

Risk Factors Comparison 2025-02-27 to 2024-02-27 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, **materialize**, our business, financial condition, prospects, results of operations, ~~and~~ cash flows, **and stock price** 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, **or stock price**. **Summary** ~~We cannot assure you that any of the events discussed in the risk factors~~ **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, **or cross-contamination**. • **Changes in consumer preferences and demographic trends, including in response to unfavorable economic conditions, could negatively impact our business. Risks Related to Cybersecurity, Data Privacy, Information Technology, and Internal Controls** • Any material failure, inadequacy, or interruption of the information technology that we use in our operations has and may in the future adversely affect our ability to effectively operate our business and result in financial or other loss. • Breaches or failures of our information technology systems or other cybersecurity or data security-related incidents have and may in the future have an adverse effect on our business, financial condition, and results of operations. • If we, our franchisees, or our third-party service providers are unable to protect regulated, protected, or personally identifiable information, we or they could be exposed to data loss, litigation, regulatory fines, and other liability, which could harm our reputation and have a material adverse effect on us. • We have identified a material weakness in our internal control over financial reporting. If our remediation of the material weakness is not effective, or if we fail to develop and maintain an effective system of internal controls, our ability to produce timely and accurate financial statements may be impaired, investors may lose confidence in our financial reporting, and the price of our common stock may decline. **Risks Related to Executing Our Business Strategy** • We may not realize the anticipated benefits from acquisitions, divestitures, investments, or other strategic transactions. • Our franchisees may affect our operating results and reputation. • 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. • Our reputation and brand image are essential to our business success. • Our success depends on our ability to compete with many food service businesses. • If we cannot keep pace with technological changes impacting our industry, we may be unable to compete effectively, and our results of operations could be negatively affected. • We have incurred significant indebtedness, which could adversely affect us. **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. • We face risks as we continue to focus on expansion of our omni-channel business model. • Political, economic, currency, and other risks associated with our international operations could adversely affect our and our international franchisees' operating results. **Risks Related to Our Supply Chain** • We are the exclusive or primary supplier of key ingredients to shops worldwide and any problems supplying these ingredients could negatively affect our and our franchisees' ability to make doughnuts. • We are the only manufacturer of our doughnut-making equipment. Any problems producing this equipment could negatively affect our shops' ability to make doughnuts. • We have limited vendors for many of the product components and services that we rely on, and we have a single vendor for our glaze flavoring. 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. • Our reliance on a single vendor for nearly all distribution of materials and supplies in the U. S. and Canada poses risks to our and our franchisees' ability to make doughnuts if the vendor fails to provide these materials and supplies in accordance with our agreement. • Our profitability is sensitive to changes in the cost of raw materials and other commodities and we may not be able to increase prices to fully offset inflationary pressures on costs, which may adversely affect us. **Risks Related to Our Human Capital** • An inability to recruit and retain personnel could have a material adverse effect on our operations. • Changes in the availability or cost of labor could adversely affect us. **Risks Related to Regulation, Litigation and Our Intellectual Property** • 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 business may be adversely affected by litigation, regulation and publicity concerning food quality, health, and other issues, which could negatively affect public policy and consumer preferences toward our products. • Our ability to develop new franchised shops and to enforce contractual rights against franchisees may be adversely affected by laws and regulations governing our status as a franchisor, which could cause franchise revenues to decline. • Healthcare legislation and other potential employment legislation could adversely affect our business, financial condition, and results of operations. • 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. • 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 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 affect us. • 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 brand. **Risks Related to Crises, Catastrophic Events, and Business Continuity** • Public health outbreaks, epidemics, or pandemics have disrupted and may in the future disrupt, our business, and could have a material adverse effect on our business, financial condition, and results of operations. • Adverse weather conditions, natural disasters, war or terrorist attacks, pandemics, or other catastrophic events could adversely affect our business. **Risks Related to Ownership of our Common Stock** • Certain provisions of Delaware Law, our certificate of incorporation, and our bylaws and the Investors' Rights Agreement with JAB Holdings B. V. ("JAB") could hinder, delay, or prevent a change in control of us. • 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. • The market price of our common stock could be negatively affected by sales of substantial amounts of our common stock in the public markets. • **We may be unable to pay dividends on our common stock**. We operate in the food service sector and are subject to potential food safety concerns, including risks of food-borne illnesses, tampering, **contamination**, and **cross-contamination**. These risks may escalate as we launch new products, broaden our distribution through channels such as our DFD operations, and expand our manufacturing and production facilities. Inadequate food safety measures in our **shops** **manufacturing facilities and Points of Access** could lead to temporary shutdowns, disrupting **operations in** both our in-shop and DFD operations. Food safety incidents might also negatively impact the cost and availability of ingredients, leading to supply chain disruptions or reduced profit margins for us and our franchise partners. Moreover, our dependency on third-party delivery services **and third-party Points of Access** heightens the risk of **these** food safety issues **arising from external factors**. While we oversee some of these **third parties** **parties'** operations, the quality and service they provide could be compromised by various **factors, including factors that are beyond our control or are** 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 our reputation, leading to a decline in revenue and profitability. **Changes in consumer preferences and demographic trends could negatively impact our business**. The food service industry is highly susceptible to 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**. **In addition, our products fall into the category of indulgences, making them particularly sensitive to shifts in discretionary spending patterns. In the event of unfavorable economic conditions where we and our franchisees operate, our consumers may have reduced disposable income, leading to potential reductions in their consumption of our products** number, type, and location. Additionally, **Consumer preferences could also be negatively impacted by** ~~there~~ **the litigation**, is increasing legal and legislative focus on the industry, particularly concerning menu labeling and packaging. This scrutiny is largely due **regulatory risks described below under "Risks Related to Regulation** concerns that the practices and **Litigation** — offerings of food service companies may contribute to issues like poor nutrition, excessive calorie intake, obesity, or other health issues among consumers. Our business must remain agile in responding to these **evolving** **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** and trends. We also need to be prepared for potential regulatory changes that could affect any of our operational markets. Failure to effectively adapt to these changes or **our products** to comply with new regulations could adversely affect our operational results. " **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 has and may in the future** adversely affect our ability to effectively operate our business and result in financial or other loss. Our business and that of our franchisees significantly depend on computer systems and information technology **for efficient operation**. **The Among other things, the** effectiveness of our business management is closely tied to the reliability and capacity of these systems. ~~Our, and our~~ **omni-channel strategy**, particularly our delivery model, relies heavily on robust information technology systems. As we diversify **and grow** our business channels, our susceptibility to related risks intensifies. We also **have experienced business disruptions due to failures in critical information technology platforms and continue to** face potential business disruptions due to **such** failures **in other critical information technology platforms**, including those hosted or provided by third parties. These disruptions can stem from hardware and software issues **;** cyber-attacks **(including, such as those involving computer viruses, ransomware, other malware, distributed denial-of-service attacks** **), and nation-state sponsored malicious cyber activity;** natural disasters **(like, such as** earthquakes, hurricanes, floods, and fires **);** power outages **;** telecommunications failures **;** human errors **;** criminal activities **;** **(including those by state-sponsored groups);** and intentional vandalism. **For example** These risks extend to threats like computer viruses, ransomware **during the fourth quarter of fiscal 2024, unauthorized activity on a portion of our information technology systems resulted in the Company experiencing certain operational disruptions, including with online ordering in parts of the U. S., which materially affected the Company's business operations. For further information regarding the 2024 Cybersecurity Incident (defined below), see "Cybersecurity" in Item 1C of Part I of this Annual Report on Form 10-K and** **malware** **"Management's Discussion and Analysis of Financial Condition and Results of Operations," in Item 7 of Part II of this Annual Report on Form 10-K**. Adapting to evolving consumer expectations and technological advancements is crucial. Any interruption, delay, or flaw in developing and implementing **these systems** **such advancements**, or misjudging the costs and revenue potential of these initiatives, can hamper our essential business functions. This could negatively impact our reputation, competitive edge, operational results, and financial health. **We** While we strive to keep our systems updated. **However**, there is no absolute assurance of uninterrupted maintenance **of our information technology systems can interrupt access to our systems**. If our mitigation controls fail, especially when updates are not feasible, it could lead to **Ecommerce** **outages, including digital** outages, information technology system disruptions, and

