

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **April 3, 2022**

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: **001-04321**



Krispy Kreme, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation)

37-1701311

(IRS Employer Identification No.)

2116 Hawkins Street, Charlotte, North Carolina 28203

(Address of principal executive offices)

(800) 457-4779

(Registrant's telephone number, including area code)

N/A

(Former name or former address, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, \$0.01 par value per share	DNUT	Nasdaq Global Select Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). ☐ Yes ☒ No

APPLICABLE ONLY TO CORPORATE ISSUERS:

The registrant had outstanding 167,296,522 shares of common stock as of May 4, 2022.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

Krispy Kreme, Inc. Condensed Consolidated Statements of Operations (Unaudited) (in thousands, except per share amounts)

	Quarter Ended	
	April 3, 2022 (13 weeks)	April 4, 2021 (13 weeks)
Net revenues		
Product sales	\$ 364,052	\$ 313,585
Royalties and other revenues	8,480	8,224
Total net revenues	372,532	321,809
Product and distribution costs	96,111	79,997
Operating expenses	168,726	147,541
Selling, general and administrative expense	53,711	49,537
Marketing expenses	10,159	9,507
Pre-opening costs	1,329	1,391
Other income, net	(2,633)	(3,245)
Depreciation and amortization expense	27,841	23,401
Operating income	17,288	13,680
Interest expense, net	7,351	8,249
Interest expense — related party	—	5,566
Other non-operating income, net	(321)	(442)
Income before income taxes	10,258	307
Income tax expense	3,800	685
Net income/(loss)	6,458	(378)
Net income attributable to noncontrolling interest	2,456	2,683
Net income/(loss) attributable to Krispy Kreme, Inc.	\$ 4,002	\$ (3,061)
Net income/(loss) per share:		
Common stock — Basic	\$ 0.02	\$ (0.03)
Common stock — Diluted	\$ 0.02	\$ (0.03)
Weighted average shares outstanding:		
Basic	167,261	124,987
Diluted	169,485	124,987

See accompanying notes to Condensed Consolidated Financial Statements.

Krispy Kreme, Inc.
Condensed Consolidated Statements of Comprehensive Income/(Loss) (Unaudited)
(in thousands)

	Quarter Ended	
	April 3, 2022 (13 weeks)	April 4, 2021 (13 weeks)
Net income/(loss)	\$ 6,458	\$ (378)
Other comprehensive income/(loss), net of income taxes:		
Foreign currency translation adjustment	1,334	(2,264)
Unrealized income on cash flow hedges, net of income taxes ⁽¹⁾	14,234	5,102
Total other comprehensive income, net of income taxes	15,568	2,838
Comprehensive income	22,026	2,460
Net income attributable to noncontrolling interest	2,456	2,683
Total comprehensive income attributable to noncontrolling interest	2,456	2,683
Comprehensive income/(loss) attributable to Krispy Kreme, Inc.	\$ 19,570	\$ (223)

1. Net of income tax expense of \$4.7 million for the quarter ended April 3, 2022, and \$1.7 million for the quarter ended April 4, 2021.

See accompanying notes to Condensed Consolidated Financial Statements.

Krispy Kreme, Inc. Condensed Consolidated Balance Sheets
(in thousands, except per share amounts)

	As of	
	(Unaudited) April 3, 2022	January 2, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 31,615	\$ 38,562
Restricted cash	676	630
Accounts receivable, net	44,705	47,491
Inventories	41,045	34,851
Taxes receivable	11,723	14,662
Prepaid expense and other current assets	19,894	20,701
Total current assets	149,658	156,897
Property and equipment, net	442,509	438,918
Goodwill	1,105,123	1,105,322
Other intangible assets, net	985,544	992,520
Operating lease right of use asset, net	432,374	435,168
Other assets	18,046	16,429
Total assets	\$ 3,133,254	\$ 3,145,254
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 36,667	\$ 36,583
Current operating lease liabilities	49,474	50,359
Accounts payable	171,005	182,104
Accrued liabilities	105,727	140,750
Structured payables	132,374	116,361
Total current liabilities	495,247	526,157
Long-term debt, less current portion	680,693	680,307
Noncurrent operating lease liabilities	413,765	415,208
Deferred income taxes, net	149,605	145,418
Other long-term obligations and deferred credits	38,552	42,509
Total liabilities	1,777,862	1,809,599
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.01 par value; 300,000 shares authorized as of both April 3, 2022 and January 2, 2022; 167,297 and 167,251 shares issued and outstanding as of April 3, 2022 and January 2, 2022, respectively	1,673	1,673
Additional paid-in capital	1,419,831	1,415,185
Shareholder note receivable	(4,190)	(4,382)
Accumulated other comprehensive income/(loss), net of income tax	13,090	(2,478)
Retained deficit	(180,261)	(178,409)
Total shareholders' equity attributable to Krispy Kreme, Inc.	1,250,143	1,231,589
Noncontrolling interest	105,249	104,066
Total shareholders' equity	1,355,392	1,335,655
Total liabilities and shareholders' equity	\$ 3,133,254	\$ 3,145,254

See accompanying notes to Condensed Consolidated Financial Statements.

Krispy Kreme, Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(in thousands, except per share amounts)

	Common Stock				Accumulated Other Comprehensive Income/(Loss)					
	Shares Outstanding	Amount	Additional Paid-in Capital	Shareholder Note Receivable	Foreign Currency Translation Adjustment	Unrealized (Loss)/Income on Cash Flow Hedges	Unrealized Loss on Employee Benefit Plans	Retained (Deficit)/ Earnings	Noncontrolling Interest	Total
Balance at January 2, 2022	167,251	\$ 1,673	\$ 1,415,185	\$ (4,382)	\$ 8,967	\$ (11,001)	\$ (444)	\$ (178,409)	\$ 104,066	\$ 1,335,655
Net income for the quarter ended April 3, 2022	—	—	—	—	—	—	—	4,002	2,456	6,458
Other comprehensive income for the quarter ended April 3, 2022 before reclassifications	—	—	—	—	1,334	11,724	—	—	—	13,058
Reclassification from AOCI	—	—	—	—	—	2,510	—	—	—	2,510
Capital contribution by shareholders	—	—	(3)	243	—	—	—	—	—	240
Share-based compensation	—	—	5,041	—	—	—	—	—	—	5,041
Purchase of shares by noncontrolling interest	—	—	—	(58)	—	—	—	—	110	52
Dividends declared on common stock and equivalents (\$0.035 per share) ⁽¹⁾	—	—	—	—	—	—	—	(5,855)	—	(5,855)
Distribution to noncontrolling interest	—	—	—	21	—	—	—	—	(1,383)	(1,362)
Issuance of common stock upon settlement of RSUs, net of shares withheld	46	—	(390)	—	—	—	—	—	—	(390)
Other	—	—	(2)	(14)	—	—	—	1	—	(15)
Balance at April 3, 2022	167,297	\$ 1,673	\$ 1,419,831	\$ (4,190)	\$ 10,301	\$ 3,233	\$ (444)	\$ (180,261)	\$ 105,249	\$ 1,355,392

1. Includes a \$0.035 cash dividend per common share declared in the first quarter of fiscal 2022 and expected to be paid in the second quarter of fiscal 2022.

