, we **acknowledge the potential for** may nonetheless be affected by future outbreaks **in to impact** our shops and other facilities. **Such outbreaks may resulting--** **result** in a significant percentage **substantial portion** of our workforce or the workforce of our business partners being unable to work. **Furthermore** In addition, our business is **affected influenced** by **shifting** consumer preferences and perceptions. **Concerns regarding** The risk of contracting viruses-- **virus transmission have prompted** has and could continue to cause employees or **and** guests to avoid **gathering congregating** in public places, **leading to** which has had, and could further have, adverse effects on ours and our franchisees' guest traffic **at our locations** and the ability to adequately staff **our shop shops** locations. **The** Many consumer behaviors have changed during the COVID- 19 pandemic and **has triggered changes in** **consumer behaviors, some of which** may persist **endure** or continue **evolving even after** to change beyond the end of the pandemic **subsides**. These changes **shifts** have **already had** and could **may** continue to **exert** negatively-- **negative impact impacts on** consumer traffic and **the** our and our franchisees' sales **of both our Company- owned and franchisee- operated**

shops. We remain attentive to evolving consumer trends and their potential implications for our business and operational performance. Adverse weather conditions could adversely affect our business. Adverse Unfavorable weather conditions can impact have the potential to affect guest traffic at our Company-owned and our franchisee-operated shops. In and, in more severe cases extreme scenarios, such as hurricanes, tornadoes, flooding, or other natural disasters (, which can may be worsened exacerbated by the effects of climate change), cause temporary shop closures may become necessary, sometimes for prolonged periods, which extended durations. Such closures would negatively invariably have an adverse impact on our shop sales. Changes Moreover, fluctuations in weather could result in patterns can lead to construction delays, interruptions disruptions to in the availability of utilities, and potential shortages or interruptions in the supply of food items and other essential supplies, which could. These developments have the potential to increase our operational costs and pose challenges to our supply chain. We remain vigilant in monitoring weather-related risks and their potential consequences for our business operations. Risks Related to Responsibility Environmental, Social, and Governance Matters We may be affected by matters related to environmental, social, and governance ("Responsibility") trends and events, including governmental regulation and supply chain disruptions, that may adversely impact our business. Additionally Furthermore, increased focus the growing emphasis on Responsibility considerations by environmental, social, and governance ("ESG") matters from consumers, investors, governmental authorities, and various third-party stakeholders could affect may impact our operations and compliance obligations. ESG matters Responsibility encompasses a broad spectrum of factors, include including, but are not limited to, climate change, greenhouse gases gas emissions, packaging and waste management, human rights, sustainable supply chain practices, animal health and welfare, deforestation, and responsible use of land, energy, and water use resources. For example, Recent years have seen the introduction of disclosure requirements have been proposed or adopted in recent years by entities such as the U. S. Congress, the U. S. Securities and Exchange Commission, the European Union, and the Nasdaq stock exchange that, which either have already prompted or may in the future encourage or require mandate us to adopt new practices for managing and reporting ESG on Responsibility-related risks. The evolving nature and complexity of these these rules and regulations render continue to evolve in scope and complexity, making compliance more difficult challenging and uncertain. Consequently, These these changing rules, regulations regulatory frameworks, and together with evolving stakeholder expectations, have led resulted in, and are likely to continue to result in, increased general and administrative expenses and increased have necessitated greater management time and attention spent complying with or dedicated to achieving compliance and meeting these standards such regulations and expectations. Furthermore Moreover, as part of our commitment to making a positive global impact on the world, we have established specific commitments, targets, and goals, and related to Responsibility concerns. We are also evaluating opportunities their expansion related to ESG matters expand these commitments further. Our It is important to note that our competitors may not seek to establish share a similar level of ambition in setting environmental or sustainability objectives goals at a comparable level to ours, potentially leading to which could result in lower supply chain or and operating operational costs for them our competitors. We may choose to communicate these commitments, targets, and goals through public disclosures. Our Nevertheless, our ability to meet such these commitments, targets, and goals navigate the associated risks is subject to risks various external factors and uncertainties, many of which are beyond outside of our control. If we are not effective successful, or if we are not perceived as to be effective ineffective, in achieving our ESG Responsibility strategy or in mitigating ESG Responsibility-related risks to our business, we could be subject exposed to market, operational, reputational, and execution challenges and costs or risks. Risks Related to an Investment in Us Certain provisions of Delaware Law, the Investors' Rights Agreement, our certificate of incorporation, and our bylaws could hinder, delay, or prevent a change in control of us, which could adversely affect the price of our common stock. Certain Several provisions of within Delaware Law, our certificate of incorporation, and our bylaws are designed to create obstacles will contain provisions that could make it more difficult for a third-party acquisition attempts to acquire us without the consent of our Board of Directors or JAB Holdings B. V. ("JAB"), our as the largest beneficial shareholder owner of our common stock. As a Delaware corporation, we are subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law, particularly Section 203 as amended (the "DGCL"), which prevents some restricts certain shareholders owning over holding more than 15% of our outstanding common stock ("referred to as" interested shareholder