heightened vulnerability to cyber threats. Our business interruption insurance might not fully cover losses from service disruptions caused by system failures or similar events. Therefore, significant impacts from system failures **could have and may in the future** materially and adversely affect our business operations, results, and financial standing. 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 and our franchisees' information systems and records are at risk of cyber-attacks and security breaches incidents. **These include: We periodically experience directed attacks intended to lead to interruptions and delays in operations as well as loss, misuse or theft of personal information and other data, confidential information, or intellectual property. Such attacks or security incidents have occurred and could occur as a result of** hacking attempts, software or system failures, viruses, operator errors, and accidental data leaks. Cyber-attacks are increasingly sophisticated and varied, often involving phishing, social engineering, service disruption attacks, malware, or ransomware, and they may not be detected until they have been active for some time. **Further, these types of threats may be exacerbated by recent developments in artificial intelligence and its increased use to produce sophisticated malware, ransomware, phishing schemes, and other fraudulent activities.** Additionally, internal threats exist from employees, franchisees, contractors, or third parties who might bypass security measures to access or leak sensitive, regulated, or personally identifiable information, either maliciously or inadvertently. We **have in cannot guarantee that the past experienced cybersecurity incidents. For example, the 2024 Cybersecurity Incident materially affected the Company's business operations. For further information regarding the 2024 Cybersecurity Incident, see "Cybersecurity" in Item 1C of Part I of this Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in Item 7 of Part II of this Annual Report on Form 10-K. The** security measures and controls implemented by us or our third-party providers are **not foolproof against such incidents and may be inadequate to prevent a cyber-attack or security breach**. A breach or perceived breach in our or our third-party providers' information technology systems could severely interrupt our operations, negatively affect our business, financial standing, and operational results, and harm our reputation and brand credibility among consumers and business partners. **As a result of the 2024 Cybersecurity Incident, the Company experienced certain operational disruptions that resulted in lost sales and increased expenses related to remediation.** Furthermore, significant incidents involving unauthorized access to, theft, exposure, alteration, or misuse of consumer, employee, or proprietary data **could, such as the 2024 Cybersecurity Incident, may lead to legal actions, regulatory investigations, and non-compliance penalties, which could disrupting--- disrupt** our operations, **tarnishing--- tarnish** our reputation, and **leading to substantial have a material adverse effect on our business, results of operations, and financial repercussions condition**. Our cybersecurity insurance may not fully cover the consequences of **such the 2024 Cybersecurity Incident or potential future security breaches or cybersecurity incidents, and future coverage may not be available at reasonable costs or at all. Insurers might also deny claims for certain the 2024 Cybersecurity Incident or other incidents. Addressing a security breach would require requires** 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 or our licensees third-party service providers** 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 which could harm** our reputation **could be significantly harmed and have a material adverse effect on our business, financial condition and results of operations**. 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 third-party service providers. **Ensuring the integrity and security of this data is paramount. Non-compliance with legal and requirements or** industry standards could severely damage our brand, **or reputation, result in significant fines or penalties, and operational have a material adverse effect on our business, financial condition, or results of operations**. Additionally, our reliance on independent service providers for payment processing poses risks if these providers are unable or unwilling to offer services or if their costs escalate. We operate under various data privacy and security laws, directives, and regulations, both domestically and internationally. The U. S. has a complex landscape of federal and state data protection regulations, with some state laws offering more stringent protections. The potential introduction of a comprehensive federal data privacy law could increase complexity and compliance costs, impact data use strategies, and necessitate additional investments in compliance infrastructure. Internationally, we are subject to regulations like the European Union's General Data Protection Regulation ("GDPR") and the U. K.'s GDPR and Data Protection Act of 2018. These laws impose strict requirements on data handling, including consent, individual rights, cross-border data transfer, breach notifications, and data security and confidentiality. Non-compliance with these 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 and security laws and standards are evolving, leading to potential inconsistencies with our data processing practices and policies. Any **non-compliance or** 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 to legal action **for deceptive, harm or our unfair practices. Concerns about reputation and have a material adverse effect on** our data privacy **business, financial condition, and results of operations. We are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and other laws and regulations applicable to public companies. These laws and regulations require, among other things, that we maintain effective internal control over financial reporting and disclosure controls and procedures. They also require**

management to perform and an security practices annual assessment of the effectiveness of our internal control over financial reporting and disclosure of any material weaknesses in such controls. We are required to have our independent registered public accounting firm provide an attestation report on the effectiveness of our internal control over financial reporting. We have identified a material weakness in our internal control over financial reporting. We are evaluating steps to remediate the material weakness. These remediation measures may be time consuming and costly, and there is no assurance that these measures will ultimately have the intended effects or that additional material weaknesses will not be identified. In addition, even if unfounded we are successful in strengthening our controls and procedures, in the future those controls and procedures may not be adequate to prevent or identify irregularities or errors or to facilitate the fair presentation of our financial statements. For additional information related to the material weakness in internal control over financial reporting and the related remedial measures, see Item 9A, "Controls and Procedures," of Part II of this Annual Report on Form 10-K. Any failure to remediate the identified material weakness, or develop or maintain effective internal control over financial reporting and disclosure controls, or any difficulties encountered in their implementation or improvement, could harm result in a restatement of our consolidated financial statements for prior periods, cause us to fail to meet our financial and other reporting obligations, result in an adverse opinion regarding our internal control over financial reporting from our independent registered public accounting firm, our or reputation, deter lead to investigations or sanctions by regulatory authorities or other potential users, and negatively impact claims or litigation. Any of the foregoing could have a material adverse effect on our business. Any of these outcomes could adversely affect our business operations, financial condition, and future prospects. Risks Related results of operations, and could cause our investors to Executing Our Business Strategy lose confidence in the accuracy and completeness of our financial reports and the price of our common stock to decline. We may not realize the anticipated benefits from past or potential future acquisitions, divestitures, investments, or other strategic transactions. We periodically assess and may engage in mergers, acquisitions, full or partial divestitures, joint ventures, strategic partnerships, minority investments, or other strategic initiatives to execute on broaden our Global Points of Access. These efforts may involve opportunities to acquire or our growth strategy collaborate with both domestic and international franchisees. In some cases, our former or current franchisees might retain a minority interest in the shops we acquire and continue to be involved in their operations. We make these decisions based on individual circumstances. Such strategic endeavors come with inherent risks, including but not limited to: • The challenges, delays, and costs associated with integrating acquired Krispy Kreme franchised shops, Points of Access, and strategic partnerships into our existing structure, including potential failure to achieve anticipated synergies or retain key staff; • Diverting management focus from everyday operations or other important initiatives to effectively implement our growth strategy; • The risk of not achieving expected revenue, profit, or cash flow from acquisitions (including newly acquired Krispy Kreme franchised shops), full Points of Access, companies, partnerships, or partial divestitures (including in connection with refranchising certain international equity markets), investments or other strategic transactions; • The potential to inherit significant contingent or unforeseen liabilities through acquisitions or other strategic dealings; and • The risk of significant value depreciation in our investments, possibly leading to goodwill impairment charges for acquired entities. Our past and future strategic transactions may not yield the anticipated benefits, and could negatively impact our reputation and have a material adverse effect on our business, financial health condition, and operational outcomes. Our franchisees may affect our operating results and reputation of operations. Our ability to influence the management of our franchisees' businesses is limited, and their potential failure to operate effectively could negatively impact our overall operating results and reputation. While we provide training and support, 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 their shops in compliance with relevant laws and regulations or align with our established standards and requirements. Furthermore, there is a risk that franchisees may struggle to recruit and train competent managers and staff. Currently, we enjoy maintain a generally positive relationship with our franchisees. However, future developments, some of which may be beyond our control, could potentially strain these relationships with both existing and new franchisees. Should our franchisees fail to operate successfully or adhere to our standards and requirements, it could substantially harm the image and reputation of both individual franchisees and our overall brand. Such scenarios could lead to a marked decline in Krispy Kreme-branded sales, adversely affecting our revenue and 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 to retail customers via our DFD channels, which necessitate a substantial infrastructure with notable fixed and semi-fixed costs. In our global operations, we serve a number of large retail customers, yet no single customer contributed to more than 10% of our total revenue in the fiscal years ending December 29, 2024, December 31, 2023, or January 1, 2023, or January 2, 2022. These relationships customers are not committed to purchase any particular quantities and bound by long-term contracts; rather, purchases are influenced by factors like pricing, product quality, consistency, consumer demand, and service excellence. Looking ahead Moreover, if we fail to adhere to the terms of our agreement with a customer, such customer may be entitled to remedies under the contract such as money damages or early termination. In addition, there is a possibility that these our DFD customers might reallocate their shelf space or menu offering, currently occupied by our products, to other items, possibly including private label goods. Consequently, a loss or significant decrease in sales to one of these key retail customers, or if they encounter substantial financial issues, could adversely affect have a negative impact on our business's health, financial stability condition, and operational results of operations. We believe 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 hinges on our and our franchisees' ability to uphold our brand image, penetrate new markets and distribution channels, innovate with new product offerings, and consistently deliver high-quality, delectable products to our consumers. While we are committed to nurturing and enhancing our brand image and reputation through marketing investments, including