See accompanying notes to Condensed Consolidated Financial Statements.

Krispy Kreme, Inc.
Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(in thousands)

	Common Stock		Accumulated Other Comprehensive Income/(Loss)							
	Shares Outstanding	Amount	Additional Paid-in Capital	Shareholder Note Receivable	Foreign Currency Translation Adjustment	Unrealized Loss on Cash Flow Hedges	Unrealized Loss on Employee Benefit Plans	Retained (Deficit) Earnings	Noncontrolling Interest	Total
Balance at January 3, 2021	124,987	\$ 1,250	\$ 845,499	\$ (18,660)	\$ 23,508	\$ (24,610)	\$ (106)	\$ (142,197)	\$ 163,675	\$ 848,359
Net (loss)/income for the quarter ended April 4, 2021	—	—	—	—	—	—	—	(3,061)	2,683	(378)
Other comprehensive (loss)/income for the quarter ended April 4, 2021 before reclassifications	—	—	—	—	(2,264)	2,572	—	—	—	308
Reclassification from AOCI	—	—	—	—	—	2,530	—	—	—	2,530
Share-based compensation	—	—	2,368	—	—	—	—	—	—	2,368
Purchase of shares by noncontrolling interest	—	—	—	139	—	—	—	—	12,048	12,187
Distribution to noncontrolling interest	—	—	—	363	—	—	—	—	(2,239)	(1,876)
Other	—	—	(26)	(70)	—	—	—	2	(1)	(95)
Balance at April 4, 2021	124,987	\$ 1,250	\$ 847,841	\$ (18,228)	\$ 21,244	\$ (19,508)	\$ (106)	\$ (145,256)	\$ 176,166	\$ 863,403

See accompanying notes to Condensed Consolidated Financial Statements.

Krispy Kreme, Inc.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Quarter Ended	
	April 3, 2022 (13 weeks)	April 4, 2021 (13 weeks)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income/(loss)	\$ 6,458	\$ (378)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:		
Depreciation and amortization expense	27,841	23,401
Deferred income taxes	(822)	593
Impairment and lease termination charges	218	1,151
Loss on disposal of property and equipment	24	116
Gain on sale-leaseback	(2,374)	—
Share-based compensation	5,041	2,368
Change in accounts and notes receivable allowances	(156)	180
Inventory write-off	251	870
Other	(1,345)	(2,798)
Change in operating assets and liabilities, excluding business acquisitions and foreign currency translation adjustments	(6,745)	15,138
Net cash provided by operating activities	28,391	40,641
CASH FLOWS USED FOR INVESTING ACTIVITIES:		
Purchase of property and equipment	(29,460)	(30,297)
Proceeds from disposals of assets	8	43
Proceeds from sale-leaseback	3,000	—
Acquisition of shops and franchise rights from franchisees, net of cash acquired	—	(33,568)
Principal payments received from loans to franchisees	15	—
Maturities of held-to-maturity debt securities	—	169
Net cash used for investing activities	(26,437)	(63,653)
CASH FLOWS (USED FOR)/FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of debt	28,000	40,000
Repayment of long-term debt and lease obligations	(28,697)	(14,629)
Proceeds from structured payables	74,180	65,550
Payments on structured payables	(58,361)	(64,418)
Payment of contingent consideration related to a business combination	(900)	—
Capital contribution by shareholders	240	—
Payments of issuance costs in connection with IPO	(12,458)	—
Proceeds from sale of noncontrolling interest in subsidiary	52	12,187
Distribution to shareholders	(5,855)	—
Payments for repurchase and retirement of common stock	(1,466)	—
Distribution to noncontrolling interest	(1,362)	(1,876)
Net cash (used for)/provided by financing activities	(6,627)	36,814
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2,228)	(507)
Net (decrease)/increase in cash, cash equivalents and restricted cash	(6,901)	13,295
Cash, cash equivalents and restricted cash at beginning of period	39,192	37,483
Cash, cash equivalents and restricted cash at end of period	\$ 32,291	\$ 50,778
Supplemental schedule of non-cash investing and financing activities:		
Increase in accrual for property and equipment	\$ 5,489	\$ 1,123
Stock issuance under shareholder notes	191	446
Accrual for distribution to shareholders	(5,855)	—
Reconciliation of cash, cash equivalents and restricted cash at end of period:		
Cash and cash equivalents	\$ 31,615	\$ 50,650
Restricted cash	676	128
Total cash, cash equivalents and restricted cash	\$ 32,291	\$ 50,778

See accompanying notes to Condensed Consolidated Financial Statements.

Krispy Kreme, Inc.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(dollars in thousands, unless otherwise specified)

Note 1 — Description of Business and Summary of Significant Accounting Policies

Description of Business

Krispy Kreme, Inc. (“KKI”) and its subsidiaries (collectively, the “Company” or “Krispy Kreme”) operates through its omni-channel business model to provide doughnut experiences and produce doughnuts for Doughnut Shops, Delivered Fresh Daily (“DFD”) outlets, Ecommerce and delivery, and Krispy Kreme branded sweet treats (“Branded Sweet Treat Line”) channels, expanding consumer access to the Krispy Kreme brand.

The Company has three reportable operating segments: 1) U.S. and Canada, which includes all Krispy Kreme Company-owned operations in the U.S. and Canada, Insomnia Cookies shops and the Branded Sweet Treat Line; 2) International, which includes all Krispy Kreme Company-owned operations in the U.K., Ireland, Australia, New Zealand and Mexico; and 3) Market Development, which includes franchise operations across the globe, as well as Krispy Kreme Company-owned shops in Japan. Unallocated corporate costs are excluded from the Company’s measurement of segment performance.