shareholders") from engaging in certain specific business combinations without approval from the holders of at least two-thirds of our outstanding common stock not held by the interested shareholder. Furthermore Moreover, JAB wields controls a substantial portion of the voting power over of the shares of our common stock eligible to vote in the election of our directors director elections and on other matters submitted to a vote of our shareholders shareholder votes through its affiliate, potentially and JAB may be able to influence influencing the outcome outcomes significantly of matters submitted to a shareholder vote. Additionally In addition, under our certificate of incorporation, grants our Board of Directors has the authority to cause the issuance issue of preferred stock at from time to time in one or more series and to establish the their terms discretion, preferences, and rights of any such series of preferred stock, all without the need for approval of our shareholders. Nothing in our certificate of incorporation will preclude future issuances without shareholder approval of. This flexibility extends to the issuance of authorized but unissued shares of our common stock. These factors could have provisions can complicate and protract the effect process of replacing making the replacement of incumbent directors more time consuming and difficult. These provisions may make measures collectively serve as deterrents, potentially making it difficult costly and expensive challenging for a third party to pursue initiate a tender offer, execute a change in control, or attempt a takeover attempt that is opposed by faces opposition from JAB, our management, or our Board of Directors. Public shareholders interested in who might desire to participate participating in such these types of transactions may find it difficult not have an opportunity to do so, even if the transaction is favorable to deal would be beneficial for shareholders. Ultimately, These these anti-takeover provisions could significantly hinder substantially impede the ability of public shareholders' ability to realize benefit benefits

from a change in control or **change alterations in** our management and Board of Directors and, **potentially impacting** as a result, may adversely affect the market price of our common stock and **your ability the opportunity** to realize **secure** any potential change of control premium. **Under** We have entered into the Investors ²' Rights Agreement with JAB, that provides them **they have specific** rights to **access** certain Company information, which JAB **must is obligated to** treat as confidential, including. **This information includes** management ²'s monthly financial review reports, the consolidated financial results for each fiscal quarter, and other information **as reasonably requested by** JAB may reasonably request from time to time. **Given** As a result of these rights and the representatives of JAB who serve **'s representation** on our Board of Directors, JAB has **greater enjoys privileged** access to our management and **earlier access to early insights into** our financial results than **compared to** our other investors. **While Although** JAB remains subject **must adhere** to applicable **relevant** U. S. securities laws **regarding governing** the trading of our securities while in possession of material non- public information, it will **nonetheless still** have a better view as to **more comprehensive understanding of** our business and financial condition than **you individual shareholders** for so **as** long as its information rights **continue persist** under the Investors ²' Rights Agreement. If the ownership of our common stock continues to be highly concentrated, it may prevent shareholders from influencing significant corporate decisions and may result in conflicts of interest. **As of December 31, 2023,** JAB held beneficially owned approximately 45 % of our common stock through its affiliate **as of January 1, conferring upon it** 2023. As a result, JAB can exercise significant influence over **all crucial** matters requiring a shareholder vote, including: **the approval. This influence extends to decisions such as** election- **electing** of directors, **facilitating** mergers, consolidations, and acquisitions, **disposing** the sale of all or substantially **substantial all of our assets**, and **shaping** other decisions affecting our capital structure; **Additionally, JAB possesses** the amendment of authority to amend our certificate of incorporation and our bylaws; and **influence** our winding up and dissolution **procedures**. This level of concentration **concentrated** of ownership **could potentially lead to delays, deterrents, or the prevention of actions that** may delay, deter, or prevent acts that would be favored by our other shareholders. **The It is important to note that JAB' s** interests of JAB may not always **coincide align** with our interests **those of or our broader** the interests of our other shareholders- **shareholder base**. **Furthermore, This this** concentration of ownership **has** may also have the **potential to hinder** effect of delaying, preventing, or deterring **discourage any attempts at** a change in control of us **our Company**. The concentration of voting power could **deprive you of an also impact shareholders by limiting the** opportunity to receive a premium for **their your shares of common stock shares in** as part of the **event of a** sale of us and ultimately **might the Company, which, in turn, may** affect the market price of our common stock. Also, JAB **might also** seek to **cause push us in directions** to take courses of action that, **in it deems beneficial for** its judgment, **own investment but** could **carry** enhance its investment in us, but which might involve risks **for to our** other shareholders or **negatively impact** adversely affect us or **our our other Company and its shareholders stakeholders**. As a result, **there is a possibility that** the market price of our common stock could decline, or shareholders **might may** not receive a premium **above over the then the prevailing current market price in the event of a change in control. Furthermore, this concentration of share ownership might be viewed negatively by investors, potentially affecting the trading price** of our common stock **upon a change in control. In addition, as some this concentration of share ownership may adversely affect the trading price of our common stock because investors may perceive disadvantages drawbacks** in owning shares in a company **with heavily influenced by a few** significant shareholders. The market price of our common stock could be negatively affected by sales of substantial amounts of our common stock in the