traditional advertising and consumer promotions, we place a significant emphasis on social media for most of our marketing activities. Our growing dependency on social media and digital platforms for advertising means that the speed and reach at which information, as well as misinformation and opinions, are spread is amplified. Negative feedback or commentary about us, our brands, or our products on social or digital media could severely harm our brand reputation. This risk is particularly acute given our reliance on social media to bolster our brand and maintain consumer loyalty and engagement. Our reputation is also shaped by consumers' subjective perceptions. **Real or perceived quality or food safety concerns or failures to comply with applicable food regulations and requirements, whether or not ultimately based on fact and whether or not involving us (such as incidents involving our competitors), could cause negative publicity and reduced confidence in our company, brand or products, or the industry as a whole, which could in turn harm our reputation and sales, and could have a material adverse effect on our business, financial condition, and operating results. There is no assurance that this health risk will always be preempted by our quality control processes.** Any regulatory or legal challenges, product recalls, or other negative publicity could tarnish our reputation and brand image, erode consumer trust, and diminish long-term demand for our products. Failure to effectively maintain, enhance, and grow our brand image could **have a materially-- material and adversely -- adverse impact-effect on** our business operations, financial health, and overall performance. **Our success depends on our ability to compete with many food service businesses.** We operate in a highly competitive food service landscape, vying against numerous established players. **With** Our shops face competition from a diverse array of indulgence retailers and bakeries, specialty coffee shops, bagel stores, quick service restaurants, delicatessens, take-out services, convenience stores, and supermarkets. In our shop operations, we face challenges from aggressive pricing by competitors and the potential entry of new players into our markets, which could affect our sales and profit margins. Additionally, many competitors offer a broader product range and possess significantly greater financial and other resources, enabling them to better adapt to pricing and market shifts in the quick service restaurant industry. **The relatively low start-up costs for retail indulgence and similar food service ventures also and few barriers to entry, our competitors include a variety of independent local operators, in addition to well-capitalized regional, national, and international players and franchises, and new competitors may emerge at any time. We face competition from a diverse array of indulgence retailers and bakeries, specialty coffee shops, other specialty shops offering doughnuts or other sweet treats, bagel stores, quick service restaurants, delicatessens, take-out services, convenience stores, and supermarkets. Our ability to compete will depend on the success of our plans to effectively respond to consumer preferences, improve existing products, develop and roll-out new products, and manage the complexity of operations as well as the impact of our competitors' actions. In addition, our long-term success will depend on our ability to strengthen our consumers' digital experience through mobile ordering, delivery, kiosks, loyalty programs, and social interaction. Some of our competitors offer a broader product range and have substantially greater financial resources, higher revenues, and greater economies of scale than we do. These advantages may allow them to offer aggressive pricing, implement their operational strategies more quickly or effectively than we can, or benefit from changes in technologies, which could harm our competitive position. These competitive advantages may be exacerbated in a difficult economy, thereby permitting our competitors to gain market share. We may be unable to successfully respond to changing consumer preferences, including with respect to new technologies and alternative methods of delivery. In addition, online platforms and aggregators may direct potential customers to other options based on paid placements, online reviews or other factors. If we are unable to maintain our competitive position, we could experience lower demand for products the barriers to entry, further escalating competition downward pressure on prices, reduced margins, an inability to take advantage of new business opportunities, a loss of market share, and reduced profitability.** Furthermore, our omni-channel strategy, particularly exemplified by our **Insomnia Cookies brand with its focus on delivery offerings**, competes in a fiercely contested arena with both local and international indulgence brands. While we manage our own **Ecommerce digital** platform, we depend on third-party delivery services for the final leg of product distribution. We also participate as a partner **with third parties** on these platforms, where they handle the entire consumer transaction, including delivery. Our consumers might opt for other indulgence providers' **Ecommerce digital** platforms or delivery services due to factors like delivery reach, app usability, and overall market preference for food delivery services. If we fail to compete effectively, our ability to sustain or grow our revenues and profits, as well as to capitalize on the expected growth through our omni-channel model, could be compromised **which could have a material adverse effect on our business, financial condition, results of operations, and future prospects.** **Risks-Related** Emerging technologies such as artificial intelligence, machine learning, and automation are impacting many industries and business operations, including ours. If we do not adequately invest in new technology, appropriately implement new technologies, or evolve our business at sufficient speed and scale in response to such developments, or if we do not make strategic investments to respond to these developments, our products, results of operations, and ability to develop and maintain our business could be negatively affected. Our competitors **Global Expansion and Growth** A key portion of our **or growth strategy depends** other third parties may incorporate such technologies into their products and operations more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Moreover, we cannot predict consumer or team member acceptance of these developing technologies (e. g. automation, artificial intelligence, and new delivery channels) or their impact **on opening new Krispy Kreme shops and Points** our business, nor can we be certain of **Access both domestically** our ability to implement such technologies, any of which could result in loss of sales, dissatisfaction from our customers and **internationally** employees, or negative publicity that could adversely affect our reputation and financial results. We have incurred significant indebtedness, which could adversely affect us, including decreasing our business flexibility and increasing our interest expense. The Company has a significant level of indebtedness, which carries potential adverse consequences, such as constraining our operational flexibility and elevating our interest expenses. This indebtedness has the potential to limit the funds available for critical aspects of our business,

including working capital, capital expenditures, acquisitions, and fulfilling our obligation to repay or refinance maturing debt, in addition to other general corporate requirements. Furthermore, it places us at a competitive disadvantage relative to companies with lower levels of debt. If our financial performance falls short of current expectations, servicing our debt could become challenging. Additionally, we may incur additional indebtedness, guarantees, commitments, or liabilities in the future. The need for refinancing, in part or in full, of our existing indebtedness before maturity is a distinct possibility. There is no guarantee that we will be able to secure refinancing on favorable terms or at all. Should our business fail to generate sufficient cash flow from operations or if we encounter difficulty securing future debt or equity financing on acceptable terms and in sufficient amounts to meet our debt obligations or address other liquidity requirements, our financial health and operational results may suffer.