Basis of Presentation and Consolidation

The Company operates and reports financial information on a 52 or 53-week year with the fiscal year ending on the Sunday closest to December 31. The data periods contained within fiscal years 2021 and 2022 reflect the results of operations for the 52-week periods ended January 2, 2022 and January 1, 2023, respectively. The quarters ended April 3, 2022 and April 4, 2021 were both 13-week periods.

The unaudited Condensed Consolidated Financial Statements include the accounts of KKI and subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Accordingly, these interim financial statements do not include all information and footnotes required under U.S. GAAP for complete financial statements. In the opinion of management, the accompanying unaudited Condensed Consolidated Financial Statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of results of operations, balance sheet, cash flows, and shareholders’ equity for the periods presented. All significant intercompany balances and transactions among KKI and subsidiaries have been eliminated in consolidation. Investments in entities over which the Company has the ability to exercise significant influence but which it does not control and whose financial statements are not otherwise required to be consolidated, are accounted for using the equity method.

These Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto as of and for the year ended January 2, 2022, included in the Annual Report on Form 10-K. The Condensed Consolidated Balance Sheet as of January 2, 2022 was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements. The results of operations for the first quarter ended April 3, 2022 are not necessarily indicative of the results of operations that may be achieved for the entire fiscal year ending January 1, 2023.

Noncontrolling interest in the Company’s Condensed Consolidated Financial Statements represents the interest in subsidiaries held by joint venture partners and employee shareholders. The joint venture partners hold noncontrolling interests in the Company’s consolidated subsidiaries, Awesome Doughnut, LLC (“Awesome Doughnut”), W.K.S. Krispy Kreme, LLC (“WKS Krispy Kreme”), and Krispy K Canada, Inc. (“KK Canada”). Employee shareholders hold noncontrolling interests in the consolidated subsidiaries Krispy Kreme Holding U.K. Ltd. (“KKUK”), Krispy Kreme Holdings Pty Ltd. (“KK Australia”), Krispy Kreme Mexico S. de R.L. de C.V. (“KK Mexico”) and Insomnia Cookies Holdings, LLC (“Insomnia Cookies”). Since the Company consolidates the financial statements of these subsidiaries, the noncontrolling owners’ share of each subsidiary’s net assets and results of operations are deducted and reported as noncontrolling interest on the Condensed Consolidated Balance Sheets and as net income attributable to noncontrolling interest in the Condensed Consolidated Statements of Operations and comprehensive income attributable to noncontrolling interest in the Condensed Consolidated Statements of Comprehensive Income/(Loss).

Summary of Significant Accounting Policies

The Company's significant accounting policies are described in Note 1, "Description of Business and Summary of Significant Accounting Policies," to the Consolidated Financial Statements for the year ended January 2, 2022 included in the Annual Report on Form 10-K. There have been no material changes to the significant accounting policies during the quarter ended April 3, 2022.

Reclassifications

As previously disclosed in the Quarterly Report on Form 10-Q issued for the second quarter of fiscal 2021, on the Condensed Consolidated Statements of Operations, Marketing expenses have been reclassified (formerly presented within Selling, general and administrative expense) to be consistent with the current quarter presentation. This reclassification does not have a significant impact on the reported financial position and does not impact the results of operations or cash flows.

Recent Accounting Pronouncements

In April 2021, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which provides companies with optional guidance to ease the potential accounting burden associated with transitioning away from reference rates that are expected to be discontinued. It is effective for all entities as of March 12, 2020 through December 31, 2022. A company may elect to apply the amendments for contract modifications as of any date from the beginning of an interim period that includes or is subsequent to March 12, 2020, or prospectively from a date within an interim period that includes or is subsequent to March 12, 2020, up to the date that the financial statements are available to be issued. The Company is currently evaluating the effect of the new guidance on its Condensed Consolidated Financial Statements and related disclosures.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which prescribes the measurement of acquired contract assets and contract liabilities arising from revenue contracts with customers recognized in a business combination. It is effective for public business entities for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The amendments in this update should be applied prospectively to business combinations occurring on or after the effective date of the amendments. Early adoption is permitted, including adoption in an interim period. The Company is currently evaluating the effect of the new guidance on its Condensed Consolidated Financial Statements and related disclosures.

In November 2021, the FASB issued ASU 2021-10, *Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*, which requires certain disclosures to be made when an entity receives government assistance, including the types of assistance, an entity's accounting for the assistance, and the effect of the assistance on an entity's financial statements. It is effective for all entities for financial statements issued for annual periods beginning after December 15, 2021. Early application of the amendments is permitted. The Company is currently evaluating the effect of the new guidance on its annual disclosures.

Note 2 — Acquisitions*2022 Acquisitions*

In the quarter ended April 3, 2022, there were no acquisitions.

2021 Acquisitions

In the first quarter of fiscal 2021, the Company acquired the business and operating assets of two franchisees, collectively consisting of 17 Krispy Kreme shops in the U.S. On October 4, 2021, the Company acquired a 60% controlling ownership interest in ten franchise shops in Canada (KK Canada). The valuation for the acquisitions requires significant estimates and assumptions. The estimates are inherently uncertain and subject to revision as additional information is obtained during the measurement period for the acquisitions. Measurement period adjustments for the 2021 acquisitions did not have a material impact to the Condensed Consolidated Financial Statements for the quarter ended April 3, 2022.

Note 3 — Inventories

The components of Inventories are as follows:

	April 3, 2022	January 2, 2022
Raw materials	\$ 17,042	\$ 15,278
Work in progress	444	700
Finished goods and purchased merchandise	23,559	18,873
Total inventories	\$ 41,045	\$ 34,851

Note 4 — Goodwill and Other Intangible Assets, net

Goodwill

Changes in the carrying amount of goodwill by reportable segment are as follows:

	U.S. and Canada	International	Market Development	Total
Balance as of January 2, 2022	\$ 688,048	\$ 283,342	\$ 133,932	\$ 1,105,322
Foreign currency impact	295	(494)	—	(199)
Balance as of April 3, 2022	\$ 688,343	\$ 282,848	\$ 133,932	\$ 1,105,123

Acquisitions of franchises result in a reclassification of goodwill between segments.