public markets. JAB ²'s affiliate may **have possess** the ability **capability** to sell the shares of the Company ²'s common stock that **shares** they hold **into to** the public markets, **following** in accordance with the requirements of **stipulations outlined in** Rule 144. The **substantial sale of our shares** by JAB ²'s affiliate, of a substantial number of our **or the mere anticipation of shares, or a perception that such sales would occur,** could **potentially exert a significantly significant reduce downward pressure on** the market price of our common stock. A **decline decrease** in the price **value** of our common stock **might impede could hinder** our **ability capacity** to raise capital through the issuance of additional common stock or other equity securities. We may be unable to pay dividends on our common stock. We **intend plan** to pay **distribute** cash dividends **on to** our common stock **stockholders** on a quarterly basis, **subject to contingent upon** the discretion of our Board of Directors and our **compliance with adherence to** applicable law, and **depending on our results regulations. The decision to declare dividends will be influenced by a range of operations factors, including our financial performance**, capital **needs** requirements, financial condition, business prospects, **legal requirements**, contractual **restrictions obligations**, restrictions imposed by applicable laws, and other **factors that relevant considerations, all of which will be evaluated by** our Board of Directors **deems relevant. Our ability Furthermore, our capacity** to pay dividends may also be **restricted constrained** by the terms of **outlined in** our existing debt agreements, or any future debt or preferred equity securities **we may undertake**. **Our It is important to recognize that our** dividend policy entails certain **carries inherent** risks and **limitations constraints**, particularly **regarding** with respect to our **available** liquidity. **By paying When we opt to distribute** cash dividends **rather than instead of investing reinvesting that cash those funds in our operations or repaying outstanding debts, we run the risk of impeding** our business or repaying any outstanding debt, we risk, among other things, **slowing the expansion of our business, potentially facing liquidity challenges** having insufficient cash to fund our operations or make capital expenditures, or limiting our ability to **incur borrowings secure additional financing**. Our Board of Directors will **periodically review regularly assess** the cash generated from our **business operations** and the capital expenditures required **requirements necessary** to **finance support** our growth plans and determine whether **strategies. Based on this evaluation, they may decide** to modify the amount of regular dividends and **or may also consider** declare **declaring** any periodic special dividends. **However, it is essential to note that There there is** can be no assurance **guarantee** that our Board of Directors will not **adjust make adjustments to the timing or amount or timing of regular cash dividends or decide** cause us to **discontinue** cease paying dividends- **dividend payments** altogether. We have incurred significant indebtedness, which could adversely affect us, including decreasing our business flexibility and increasing our interest expense. **We have significant Our Company**

bears a substantial burden of indebtedness, which could carry potential adverse consequences affect us, including decreasing such as constraining our business operational flexibility and increasing elevating our interest expense expenses. Our This indebtedness could also reduce has the potential to limit the funds available for critical aspects of our business, including working capital, capital expenditures, acquisitions, the repayment and fulfilling or our refinancing of obligation to repay our or refinance maturing debt indebtedness as it becomes due, and in addition to other general corporate purposes requirements. It may also create Furthermore, it places us at a competitive disadvantages disadvantage for us relative to other companies with lower levels of debt levels. If our financial performance does not meet falls short of current expectations, our ability to service servicing our debt could become challenging indebtedness may be adversely impacted. We Additionally, there is the possibility that we may incur additional indebtedness, guarantees, commitments, or other liabilities in the future. The We may need to refinance all or for a portion of refinancing, in part our or in full, of our existing indebtedness on or before maturity is a distinct possibility. There is no assurance guarantee that we will be able to secure refinance refinancing any of our indebtedness on favorable terms, or if at all. If Should our business does not fail to generate sufficient cash flow from operations or if we encounter difficulty securing future debt or equity financings financing are not available to us on acceptable terms and in sufficient amounts sufficient to meet pay our indebtedness or our to fund debt obligations or address other liquidity needs requirements, our financial condition health and operational results of operations may suffer be adversely affected. Moreover Additionally, in assessing our credit strength, credit rating agencies assess our creditworthiness by consider considering our capital structure and, financial policies, as well as our results of operations and financial position and operating results at the time. If A downgrade in our credit ratings were could occur due to be downgraded because of changes in our capital structure, changes shifts in the methodology used by credit rating agencies to evaluate methodology in assessing our creditworthiness credit strength, the their credit agencies' perception perceptions of the impact of credit market conditions on impacting our current or future results of operations and financial position, or for any other reason, our cost of factors. Such a downgrade could lead to increased borrowing costs could increase. Furthermore, a significant credit rating downgrade may reduce in our credit ratings could limit a financial institution institutions' s-willingness to participate in our accounts payable vendor finance program programs and reduce diminish the their attractiveness of the accounts payable program to participating suppliers who may seek to sell payment obligations from us to financial institutions. Additionally In addition, a significant credit rating downgrade in might restrict our business' s credit ratings may reduce flexibility of our business to engage in certain transactions, including such as the execution and renewal of certain specific leases.