Our strategic focus includes expanding our Global Points of Access, encompassing the establishment of new shops, DFD Doors, and E-commerce digital platforms, both in our current markets and new regions. However, the effective implementation of this expansion strategy may be impacted by external factors outside the control of both us and our franchisees, potentially hindering shop development and impeding our overall growth objectives. Operational challenges, such as difficulties in sourcing product components or logistical services, may also impose limitations. Additionally, our presence in certain international markets heavily depends on our franchisees. There is no guarantee that these franchisees will successfully develop or manage their shops Points of Access in alignment with our brand standards. Moreover, their ability to effectively open, operate, and sustain these shops as per Points of Access in accordance with their agreements and our brand requirements may be constrained by their business capabilities or financial resources. We will face risks as we continue to focus on expansion of our omni-channel business model, **A failure of any of the foregoing could have a material adverse effect on expansion of our omni-channel business model, financial condition, results of operations, and future prospects.** Our ongoing expansion of the omni-channel business model involves substantial costs and uncertainties. These stem from various factors, including the expansion of Points of Access, enhancement of manufacturing capabilities, development usage of information technology and logistics systems, and adjustments in our corporate structure and workforce. The success of this expansion is contingent upon our ability to effectively leverage and realize certain objectives. These include finding suitable retail partners, extending our market reach, and building and sustaining the manufacturing and logistical capabilities required to fulfill our delivery commitments. Furthermore, this expansion could intensify or be affected by other risk factors mentioned herein, particularly those concerning our logistical and manufacturing capacities and our competitiveness in the indulgence market. **As previously disclosed, we expect to outsource to one or more third-party logistics (“3PL”) carriers the daily delivery of fresh doughnuts to grocers, convenience stores, quick service restaurants, and others. To the extent that we outsource logistics, we would have reduced control over the related processes, costs, and quality control. Our reliance on third parties may lead to shipping delays and disruptions, unanticipated costs, and failures to provide adequate customer service that are outside of our direct control. If we are not satisfied with a 3PL carrier, we may be unable to quickly pivot away from utilizing its services and, even if we are able to do so, we may be subject to significant penalties for doing so. Any of these consequences could have a material adverse effect on our reputation, business, operating results, and financial condition.** There is no assurance that we will attain the expected benefits or achieve the cost savings, revenue growth, and other positive outcomes needed to counterbalance the costs and risks associated with this expansion. Political, economic, currency, and other risks associated with our international operations could **have a material adversely-- adverse affect effect on** our and our international franchisees’ operating results. **Our As of December 31, 2023, our company operates a substantial portion of its business outside the U. S. As of December 29, 2024 with 1, 558 there were 7, 540 Krispy Kreme shops Points of Access internationally, excluding Doughnut Factories. This accounts for 72-43 % of our the total shop count number of our Points of Access.** Among these, **1-2, 028-372** are managed by franchisees. Our international operations, encompassing various business segments, are subject to numerous risks inherent to foreign markets. These risks include, but are not limited to: • Exposure to recessionary or growth trends in global markets, impacting consumer spending and market stability; • Ongoing reforms in areas like public health, food safety, tariffs, taxation, sustainability, and climate change response leading to regulatory uncertainties and potential spikes in compliance costs; • Challenges in adhering to international food safety regulations and maintaining high standards of product quality and safety; • Navigating varying import and business licensing requirements across countries; • Constraints in fund repatriation and foreign currency exchange, influenced by U. S. and international laws; • Difficulties in managing and staffing international operations, supply chain logistics, and ensuring consistent product quality and service; • Risks associated with franchisee disputes, operational failures, development delays, or site selection issues; • Complexities and costs arising from local labor laws in hiring, retaining, or terminating staff; • Facing strong competition in new markets with established local players; • **Political unrest, disputes or war, or labor unrest impacting countries in which we or our franchisees operate**; and • Potential increase in anti-American sentiment affecting brand image, as Krispy Kreme is widely recognized as an American brand. Our financial performance and asset valuation in foreign markets are susceptible to currency exchange rate fluctuations and liquidity issues, **which could negatively impacting--- impact** reported earnings. Royalties from international franchisees, calculated as a percentage of their net sales, are subject to currency conversion risks. An increase in our reliance on international operations amplifies our vulnerability to foreign political and economic instability, currency volatility, and regulatory constraints on currency conversion and remittance. Moreover, our international operations predominantly rely on exporting doughnut mixes and concentrates to franchisees. These exports are governed by **numerous a myriad of U. S. and international regulations concerning food products. In the event of a ban or other restrictions on any of our ingredients, we may not be able to identifying--- identify** suitable alternatives **on acceptable could be challenging and time-consuming frames or at all**, potentially delaying our expansion plans. **Our In conclusion, our expanding international presence heightens our exposure to a diverse range of risks associated with 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. Our Krispy Kremers play a pivotal role in delivering**

exceptional service and creating memorable experiences for our consumers. They are indispensable for the smooth operation of our retail outlets, manufacturing facilities, and delivery logistics. Our ability to maintain the highest product quality, whether in our Hot Light Theater Shops or at one of our DFD access points, heavily relies on their dedication. Furthermore, our continued success hinges on the ongoing contributions of our senior management and key personnel, and our ability to retain and motivate them. However, certain economic and social trends beyond our control, such as labor shortages, may pose challenges in recruiting and retaining talented Krispy Kremers, including our senior management and other key personnel. As our business continues to grow, it becomes increasingly challenging to identify and hire a sufficient number of employees, establish effective internal controls for a globally dispersed enterprise, and provide comprehensive training to ensure consistent product quality and outstanding consumer experiences worldwide. If we encounter difficulties in recruiting, retaining, and motivating Krispy Kremers to support 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.

Risks Related to Our Supply Chain—We are the exclusive or primary supplier of doughnut mixes and **other** 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 to numerous domestic and international Krispy Kreme shops. **Additionally, In support of international markets, we hold the exclusive role of providing produce a concentrate that is mixed with commodity ingredients in local markets to get to a finished** doughnut mix **. We serve as the exclusive supplier of such mix** concentrate, which is blended with various ingredients to create doughnut mixes, to all Krispy Kreme shops worldwide. Furthermore, we are the sole supplier of specific critical ingredients to all domestic Company-owned shops, the majority of domestic franchise shops, and select international franchise shops. Our **mix** concentrate **is manufacturing manufactured** primarily takes place at our facility located in Winston-Salem, North Carolina, and to a limited extent, through a manufacturing agreement with BakeMark USA LLC ("BakeMark"). Domestic doughnut mix production occurs at our Winston-Salem plant and a third-party facility in Pico Rivera, California. The distribution of doughnut mixes, essential ingredients, and flavors to Krispy Kreme shops, both domestically and internationally, is facilitated by **a limited number of** independent contract distributors. It is important to note that any disruption in the production **or distribution** of our mixes and concentrates would have a cascading effect on our global supply chain, with no adequate alternative source available. **A** The Pico Rivera facility is responsible for producing mixes for distribution to most Krispy Kreme shops west of the Mississippi River. In the event of a shutdown or capacity loss at our Winston-Salem facility, Pico Rivera has the capability to manufacture our doughnut mixes for other regions. Nevertheless, a production interruption at any **significant** manufacturing facility could hinder our, and our franchisees', ability to produce doughnuts domestically. Internationally, we operate several plants for doughnut mix production, and any disruption at these facilities could impact doughnut production capabilities regionally, affecting our locations and those of our franchisees. Our international shipments of mixes and concentrates primarily depart from a single port in Florida. Any delays in shipping or disruptions in logistics chains could adversely affect our international operations as well as those of our franchisees. Such delays may result from known or unforeseen events, including those related to adverse weather conditions, customs and border closures, trade conflicts, and general trade route delays. Furthermore, unexpected termination of our relationships with raw material suppliers, even when multiple suppliers exist for the same ingredient, may hinder our ability to secure adequate quantities of high-quality ingredients at competitive prices. As we continue our global expansion, these risks may intensify, leading to supply shortages, logistical challenges, and increased operational costs associated with managing and supplying a global network of Krispy Kreme shops.