Other Intangible Assets, net

Other intangible assets consist of the following:

	April 3, 2022			January 2, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Intangible assets with indefinite lives						
Trade name	\$ 657,900	\$ —	\$ 657,900	\$ 657,900	\$ —	\$ 657,900
Intangible assets with definite lives						
Franchise agreements	32,545	(8,756)	23,789	32,545	(8,369)	24,176
Customer relationships	15,000	(4,899)	10,101	15,000	(4,684)	10,316
Reacquired franchise rights	383,941	(90,187)	293,754	384,305	(84,177)	300,128
Website development costs	6,500	(6,500)	—	6,500	(6,500)	—
Total intangible assets with definite lives	437,986	(110,342)	327,644	438,350	(103,730)	334,620
Total intangible assets	\$ 1,095,886	\$ (110,342)	\$ 985,544	\$ 1,096,250	\$ (103,730)	\$ 992,520

Amortization expense related to intangible assets included in depreciation and amortization expense was \$7.3 million for the quarter ended April 3, 2022 and \$7.4 million for the quarter ended April 4, 2021.

Note 5 — Leases

The Company included the following amounts related to operating and finance lease assets and liabilities within the Condensed Consolidated Balance Sheets:

		As of	
		April 3, 2022	January 2, 2022
Assets	Classification		
Operating lease	Operating lease right of use asset, net	\$ 432,374	\$ 435,168
Finance lease	Property and equipment, net	19,558	19,298
Total leased assets		\$ 451,932	\$ 454,466
Liabilities			
Current			
Operating lease	Current operating lease liabilities	\$ 49,474	\$ 50,359
Finance lease	Current portion of long-term debt	1,667	1,583
Noncurrent			
Operating lease	Noncurrent operating lease liabilities	413,765	415,208
Finance lease	Long-term debt, less current portion	23,129	22,890
Total leased liabilities		\$ 488,035	\$ 490,040

Lease costs were as follows:

		Quarter Ended	
		April 3, 2022	April 4, 2021
Lease cost	Classification		
Operating lease cost	Selling, general and administrative expense	\$ 564	\$ 710
Operating lease cost	Operating expenses	21,883	20,338
Short-term lease cost	Operating expenses	1,045	772
Variable lease costs	Operating expenses	5,007	3,079
Sublease income	Royalties and other revenues	(69)	(80)
Finance lease cost:			
Amortization of right of use assets	Depreciation and amortization expense	\$ 584	\$ 798
Interest on lease liabilities	Interest expense, net	445	593

Supplemental disclosures of cash flow information related to leases were as follows:

		Quarter Ended	
		April 3, 2022	April 4, 2021
Other information			
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases		\$ 25,080	\$ 22,196
Operating cash flows for finance leases		449	512
Financing cash flows for finance leases		447	879
Right-of-use assets obtained in exchange for new lease liabilities:			
Operating leases		\$ 7,833	\$ 26,275
Finance leases		284	1,788

There were no lease termination charges in the quarters ended April 3, 2022 and April 4, 2021.

In March 2022, the Company completed a sale-leaseback transaction whereby it disposed of the land at one real estate property for proceeds of \$3.0 million. The Company subsequently leased back the property, which is accounted for as an operating lease. The Company recognized a gain on sale of \$2.6 million, which is included in Other income, net on the Condensed Consolidated

Statement of Operations for the quarter ended April 3, 2022. There were no sale-leaseback transactions completed in the quarter ended April 4, 2021.

Note 6 — Fair Value Measurements

The following table presents assets and liabilities that are measured at fair value on a recurring basis as of April 3, 2022 and January 2, 2022:

	April 3, 2022		
	Level 1	Level 2	Level 3
Assets:			
401(k) mirror plan assets	\$ 104	\$ —	\$ —
Interest rate derivatives	—	4,311	—
Commodity derivatives	—	2,347	—
Total Assets	\$ 104	\$ 6,658	\$ —
Liabilities:			
Foreign currency derivatives	—	442	—
Total Liabilities	\$ —	\$ 442	\$ —

	January 2, 2022		
	Level 1	Level 2	Level 3
Assets:			
401(k) mirror plan assets	\$ 111	\$ —	\$ —
Commodity derivatives	—	1,486	—
Total Assets	\$ 111	\$ 1,486	\$ —
Liabilities:			
Foreign currency derivatives	—	80	—
Interest rate derivatives	—	14,667	—
Total Liabilities	\$ —	\$ 14,747	\$ —

There were no transfers of financial assets or liabilities among the levels within the fair value hierarchy during the quarter ended April 3, 2022 and fiscal year ended January 2, 2022. The Company's derivatives are valued using discounted cash flow analyses that incorporate observable market parameters, such as interest rate yield curves and currency rates.

Note 7 — Derivative Instruments

Commodity Price Risk

The Company uses forward contracts to protect against the effects of commodity price fluctuations in the cost of ingredients of its products, of which flour, sugar and shortening are the most significant, and the cost of gasoline used by its delivery vehicles. Management has not designated these forward contracts as hedges. As of April 3, 2022 and January 2, 2022, the total notional amount of commodity derivatives was 2.3 million and 1.9 million gallons of gasoline, respectively. They were scheduled to mature between April 4, 2022 and December 1, 2023 and January 3, 2022 and March 31, 2023, respectively. As of April 3, 2022 and January 2, 2022, the Company recorded an asset of \$2.3 million and \$1.5 million, respectively, related to the fair market values of its commodity derivatives. The settlement of commodity derivative contracts is reported in the Condensed Consolidated Statements of Cash Flows as a cash flow from operating activities.

Interest Rate Risk

The Company is exposed to interest rate risk related to its borrowing obligations. From time to time, the Company enters into interest rate swap arrangements to manage the risk. Management has designated the swap agreements as cash flow hedges and recognized the changes in the fair value of these swaps in other comprehensive income. As of April 3, 2022 and January 2, 2022, the Company has recorded assets of \$4.3 million and liabilities of \$14.7 million, respectively, related to the fair market values of its interest rate derivatives. The cash flows associated with the interest rate swaps are reflected in operating activities

in the Condensed Consolidated Statements of Cash Flows, which is consistent with the classification as operating activities of the interest payments on the term loan.

Foreign Currency Exchange Rate Risk

The Company is exposed to foreign currency risk primarily from its investments in consolidated subsidiaries that operate in Canada, the U.K., Ireland, Australia, New Zealand, Mexico and Japan. In order to mitigate foreign exchange fluctuations, the Company enters into foreign exchange forward contracts. Management has not designated these forward contracts as hedges. As of April 3, 2022 and January 2, 2022, the total notional amount of foreign exchange derivatives was \$73.6 million and \$51.8 million, respectively. They were scheduled to mature in April 2022 and between January 2022 and February 2022, respectively. The Company recorded a liability of \$0.4 million and \$0.1 million as of April 3, 2022 and January 2, 2022, respectively, related to the fair market values of its foreign exchange derivatives.