Safeguarding our We are the only manufacturer **manufacturing operations to ensure a consistent supply** of substantially all our doughnut-making equipment **to support**. If we have any problems producing this equipment, our **expanding network of shops' ability and the maintenance requirements of our existing locations is essential** to our business make doughnuts could be negatively affected. Our custom doughnut-making equipment is exclusively manufactured at a single facility located in Winston-Salem, North Carolina. **The** While we maintain limited backup sources for equipment production, the process of manufacturing new equipment swiftly in the event of a disruption at our Winston-Salem facility would present significant challenges. In the **unfortunate** event of such a disruption, we would be compelled to explore alternative options, such as partnering with third-party manufacturers or relocating production to another facility. This transition may entail substantial delays in the manufacturing process and result in increased costs. Consequently, **our ability we may be unable** to provide equipment to newly established shops or essential replacement parts for maintenance in existing shops **on a timely basis or at all which** could be compromised in terms of timeliness. This situation underscores the importance of safeguarding our manufacturing operations to ensure the consistent supply of equipment to support our expanding network of shops and the maintenance requirements of our existing locations. We have **a material adverse effect** 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. While we possess exclusive ownership of the recipes for our glaze flavoring and glaze base, we currently rely on a single **supplier vendor** for these—the essential ingredients **needed to produce glaze flavoring**. Additionally, for our **Insomnia Cookies** brand, all cookie dough is sourced from a sole supplier. Our dependence on these suppliers **this vendor** exposes us to potential **significant** risks, including

shortages, supply interruptions, and price fluctuations. Any disruption in the supply chain of glaze flavoring could have adverse consequences on our ability to produce and deliver our signature products, including the beloved hot Original Glazed doughnut, to our consumers in a timely and competitive manner. Such interruptions could also impact our operational performance. In the event of such an interruption, it is possible that suitable replacement products cannot be secured promptly, we face the potential or at all which could result in loss of revenue resulting from the inability to offer our products and the associated increase in administrative and shipping expenses. Furthermore, our reliance on a sole vendor to produce glaze flavoring, and on a limited number of providers-vendors for other product components and services, exposes us to heightened risks associated with the distribution networks of these suppliers-vendors. Factors such as fuel price increases, labor strikes, organized labor activities, adverse weather conditions, and various unforeseen variables may hinder our providers-provider's capacity to meet our logistical requirements. If we encounter difficulties in sourcing alternative logistical providers, our costs may experience significant escalation. If we are unable to pass on these increased distribution-costs to our consumers through higher product prices, it could adversely impact-affect our business, financial health, and operational results. The reliability Our reliance on a single vendor for distribution of materials and supplies-continuity of our supply chain is critical to the seamless operation of our shops 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 have established an exclusive distribution partnership with BakeMark USA LLC ("BakeMark"), which grants the exclusive rights to BakeMark to distribute ingredients, packaging, and supplies to both Company- owned and franchise shops in certain-all regions of the U. S. other than New York City, and Canada. In However, in the event that BakeMark encounters economic or operational challenges, it could potentially lead to disruptions within our supply chain in the U. S. and Canada. Finding-We may be unable to secure an alternative distribution channel in a timely manner or at all to mitigate these disruptions and challenges may prove difficult. In some cases, we may need to temporarily halt production at the affected shops until suitable alternative arrangements can be put in place. Furthermore, the cost of a replacement distribution channel could negatively affect have implications for the financial performance of these shops. A severe disruption to our BakeMark production-distribution partnership has the potential to result in a significant and adverse impact-effect on our overall business, 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 and. While we may not be able to increase prices to fully offset inflationary pressures on costs, which may adversely affect our financial condition or results of operations. During recent years, our operating environment has been impacted by inflation. Increases in commodity and supply chain costs, such as the costs of raw materials, packaging materials, labor, energy, fuel, and transportation, have led to higher production and distribution costs for our products. Many of the costs referred to above are subject to fluctuations due to a number of factors, including, but not limited to, market conditions, economic and geopolitical uncertainty, demand for raw materials, weather, energy costs, currency fluctuations, supplier capacities, governmental actions, import and export requirements (including tariffs), armed hostilities, and other factors beyond our control. Among our essential ingredients, three stand out in significance: flour, shortening, and sugar. Furthermore, we procure a significant quantity of gasoline for our delivery vehicle fleet serving our DFD business, as well as significant amounts of packaging materials, including our boxes for dozens, half- dozens, and three- packs of doughnuts. The prices of key inputs for the production and distribution of our products such as these have been volatile in recent years and may continue to be volatile in the future. We employ forward purchase contracts, futures contracts, and options on such contracts to mitigate the risks associated with commodity price fluctuations, however it is important to acknowledge that these contracts may not fully offer complete protection--- protect us against commodity price risk, particularly over extended timeframes. Additionally, the portion of our anticipated future commodity requirements covered by such contracts can vary over time. Our attempts to offset Among our essential ingredients, three- these cost pressures, such as through increases in the selling prices of some of our products stand-- and out leveraging our market size to secure economies of scale in procurement, may not be successful. Higher product prices may result in reductions in sales volume. Consumers may be less willing to pay a price differential for our branded products and may increasingly purchase lower- priced offerings, or may forego some purchases altogether, during an economic downturn or times of increased inflationary pressure. To the extent that price increases or packaging size decreases are not sufficient to offset these increased costs adequately or in a timely manner, or if they result in significance-significant -decreases in sales volume, flour-- our financial condition, shortening-results of operations, and sugar-cash flows may be adversely affected. Our Krispy Kremers play a pivotal role in delivering exceptional service and creating memorable experiences for our consumers. They are indispensable for the smooth operation of our retail outlets, manufacturing facilities, and delivery logistics. Our ability to maintain the highest product quality, whether in our Hot Light Theater Shops or at one of our DFD access points, heavily relies on our Krispy Kremers. Furthermore, our continued success hinges on the ongoing contributions of our senior management and key personnel, and our ability to retain and motivate them. However, certain economic and social trends beyond our control, such as labor shortages, may pose challenges in recruiting and retaining talented Krispy Kremers, including our senior management and other key personnel. As our business continues to grow, it becomes increasingly challenging to identify and hire a sufficient number of employees and provide comprehensive training to ensure consistent product quality and outstanding consumer experiences worldwide. Given the recent changes to streamline our management structure, the departure of any key person could have a significant impact and would be potentially disruptive to our business until such time as a suitable replacement is hired. These changes may also increase the likelihood of turnover amongst our employees and impact our relationships with our customers and other market participants, which may create uncertainty concerning our future direction and

performance and negatively impact our ability to execute our business strategy quickly and effectively. Moreover, a failure to maintain an adequate number of employees with appropriate skill sets and talent could delay the execution of our operational strategies, result in loss of institutional knowledge, and reduce our supply of future management skill. Any of these consequences could adversely affect our business, operating results and financial condition. If we encounter difficulties in recruiting, retaining, and motivating Krispy Kremers to support our projected growth and strategic initiatives, it could have a substantial quantity of gasoline material adverse effect on our overall operations. Changes in the availability for or cost of labor could adversely affect our delivery vehicle fleet serving our DFD business, financial condition, and results of operations. 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 substantial amounts of packaging materials escalating healthcare and workers' compensation insurance expenses. Additionally, including there may be a need to enhance wages and benefits to attract and retain highly skilled employees with the requisite expertise. Moreover, failure to adequately monitor and proactively respond to employee dissatisfaction could lead to poor guest satisfaction, higher turnover, litigation and unionization efforts, which could have an adverse effect on our iconic boxes results of operations. We could encounter challenges related to the availability of labor for in dozens, half-shop positions dozens, and three-packs of doughnuts. This shortage may be influenced by evolving Recent years have witnessed notable volatility in the prices of key commodities such as wheat and soybean oil, which constitute the primary components of flour and shortening, respectively. Additionally, the prices of sugar and gasoline have exhibited fluctuations. While we strive to leverage our market trends size to secure economies of scale in procurement, it is essential to recognize changing employment conditions, the emergence of new telecommuting job opportunities, and other factors that effective can reduce the pool of qualified talent for critical roles within our organization. The fluctuating landscape of labor availability and cost costs management cannot always be guaranteed. Unfavorable shifts in commodity prices have the potential to impact our profitability, underseering 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 our business, financial condition, subjecting us to significant monetary damages and other remedies results of operations. Our organization frequently encounters From time to time, we are party to various claims or, disputes involving various stakeholders, or legal proceedings including franchisees, suppliers, employees, customers, government entities, and others. These disputes could encompass a wide range of issues, including employment, intellectual property, operational, regulatory compliance, foreign exchange, tax, franchise, and contractual, and employment matters. They may also pertain to diverse areas such as personal injury, franchisee employment, real estate, environmental concerns, tort claims, intellectual property disputes, breaches of contract, data privacy issues, securities litigation, derivative actions, and various other legal matters. Notably, plaintiffs often seek substantial or undetermined amounts in damages, and lawsuits inherently carry uncertainties, some of which are beyond our control. We manage and mitigate certain legal risks through policies, terms of use, It is important to note that not all current or former employees may have valid arbitration agreements and waivers of class certification in place, limitations of liability, venue selection, choice-of-law, and certain arbitration agreements indemnification requirements. These requirements may be subject to differing interpretations, rulings, and legal frameworks in different U. S. federal, state, and foreign courts, and may not be enforceable fully protect us from specific claims, particularly in some jurisdictions certain states such as California where Private Attorney General Act claims are involved. Additionally, unfavorable rulings or developments may occur in cases unrelated to our direct involvement. Regardless of the merits of such lawsuits or our ultimate liability or settlement outcomes, legal proceedings can be costly to defend, divert management attention away from our core operations, and potentially impact our financial performance. Furthermore, in cases involving insured claims, a judgment for monetary damages that could exceeds - exceed our insurance coverage which could have an adverse implications for effect on our financial position and operational results. Moreover, any adverse publicity resulting from these allegations may in any such claims or disputes could negatively impact our reputation, potentially affecting our 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 face acknowledge the potential adverse impacts stemming from litigation, regulatory actions, and consumer or government complaints related to food quality, illness, injuries, health concerns, or operational issues. These concerns may arise from individual shops or a limited number of shops, including those operated by our franchisees. Additionally, they such risks may emerge-increase as we introduce new products or expand distribution channels, such as our DFD business channels, and our business becomes subject to new regulations and higher regulatory scrutiny. It There is important increasing legal, legislative and regulatory focus on the industry, particularly concerning menu labeling and packaging. This scrutiny is largely due to note-concerns that the practices and offerings of food service companies may contribute to issues like poor nutrition, excessive caloric intake, obesity, or other health issues among consumers. class-Class action lawsuits have been filed against various food service businesses, including quick-service restaurants. These lawsuits may allege, among other things, the failure to disclose health risks associated with high-fat foods and marketing practices that encourage obesity. Given that one of our core competitive advantages lies in the taste and quality of our doughnuts and indulgent products, adverse publicity or regulations related to food quality or similar concerns have a more pronounced impact on our business compared to food service businesses that primarily compete on other factors. Changes in regulations addressing such health issues, changes in interpretations of such regulations by relevant regulators, or the introduction of new legislation could affect any of our operational markets. Failure to effectively adapt to these changes or to comply with new regulations could adversely affect our business, financial condition, and results of

operations. Furthermore, in the event that **any** such lawsuits or claims result in unfavorable judgments or due to litigation costs, regardless of the final outcome, we may face significant liabilities. ~~We remain committed to upholding our reputation for taste and quality while diligently addressing these 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 operate within the regulatory framework established by the Federal Trade Commission and domestic and foreign laws governing the offer and sale of franchises. **Any** ~~The importance of adhering to these regulations cannot be overstated, as any~~ failure to obtain or maintain approvals for offering franchises could result in the loss of potential franchise revenues and revenues generated through our Market Development segment. Furthermore, ~~it is essential to recognize that both domestic and foreign laws not only~~ oversee the procedural aspects of offering franchises ~~but and~~ also regulate substantive aspects of our relationships with franchisees. These laws may impose limitations on our ability to terminate or 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~~ **Failure to comply with any of these laws or regulations** could **have a material** ~~adversely~~ **adverse affect-effect on** our business, financial condition, and results of operations. ~~We anticipate that federal~~ **Federal** legislation concerning mandated health benefits and **potential state** minimum wage regulations ~~will has lead-~~ **led** to increased costs for ~~both our organization and our domestic franchisees.~~ Over recent years, several **U. S.** states have already raised their minimum wage rates, and ~~there--~~ **the U. S. is mounting pressure for similar increases on a federal level** **government or certain other states and localities may also elect to do so**. Additionally, for employees whose compensation is set above but tied to the applicable minimum wage, further ~~hikes-increases~~ in the minimum wage could result in higher labor expenses. These cost increases may also be influenced by inflationary pressures and potential labor market shortages. Our relationships with employees are governed by various federal and state labor laws, which play a pivotal role in shaping our operational costs. These laws encompass aspects such as employee classifications as exempt or non-exempt, minimum wage stipulations, unemployment tax rates, workers' ~~compensation~~ **compensation** rates, overtime regulations, family leave policies, safety standards, payroll taxes, citizenship requirements, and other wage and benefit prerequisites for employees classified as non-exempt. The future trajectory of government regulations in these areas remains uncertain, and we may be subject to substantial changes or reforms stemming from legislative initiatives related to labor laws, healthcare laws, or other regulations impacting our labor costs. The imposition of additional government regulations may introduce heightened compliance costs, and noncompliance with these regulations could potentially lead to litigation. **Additional** ~~Considering these factors, in combination with other potential increases in labor expenses, there is a possibility of material adverse effects on our business, financial condition, and operational results. We remain vigilant in monitoring developments in labor-related legislation-regulation to adapt-~~ **or further increases in labor expenses could increase our costs** and **adversely affect our business, financial condition, and** ~~comply accordingly.~~ Our annual effective income tax rate can change materially as a result ~~results~~ of **operations** 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. The impact of potential changes in tax laws on our future effective tax ~~rates-~~ **rate** and the value of our deferred tax assets ~~remains is~~ uncertain and has not been fully determined. Additionally, our income tax returns are subject to examination by the Internal Revenue Service and other tax authorities. While we have taken ~~appropriate~~ **appropriate** measures to provision for taxes in the jurisdictions where we operate, ~~alterations~~ **changes** in tax laws **or interpretations thereof** or challenges from tax authorities based on existing tax laws could have **an** ~~adverse repercussions-effect~~ **effect** on our business, financial condition, and ~~operational~~ **operational** results of **operations**. Our overall effective income tax rate is calculated as our total tax expense relative to total earnings before **income** tax. It is important to note that income tax expense and benefits are recognized 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, potentially resulting in an increase in our overall tax rate. Changes in the distribution of earnings (or losses) among different jurisdictions and the assumptions employed in calculating income taxes, among other factors, can exert a significant influence on our overall effective income tax rate. Furthermore, adjustments to tax laws and modifications made by regulatory authorities have the potential to significantly impact 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** ~~adversely affect~~ our results. ~~The full realization of~~ **operations** ~~our deferred tax assets may be affected by a number of factors, including future earnings and the feasibility of ongoing planning strategies.~~ We hold deferred tax assets, 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, reducing the deferred tax assets **primarily** associated with U. S. federal tax credits, as well as foreign and state and local net operating loss carryforwards, to an amount deemed more likely than not to be realized. The realization of these deferred tax assets hinges on our ability to generate future taxable income within each respective jurisdiction during the periods when these temporary differences reverse, or **on** our capability to carry back any losses resulting from the deduction of these temporary differences. ~~Our~~ **It is essential to acknowledge that our** existing deferred tax assets and tax credits could potentially expire or become unavailable to offset future income tax liabilities due to legal or regulatory changes. Such changes ~~may~~ **include** suspension on the use of deferred tax assets and tax credits imposed by certain jurisdictions **from time to time**, possibly with retroactive effects. ~~effect~~ **effect**. For instance, during the COVID-19 pandemic, Illinois temporarily suspended the use of specific net operating losses and tax credits to offset revenue losses. Similar limitations on