Quantitative Summary of Derivative Positions and Their Effect on Results of Operations

The following tables present the fair values of derivative instruments included in the Condensed Consolidated Balance Sheets as of April 3, 2022 and January 2, 2022, for derivatives not designated as hedging instruments and derivatives designated as hedging instruments, respectively. The Company only has cash flow hedges that are designated as hedging instruments.

Derivatives Not Designated as Hedging Instruments	Derivatives Fair Value		Balance Sheet Location
	April 3, 2022	January 2, 2022	
Commodity derivatives	\$ 2,347	\$ 1,486	Prepaid expense and other current assets
Total Assets	\$ 2,347	\$ 1,486	
Foreign currency derivatives	\$ 442	\$ 80	Accrued liabilities
Total Liabilities	\$ 442	\$ 80	

Derivatives Designated as Hedging Instruments	Derivatives Fair Value		Balance Sheet Location
	April 3, 2022	January 2, 2022	
Interest rate derivatives	\$ 3,097	\$ —	Prepaid expense and other current assets
Interest rate derivatives	1,214	—	Other assets
Total Assets	\$ 4,311	\$ —	
Interest rate derivatives	—	8,535	Accrued liabilities
Interest rate derivatives	—	6,132	Other long-term obligations and deferred credits
Total Liabilities	\$ —	\$ 14,667	

The effect of derivative instruments on the Condensed Consolidated Statements of Operations for the quarter ended April 3, 2022 and April 4, 2021 is as follows:

Derivatives Designated as Hedging Instruments	Derivative Gain/(Loss) Recognized in Income for the Quarter Ended		Location of Derivative Gain/(Loss) Recognized in Income
	April 3, 2022	April 4, 2021	
Loss on interest rate derivatives	\$ (2,510)	\$ (2,530)	Interest expense, net
	\$ (2,510)	\$ (2,530)	

Derivatives Not Designated as Hedging Instruments	Derivative Gain/(Loss) Recognized in Income for the Quarter Ended		Location of Derivative Gain/(Loss) Recognized in Income
	April 3, 2022	April 4, 2021	
Loss on foreign currency derivatives	\$ (363)	\$ (611)	Other non-operating income, net
Gain on commodity derivatives	861	993	Other non-operating income, net
	\$ 498	\$ 382	

Note 8 — Share-based Compensation

Restricted Stock Units (“RSUs”)

The Company and certain of its subsidiaries issue time-vested RSUs under their respective executive ownership plans and long-term incentive plans.

Effective March 22, 2022 (the “modification date”), the Company amended certain time-vested RSU agreements issued in fiscal 2021 to change the vesting terms to a graded-vesting schedule over a 54-month period subsequent to the original commencement date (with one-third vesting in 18 months following the vesting commencement date, one-third vesting in 36 months, and one-third vesting in 54 months). The impacted awards previously had a 54-month cliff vesting schedule. The modification affected approximately 615 grantees and approximately 1.1 million unvested RSUs. The amended vesting terms as of the modification date resulted in no incremental compensation cost and the remaining unrecognized compensation cost for each award will be recognized on a straight-line basis over the remaining requisite service period for the entire award.

The majority of new awards granted in the first quarter of fiscal 2022 vest over a 60-month period subsequent to the grant date (with 60% vesting during the third year following the grant date, 20% vesting during the fourth year, and 20% vesting at the end of the 60-month term).

RSU activity under the Company’s various plans during the periods presented is as follows:

<i>(in thousands, except per share amounts)</i>	Non-vested shares outstanding at January 2, 2022	Granted	Vested	Forfeited	Non-vested shares outstanding at April 3, 2022
KKI					
RSUs	5,866	888	73	152	6,530
Weighted Average Grant Date Fair Value	\$ 13.78	14.50	9.19	14.78	\$ 13.91
KKUK					
RSUs	60	—	—	—	60
Weighted Average Grant Date Fair Value	\$ 15.77	—	—	—	\$ 15.77
Insomnia Cookies					
RSUs	33	10	—	2	41
Weighted Average Grant Date Fair Value	\$ 79.66	169.70	—	89.81	\$ 101.03
KK Australia					
RSUs	1,897	21	—	—	1,918
Weighted Average Grant Date Fair Value	\$ 1.48	1.73	—	—	\$ 1.49
KK Mexico					
RSUs	58	2	—	—	60
Weighted Average Grant Date Fair Value	\$ 32.86	40.14	—	—	\$ 33.08

The Company recorded total non-cash compensation expense related to RSUs under the plans of \$4.2 million for the quarter ended April 3, 2022, and \$2.4 million for the quarter ended April 4, 2021.

The unrecognized compensation cost related to the unvested RSUs and the weighted-average period over which such cost is expected to be recognized are as follows:

	As of April 3, 2022	
	Unrecognized Compensation Cost	Recognized Over a Weighted-Average Period of
KKI	\$ 63,775	3.4 years
KKUK	370	1.7 years
Insomnia Cookies	3,208	3.5 years
KK Australia	512	0.8 years
KK Mexico	\$ 1,676	3.7 years

The estimated fair value of restricted stock is calculated using a market approach (i.e. market multiple is used for the KKUK and Insomnia Cookies plans and an agreed-upon EBITDA buyout multiple is used for KK Australia and KK Mexico plans).

Time-Vested Stock Options

KKI issues time-vested stock options under its Omnibus Incentive Plan. The fair value of time-vested stock options was estimated on the date of grant using the Black-Scholes option pricing model.

A summary of the status of the time-vested stock options as of January 2, 2022 and changes during the first quarter of fiscal 2022 is presented below:

(in thousands, except per share amounts)	Share Options Outstanding At January 2, 2022	Granted	Exercised	Forfeited or Expired	Share Options Outstanding At April 3, 2022
KKI					
Options	2,817	—	—	—	2,817
Weighted Average Grant Date Fair Value	\$ 6.10	—	—	—	\$ 6.10
Weighted Average Exercise Price	\$ 14.61	—	—	—	\$ 14.61

The Company recorded total non-cash compensation expense related to the time-vested stock options of \$0.8 million for the quarter ended April 3, 2022. No such expenses were recorded for the quarter ended April 4, 2021.