certain deferred tax assets and tax credits could be enforced by other jurisdictions. We anticipate realizing these deferred tax assets over an extended period. However, if we encounter challenges in generating sufficient future taxable income in the U. S. and / or certain foreign jurisdictions, or if there is a significant alteration in the timeframe within which the underlying temporary differences become taxable or deductible, we may be compelled to augment our valuation allowances against our deferred tax assets. Such an adjustment could lead to an increase in our effective tax rate. We remain diligent **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 affect our business and reputation.** Interest in managing as well as dissatisfaction with Responsibility considerations by consumers, investors, governmental authorities, and various stakeholders may impact our operations and compliance obligations. Responsibility encompasses a broad spectrum of factors, including climate change, greenhouse gas emissions, packaging and waste management, human rights, sustainable supply chain practices, animal welfare, deforestation, and responsible use of land, energy, and water resources. Recent years have seen the introduction of new Responsibility disclosure requirements in various jurisdictions. The evolving nature and complexity of these rules and regulations, together with evolving stakeholder expectations, render compliance more challenging and uncertain. Moreover, we have and in the future may establish certain commitments, targets, or goals related to Responsibility matters. Our ability to meet these commitments and navigate the associated risks is subject to various external factors and uncertainties, many of which are beyond our control. If we are not successful or are perceived as ineffective in achieving our stated goals, or if stakeholders are dissatisfied with our Responsibility strategy or actions we take in response to Responsibility- related matters, we could be exposed to market, operational, or reputational challenges and costs. Any failure or perceived failure to adequately address these considerations to optimize in line with legal requirements ~~our~~ or financial position ~~stakeholder expectations~~ could have an adverse effect on our business or brand reputation. 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 common- law trademark rights in the U. S. , complemented by as well as numerous trademark and service mark registrations both domestically and internationally. Our **continued success depends, to a significant degree, upon our ability to protect and preserve our** intellectual property portfolio ~~encompasses ingredient, including our~~ formulas, trademarks, **trade dress**, copyrights, patents, business processes, and other valuable trade secrets. We view our trademarks and other intellectual property rights as integral to our success and competitive positioning. To safeguard these assets, we rely on a comprehensive strategy encompassing legal protections offered by trademark registrations, contracts, **confidentiality agreements**, copyrights, patents, and common law rights, such as protections against unfair competition, passing off, and trade secret violations. ~~We~~ protection of our trade secrets and proprietary knowledge, we engage in the practice of ~~entering~~ **enter** into non- disclosure and confidentiality agreements with **employees, corporate collaborators, contractors, consultants, advisors, suppliers, and other** individuals and entities who may have access to this confidential information. This includes our employees, corporate collaborators, external contractors, consultants, advisors, and other third parties. However, we cannot guarantee that such agreements have been established **may not be in place** with every relevant party, and there exists the possibility that any of these parties may breach these agreements, ~~thereby divulging and our~~ **confidentiality agreements may otherwise not effectively prevent disclosure of** our proprietary information. Furthermore, pursuing legal action against a party alleged to have unlawfully disclosed or misappropriated a trade secret is a challenging, costly, and time- consuming process with an uncertain outcome, **and we may not obtain an adequate remedy in the event of unauthorized disclosure of such information**. Moreover ~~In addition~~, it is feasible that others may independently ~~discover~~ **develop formulas and processes that are the same or similar to** our trade secrets and confidential information. In such instances, we ~~which~~ would ~~could~~ be unable **limit our ability to enforce** assert any trade secret rights against ~~these~~ **such** parties. Despite our proactive efforts to secure, maintain, safeguard, and enforce our trademarks, service marks, and other intellectual property rights, ~~there~~ **these** ~~can~~ **efforts may not** be **sufficient** no absolute guarantee that these protections will be universally applicable. Challenges such as potential infringements, challenges to validity, declarations of generic status, circumvention, or violations may arise. Furthermore, the effectiveness of intellectual property protection may vary across countries where our brands have existing or potential shops or facilities. The intellectual property laws of certain foreign countries may not provide the same level of 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 **may fail to** consistently uphold the quality of goods and services under our brand trademarks or consistently adhere to the guidelines we establish for preserving our brand ^{1, 2} intellectual property rights. The defense and enforcement of our trademarks and other intellectual property could entail substantial resource allocation and potentially impact our business, reputation, financial standing, and operational results. Furthermore, our brands may become targets of infringement claims, potentially impacting the use of specific names, trademarks, or proprietary knowledge, recipes, and trade secrets integral to our business. The defense against such claims can be costly, and in some cases, it may 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. Any of these outcomes **could have** ~~has~~ **the potential to exert** a negative ~~influence~~ **impact** on our business, reputation, financial condition, and operational results. We remain vigilant in protecting and managing our intellectual property assets. **Loss of our trade secret recipes..... financial condition, and results of operations**. Health epidemics or pandemics can have detrimental effects on consumer spending, confidence levels, supply chain availability, and associated costs within the markets where we and our franchisees operate. These factors can collectively influence our business, financial standing, and operational results. A notable instance of this was the global spread of the COVID- 19 epidemic in recent years, which disrupted global health, economic conditions, consumer behaviors, and food service operations. While we have implemented measures to address significant public health risks on a

large scale, we acknowledge the potential for future outbreaks to impact our shops and other facilities. Such outbreaks may result in a substantial portion of our workforce or the workforce of our business partners being unable to work. Furthermore, our business is influenced by shifting consumer preferences and perceptions. Concerns regarding virus transmission have prompted employees and guests to avoid congregating in public places, leading to adverse effects on guest traffic at our locations and the ability to adequately staff our shops. The COVID- 19 pandemic has triggered changes in consumer behaviors, some of which ~~may have endured~~ **endured or and may** continue ~~evolving to evolve~~ **evolving to evolve** even ~~after though~~ **after though** the pandemic ~~has subsided~~ **subsid**. These shifts have already had and may continue to exert negative impacts on consumer traffic and the 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, **natural disasters, war or terrorist attacks, pandemics, or other catastrophic events** could ~~have an adverse~~ **adversely** ~~adversely affect~~ **adversely affect** our business. ~~Unfavorable~~ **Unforeseen events such as severe adverse** weather conditions ~~have~~, **earthquakes, hurricanes, tornadoes, flooding, and the other potential natural disasters, wars or terrorist attacks, pandemics, or other catastrophic events, as well as the actions taken in response** to **these unforeseen events could** affect guest traffic at our Company- owned and franchisee- operated shops. In more extreme scenarios, ~~such as hurricanes, tornadoes, flooding, or other natural disasters, which may be exacerbated by the effects of climate change,~~ temporary shop closures may become necessary, sometimes for extended durations. ~~Such closures~~ **If our disaster recovery and business continuity plans do not resolve disruptions caused by these unforeseen events in an effective and timely manner, they would** ~~could~~ **invariably result in prolonged interruptions in our operations and could** have an adverse ~~impact~~ **effect** on our ~~shop sales~~, **business, financial condition, and results of operations**. Moreover, fluctuations in weather patterns can lead to construction delays, disruptions in the availability of utilities, and potential shortages or interruptions in the supply of food items and other essential supplies. **In addition, actual or threatened armed conflicts, such as the war in Ukraine and conflicts in the Middle East, terrorist attacks, efforts to combat terrorism, or heightened security requirements have and may in the future adversely affect our operations.** These developments ~~could~~ **could** have the potential to increase our operational costs and pose challenges to our supply chain ~~and could have~~. We remain vigilant in monitoring weather- related risks and ~~an adverse effect on~~ **an adverse effect on** their potential consequences for our business, **financial condition, and results of** operations. **Risks Related to Responsibility 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. Furthermore, the growing emphasis on Responsibility considerations by consumers, investors, governmental authorities, and various stakeholders may impact our operations and compliance obligations. Responsibility encompasses a broad spectrum of factors, including climate change, greenhouse gas emissions, packaging and waste management, human rights, sustainable supply chain practices, animal welfare, deforestation, and responsible use of land, energy, and water resources. Recent years have seen the introduction of disclosure requirements by entities such as the U. S. Congress, the U. S. Securities and Exchange Commission, the European Union, and the Nasdaq stock exchange, which either have already prompted or may in the future encourage or mandate us to adopt new practices for managing and reporting on Responsibility- related risks. The evolving nature and complexity of these rules and regulations render compliance more challenging and uncertain. Consequently, these changing regulatory frameworks, together with evolving stakeholder expectations, have led to increased general and administrative expenses and have necessitated greater management time and attention dedicated to achieving compliance and meeting these standards. Moreover, as part of our commitment to making a positive global impact, we have established specific commitments, targets, and goals related to Responsibility concerns. We are also evaluating opportunities to expand these commitments further. It is important to note that our competitors may not share a similar level of ambition in setting environmental or sustainability objectives, potentially leading to lower supply chain and operational costs for them. We may choose to communicate these commitments, targets, and goals through public disclosures. Nevertheless, our ability to meet these commitments and navigate the associated risks is subject to various external factors and uncertainties, many of which are beyond our control. If we are not successful, or if we are perceived as ineffective, in achieving our Responsibility strategy or in mitigating Responsibility- related risks to our business, we could be exposed to market, operational, reputational, and execution challenges and costs. **Risks Related to an Investment in Us** Certain provisions of Delaware Law, **our certificate of incorporation, and our bylaws and** the ~~Investors-~~ **Investor**² 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. Several provisions within Delaware Law, our certificate of incorporation, and our bylaws are designed to create obstacles for third- party acquisition attempts without the consent of our Board of Directors or JAB Holdings B. V. (“ JAB ”), our largest beneficial shareholder. As a Delaware corporation, we are subject to Delaware General Corporation Law, ~~particularly (“ DGCL ”).~~ Section 203, ~~which of the DGCL~~ restricts certain shareholders owning over 15 % of our outstanding common stock (referred to as “ interested shareholders ”) from engaging in specific business combinations without approval from at least two- thirds of our outstanding common stock not held by the interested shareholder. Moreover, JAB wields substantial voting power over shares of our common stock eligible to vote in director elections and other shareholder votes through its affiliate, potentially influencing outcomes significantly. Additionally, our certificate of incorporation grants our Board of Directors the authority to issue preferred stock at their discretion, without the need for shareholder approval. This flexibility extends to the issuance of authorized but unissued shares of our common stock. These provisions can complicate and protract the process of replacing incumbent directors. These measures collectively serve as deterrents, potentially making it costly and challenging for a third party to initiate a tender offer, execute a change in control, or attempt a takeover that faces opposition from JAB, our management, or our Board of Directors. Public shareholders interested in participating in such transactions may find it difficult to do so, even if the deal would be beneficial for shareholders. Ultimately, these anti- takeover provisions could significantly hinder public shareholders¹ ability to realize benefits from a change in control or alterations in our management and Board of Directors, potentially impacting the market price of our common stock