The unrecognized compensation cost related to the unvested stock options and the weighted-average period over which such cost is expected to be recognized are as follows:

	As of April 3, 2022	
	Unrecognized Compensation Cost	Recognized Over a Weighted-Average Period of
KKI	\$ 13,031	4.1 years

No time-vested stock options under the KKI plan vested nor were exercised during the fiscal periods presented.

Note 9 — Income Taxes

For interim tax reporting, the Company estimates a worldwide annual effective tax rate and applies that rate to the year-to-date ordinary income/(loss). The tax effects of significant unusual or infrequently occurring items are excluded from the estimated annual effective tax rate calculation and recognized in the interim period in which they occur.

The Company's effective income tax rates were 37.04% for the quarter ended April 3, 2022 and 223.13% for the quarter ended April 4, 2021. The Company's effective income tax rate for the quarter ended April 3, 2022 differed from the respective statutory rates primarily due to disallowed executive compensation expense and by the mix of income and taxes attributable to foreign jurisdictions. The Company's effective income tax rate for the quarter ended April 4, 2021 was unusual given an insignificant discrete item and pre-tax income that was close to break-even during the period. The Company's effective tax rate was also impacted by the mix of income and taxes attributable to foreign jurisdictions.

Note 10 — Commitments and Contingencies

Pending Litigation

Insomnia Cookies litigation related to employee wages

Insomnia Cookies is currently a party to a class action lawsuit alleging violations of unfair competition, unpaid minimum wages, unpaid overtime, meal and rest period violations and unpaid premiums, failure to reimburse for business expenses, untimely paid wages, and violation of the California Private Attorneys General Act. Insomnia Cookies vigorously disputes these claims. On March 11, 2021, the parties participated in a mediation and reached a class wide settlement and release of claims in principle for \$0.4 million. The parties have executed a memorandum of understanding memorializing the key settlement terms and are in the process of finalizing long form settlement documents and seeking preliminary court approval of the settlement.

TSW Food, LLC litigation

On November 13, 2020, TSW Foods, LLC ("TSW"), a reseller of certain Krispy Kreme packaged products, filed a demand for arbitration and statement of claim alleging Anticipatory Repudiation of the Master Reseller Agreement, Breach of the Master Reseller Agreement, and Breach of the Implied Covenant of Good Faith and Fair Dealing. The Company intends to vigorously defend against TSW's claims and prosecute its counterclaims. The parties held a voluntary, non-binding mediation for November 11, 2021. At this time the Company is unable to predict the outcome of this matter, the potential loss or range of loss, if any, associated with the resolution of this matter or any potential effect it may have on the Company or its operations.

Other Legal Matters

The Company also is engaged in various legal proceedings arising in the normal course of business. The Company maintains insurance policies against certain kinds of such claims and suits, including insurance policies for workers' compensation and personal injury, all of which are subject to deductibles. While the ultimate outcome of these matters could differ from management's expectations, management currently does not believe their resolution will have a material adverse effect on the Company's Condensed Consolidated Financial Statements.

Other Commitments and Contingencies

One of the Company's primary banks issued letters of credit on its behalf totaling \$10.3 million and \$8.5 million as of April 3, 2022 and January 2, 2022, respectively, a majority of which secure the Company's reimbursement obligations to insurers under its self-insurance arrangements.

Note 11 — Related Party Transactions

As of April 3, 2022 and January 2, 2022, the Company had an equity ownership in two franchisees, KremeWorks USA, LLC (20% ownership) and KremeWorks Canada, L.P. (25% ownership), with an aggregate carrying value of \$1.0 million and \$1.1 million as of April 3, 2022 and January 2, 2022, respectively. Revenues from sales of ingredients and equipment to these franchisees were \$2.0 million for the quarter ended April 3, 2022, and \$1.8 million for the quarter ended April 4, 2021. Royalty revenues from these franchisees were \$0.3 million for the quarter ended April 3, 2022, and \$0.3 million for the quarter ended April 4, 2021. Trade receivables from these franchisees are included in Accounts receivable, net on the Condensed Consolidated Balance Sheets, which were \$0.5 million and \$0.4 million as of April 3, 2022 and January 2, 2022, respectively.

Keurig Dr Pepper Inc. (“KDP”), an affiliated company of JAB Holdings B.V. (“JAB”), licenses the Krispy Kreme trademark for the Company in the manufacturing of portion packs for the Keurig brewing system. KDP also sells beverage concentrates and packaged beverages to Krispy Kreme for resale through Krispy Kreme’s shops. Licensing revenues from KDP were \$0.5 million for the quarter ended April 3, 2022, and \$0.5 million for the quarter ended April 4, 2021.

The Company had service agreements with BDT Capital Partners, LLC (“BDT”), a minority investor in KKI, to provide advisory services to the Company, including valuation services related to certain acquisitions. The Company recognized expenses of \$0.6 million related to the service agreements with BDT for the quarter ended April 4, 2021. No related expenses were incurred for the quarter ended April 3, 2022.

The Company was party to a senior unsecured note agreement (the “original agreement”) with Krispy Kreme, G.P. (“KK GP”) for an aggregate principal amount of \$283.1 million. In April 2019, the Company entered into an additional unsecured note with KK GP for \$54.0 million (such notes together, the “Related Party Notes”). As of January 3, 2021, the outstanding amount of principal and interest was \$344.6 million. The Related Party Notes were paid off in full during the second quarter of fiscal 2021. The interest expense was \$5.6 million for the quarter ended April 4, 2021. No interest expense was incurred for the quarter ended April 3, 2022.

The Company granted loans to employees of KKI, KKUK, KK Australia, KK Mexico and Insomnia Cookies for the purchase of shares in those entities. The loan balance was \$4.2 million and \$4.4 million as of April 3, 2022 and January 2, 2022, respectively, and it is presented as a reduction from Shareholders’ equity on the Condensed Consolidated Balance Sheet.

Note 12 — Revenue Recognition*Disaggregation of Revenues*

Revenues are disaggregated as follows:

	Quarter Ended	
	April 3, 2022	April 4, 2021
Company Shops, DFD and Branded Sweet Treat Line	\$ 351,834	\$ 300,495
Mix and equipment revenue from franchisees	12,218	13,090
Franchise royalties and other	8,480	8,224
Total net revenues	\$ 372,532	\$ 321,809

Other revenues include advertising fund contributions, rental income, development and franchise fees, and licensing royalties from Keurig related to Krispy Kreme brands coffee sales.

Contract Balances

Deferred revenue subject to Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, and related receivables are as follows:

	April 3, 2022	January 2, 2022	Balance Sheet Location
Trade receivables, net of allowances of \$118 and \$896, respectively	\$ 40,053	\$ 41,132	Accounts receivables, net
Deferred revenue:			
Current	16,649	17,458	Accrued liabilities
Noncurrent	3,090	2,981	Other long-term obligations and deferred credits
Total deferred revenue	\$ 19,739	\$ 20,439	

Note 13 — Net Earnings/(Loss) per Share

The following table presents the calculations of basic and diluted EPS:

	Quarter Ended	
	April 3, 2022	April 4, 2021
<i>(in thousands, except per share amounts)</i>		
Net income/(loss) attributable to Krispy Kreme, Inc.	\$ 4,002	\$ (3,061)
Adjustment to net income/(loss) attributable to common shareholders	(374)	(141)
Net income/(loss) attributable to common shareholders - Basic	\$ 3,628	\$ (3,202)
Additional income attributed to noncontrolling interest due to subsidiary potential common shares	(40)	(85)
Net income/(loss) attributable to common shareholders - Diluted	\$ 3,588	\$ (3,287)
Basic weighted average common shares outstanding	167,261	124,987
Dilutive effect of outstanding common stock options and RSUs	2,224	—
Diluted weighted average common shares outstanding	169,485	124,987
Earnings/(loss) per share attributable to common shareholders:		
Basic	\$ 0.02	\$ (0.03)
Diluted	\$ 0.02	\$ (0.03)

Potential dilutive shares consist of unvested RSUs, calculated using the treasury stock method. The calculation of dilutive shares outstanding excludes certain unvested RSUs granted under certain subsidiaries' executive ownership plans and long-term incentive plans, because their inclusion would have been antidilutive.

The following table summarizes the gross number of potential dilutive unvested RSUs excluded due to antidilution (unadjusted for the treasury stock method):

	Quarter Ended	
	April 3, 2022	April 4, 2021
<i>(in thousands)</i>		
KKI	11	4,809
KKUK	—	3
Insomnia Cookies	10	—
KK Australia	—	1,923
KK Mexico	2	25

For the quarter ended April 3, 2022, all 2.8 million time-vested stock options were excluded from the computation of diluted weighted average common shares outstanding based on application of the treasury stock method. For the quarter ended April 4, 2021, no time-vested stock options were excluded from the computation as they were not granted until the second quarter of fiscal 2021.

Note 14 — Segment Reporting

The Company conducts business through the three reportable segments: U.S. and Canada, International, and Market Development. Unallocated corporate costs are excluded from the Company's measurement of segment performance. These costs include general corporate expenses.

The reportable segment results are as follows:

	Quarter Ended	
	April 3, 2022	April 4, 2021
Net revenues:		
U.S. and Canada	\$ 253,127	\$ 222,470
International	87,201	66,506
Market Development	32,204	32,833
Total net revenues	\$ 372,532	\$ 321,809
	Quarter Ended	
	April 3, 2022	April 4, 2021
Segment Adjusted EBITDA:		
U.S. and Canada	\$ 33,608	\$ 27,563
International	17,244	15,348
Market Development	11,287	10,891
Corporate	(13,232)	(7,399)
	48,907	46,403
Interest expense, net	7,351	8,249
Interest expense — related party ⁽¹⁾	—	5,566
Income tax expense	3,800	685
Depreciation and amortization expense	27,841	23,401
Share-based compensation	5,041	2,368
Employer payroll taxes related to share-based compensation	55	—
Other non-operating income, net ⁽²⁾	(321)	(442)
Acquisition and integration expenses ⁽³⁾	517	2,152
Shop closure expenses ⁽⁴⁾	230	—
IPO-related expenses ⁽⁵⁾	—	3,476
Gain on sale-leaseback	(2,374)	—
Other ⁽⁶⁾	309	1,326
Net income/(loss)	\$ 6,458	\$ (378)

1. Consists of interest expense related to the Related Party Notes which were paid off in full during the quarter ended July 4, 2021.
2. Primarily foreign translation gains and losses in each period.
3. Consists of acquisition and integration-related costs in connection with the Company's business and franchise acquisitions, including legal, due diligence, consulting and advisory fees incurred in connection with acquisition and integration-related activities for the applicable period.
4. Includes lease termination costs, impairment charges, and loss on disposal of property, plant and equipment.
5. Includes consulting and advisory fees incurred in connection with preparation for and execution of the Company's IPO.
6. The quarters ended April 3, 2022 and April 4, 2021 consist primarily of legal expenses incurred outside the ordinary course of business on matters described in [Note 10](#), Commitments and Contingencies.

Note 15 — Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition or disclosure in the Condensed Consolidated Financial Statements through May 11, 2022, the date the Condensed Consolidated Financial Statements were

available to be issued. All subsequent events requiring recognition and disclosure have been incorporated into these Condensed Consolidated Financial Statements.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited Condensed Consolidated Financial Statements and related notes included elsewhere in this Quarterly Report on Form 10-Q, as well as our audited Consolidated Financial Statements and related notes included in our Annual Report on Form 10-K for the year ended January 2, 2022, and in other reports filed subsequently with the SEC.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements that involve risks and uncertainties. The words “believe,” “may,” “could,” “will,” “should,” “anticipate,” “estimate,” “expect,” “outlook,” “guidance,” or similar words, or the negative of these words, identify forward-looking statements. Such forward-looking statements are based on certain assumptions and estimates that we consider reasonable but are subject to various risks and uncertainties and assumptions relating to our operations, financial results, financial conditions, business, prospects, growth strategy and liquidity. Accordingly, there are, or will be, important factors that could cause our actual results to differ materially from those indicated in these statements. The inclusion of this forward-looking information should not be regarded as a representation by us that the future plans, estimates or expectations contemplated by us will be achieved. Our actual results could differ materially from the forward-looking statements included herein. Factors that could cause actual results to differ from those expressed in forward-looking statements include, without limitation, the risks and uncertainties described under the headings “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” in our Annual Report on Form 10-K for the year ended January 2, 2022, filed by us with the SEC and described in the other filings we make from time to time with the SEC. We believe that these factors include, but are not limited to, the impact of pandemics, changes in consumer preferences, the impact of inflation, and our ability to execute on our omni-channel business strategy. These forward-looking statements are made only as of the date of this document, and we do not undertake any obligation, other than as may be required by applicable law, to update or revise any forward-looking or cautionary statement to reflect changes in assumptions, the occurrence of events, unanticipated or otherwise, or changes in future operating results over time or otherwise.