and the opportunity to secure any potential change of control premium. Under the ~~Investors'~~ **Investor** Rights Agreement with JAB, they have specific rights to access certain Company information, which JAB is obligated to treat as confidential. This information includes management's monthly financial review reports, consolidated financial results for each fiscal quarter, and other information reasonably requested by JAB. Given these rights and JAB's representation on our Board of Directors, JAB enjoys privileged access to our management and early insights into our financial results compared to our other investors. Although JAB must adhere to relevant U. S. securities laws governing the trading of our securities while in possession of material non-public information, it will still have a more comprehensive understanding of our business and financial condition than individual shareholders for as long as its information rights persist under the ~~Investors'~~ **Investor** 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~~ **2024**, JAB held approximately ~~45~~ **44** % of our common stock through its affiliate, conferring upon it significant influence over crucial matters requiring shareholder approval. This influence extends to decisions such as electing directors, facilitating mergers, consolidations, and acquisitions, disposing of substantial assets, and shaping our capital structure. Additionally, JAB possesses the authority to amend our certificate of incorporation and bylaws, and influence our winding up and dissolution procedures. This level of concentrated ownership could potentially lead to delays, deterrents, or the prevention of actions that may be favored by our other shareholders. ~~It is important to note that~~ JAB's interests may not always align with those of our broader shareholder base. Furthermore, this concentration of ownership has the potential to hinder or discourage any attempts at a change in control of ~~our~~ **the** Company. The concentration of voting power could also impact shareholders by limiting the opportunity to receive a premium for their common stock shares in the event of a sale of the Company, which, in turn, may affect the market price of our common stock. JAB might also seek to push us in directions that it deems beneficial for its own investment but could carry risks for other shareholders or negatively impact our Company and its stakeholders. As a result, there is a possibility that the market price of our common stock could decline, or shareholders may not receive a premium above the prevailing 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, as some may perceive drawbacks in owning shares in a company 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's affiliate ~~affiliates~~ may possess the capability to sell the Company's common stock shares they hold to the public markets, following the stipulations outlined in Rule 144. The substantial sale of our shares by JAB's affiliate, or the mere anticipation of such sales, could potentially exert a significant downward pressure on the market price of our common stock. A decrease in the value of our common stock could hinder our 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 plan to distribute cash dividends to our common stockholders on a quarterly basis, contingent upon the discretion of our Board of Directors and our adherence to applicable regulations. The decision to declare dividends will be influenced by a range of factors, including our financial performance, capital needs, business prospects, legal requirements, contractual obligations, restrictions imposed by applicable laws, and other relevant considerations, all of which will be evaluated by our Board of Directors **in accordance with applicable law**. Furthermore, our capacity to pay dividends may be constrained by the terms outlined in our existing debt agreements or any future debt or preferred equity securities we may undertake. It is important to recognize that our dividend policy carries inherent risks and constraints, particularly regarding our available liquidity. When we opt to distribute cash dividends instead of reinvesting those funds in our operations or repaying outstanding debts, we run the risk of impeding our business expansion, potentially facing liquidity challenges, or limiting our ability to secure additional financing. Our Board of Directors will regularly assess the cash generated from our operations and the capital requirements necessary to support our growth strategies. Based on this evaluation, they may decide to modify the amount of regular dividends and may also consider declaring periodic special dividends. However, ~~it is essential to note that~~ there is no guarantee that our Board of Directors will not make adjustments to the timing or amount of regular cash dividends or decide to discontinue dividend payments altogether. ~~We have incurred significant indebtedness, which could adversely affect us, including decreasing our business flexibility and increasing our interest expense.~~ Our Company bears a substantial burden of indebtedness, which carries potential adverse consequences, such as constraining our operational flexibility and elevating our interest expenses. This indebtedness has the potential to limit the funds available for critical aspects of our business, including working capital, capital expenditures, acquisitions, and fulfilling our obligation to repay or refinance maturing debt, in addition to other general corporate requirements. Furthermore, it places us at a competitive disadvantage relative to companies with lower levels of debt. If our financial performance falls short of current expectations, servicing our debt could become challenging. Additionally, there is the possibility that we may incur additional indebtedness, guarantees, commitments, or liabilities in the future. The need for refinancing, in part or in full, of our existing indebtedness before maturity is a distinct possibility. There is no guarantee that we will be able to secure refinancing on favorable terms, if at all. Should our business fail to generate sufficient cash flow from operations or if we encounter difficulty securing future debt or equity financing on acceptable terms and in sufficient amounts to meet our debt obligations or address other liquidity requirements, our financial health and operational results may suffer. Moreover, credit rating agencies assess our creditworthiness by considering our capital structure, financial policies, as well as our financial position and operating results at the time. A downgrade in our credit ratings could occur due to changes in our capital structure, shifts in the methodology used by credit rating agencies to evaluate our creditworthiness, their perceptions of credit market conditions impacting our current or future financial position, or other factors. Such a downgrade could lead to increased borrowing costs. Furthermore, a significant credit rating downgrade may reduce financial institutions' willingness to participate in our vendor finance programs and diminish their attractiveness to suppliers who may seek to sell payment obligations to financial institutions. Additionally, a significant credit rating downgrade might restrict our business's flexibility to engage in certain transactions, including the execution and renewal of specific leases.