Overview

Krispy Kreme is one of the most beloved and well-known sweet treat brands in the world. Our iconic Original Glazed® doughnut is universally recognized for its hot-off-the-line, melt-in-your-mouth experience. Krispy Kreme operates in over 30 countries through its unique network of fresh Doughnut Shops, partnerships with leading retailers, and a rapidly growing Ecommerce and delivery business. Our purpose of touching and enhancing lives through the joy that is Krispy Kreme guides how we operate every day and is reflected in the love we have for our people, our communities, and the planet.

The following table presents a summary of our financial results for the periods presented:

(in thousands except percentages)	Quarter Ended		
	April 3, 2022	April 4, 2021	% Change
Total Net Revenues	\$ 372,532	\$ 321,809	15.8 %
Net Income/(Loss)	6,458	(378)	1,808.5 %
Adjusted Net Income	16,083	17,626	-8.8 %
Adjusted EBITDA	48,907	46,403	5.4 %

We generated 15.0% organic revenue growth for the quarter ended April 3, 2022.

Executing on our Omni-channel Strategy

We made strong progress on the execution of our omni-channel model to start the year, where we focus on being able to deliver fresh doughnuts to where our consumers are located. We continue to add quality points of access across our network as we convert markets into fully implemented Hub and Spoke models, including 600 new points of access in the first quarter of fiscal 2022 to surpass 11,000 global points of access. The primary driver of the increased points of access during the first quarter was the continued expansion of our DFD network in alignment with our transformation strategy, as we added 561 DFD Doors globally, including 207 DFD Doors to the U.S. and Canada segment, 306 to the International segment, and 48 to the Market Development segment. The increase in DFD Doors is the result of our focus on executing our omni-channel strategy to drive our transformation. As highlighted by the more developed model within the International segment, the capital-efficient Hub and Spoke distribution model increases accessibility to our consumers and drives higher profitability and increased margins as evidenced by our Net Income and Adjusted EBITDA growth in the period to \$6.5 million and \$48.9 million, respectively. We expect DFD growth to continue to be one of our most significant drivers of earnings growth, through both increased door count

and growth in average revenue per door per week (“APD”), which rose by over 25% in the U.S. and Canada in the first quarter of fiscal 2022 compared to the first quarter of fiscal 2021.

The increase in points of access and the strong growth in APD in the U.S. and Canada allowed our trailing four quarters Sales per Hub to increase from \$3.6 million in the first quarter of fiscal 2021 to \$4.3 million in the first quarter of fiscal 2022. Our trailing four quarters International Sales per Hub also increased from \$6.5 million to \$9.7 million for the same periods. Our goal is to continue to grow our Sales per Hub over time, which we believe will drive higher margins and higher return on invested capital.

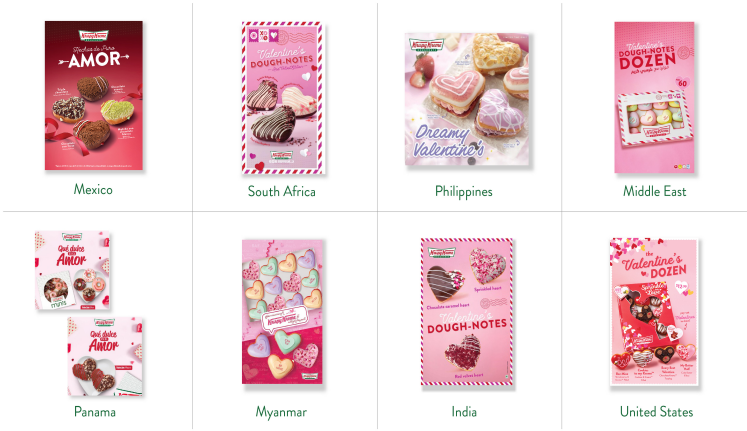
The beneficial impacts of the omni-channel model are coming at an important time, as the macroeconomic environment of the first quarter of fiscal 2022 has been challenging with supply chain disruption, inflationary pressures in commodities and labor costs, and the continuing effects of the COVID-19 pandemic. Our strategy has enabled us to successfully navigate these challenges through efficiencies gained from our Hub and Spoke model and we have leveraged successful price increases to offset labor and commodity inflation to deliver a strong first quarter to fiscal 2022.

Growing our Global Presence

Another of our key strategic initiatives is to increase our global presence as we become the Most Loved Sweet Treat Brand in the World. We continue to grow the percentage of our revenues and Adjusted EBITDA generated outside the U.S. We expect to open in at least three new countries a year, with a key focus in Western Europe and select Asian and South American countries. We have recently signed new franchise agreements with plans to open Krispy Kreme-branded shops in Chile, Costa Rica, Jordan and Switzerland in fiscal 2022 or 2023, and we expect to have further announcements throughout the year as we grow our global business.

Ecommerce, Brand, and Innovation

Ecommerce represented 17.4% of our retail sales for the quarter, up from less than 10% pre-pandemic and 17.2% for the full fiscal year 2021. We continue to strengthen our capabilities with our application to increase relevancy and targeting and to expand with additional third party partners. Branding and innovation are also key capabilities that drive our business and keep us relevant across all the consumer touchpoints in our omni-channel model. The power of our brand gives us strong pricing power – sometimes up to 50% more per individual item. Innovation remains a significant driver of frequency as we create and introduce premium, fresh and buzz-worthy offerings to consumers across our points of access. We had highly successful seasonal activations across the globe during the quarter, including our Lunar New Year, Valentine’s Day and St. Patrick’s Day limited time offerings (“LTOs”).



Key Performance Indicators and Non-GAAP Measures

We monitor the key business indicators and non-GAAP metrics set forth below to help us evaluate our business and growth trends, establish budgets, measure the effectiveness of our sales and marketing efforts, and assess operational efficiencies. The calculation of the key business indicators discussed below may differ from other similarly titled metrics used by other companies, securities analysts, or investors.

Throughout this Quarterly Report on Form 10-Q, we utilize “global points of access” as a key performance indicator. Global points of access reflect all locations at which fresh doughnuts or cookies can be purchased. We define global points of access to include all Hot Light Theater Shops, Fresh Shops, Carts and Food Trucks, DFD Doors, Cookie Shops, and other defined points at both Company-owned and franchise locations as of the end of the respective reporting period. We monitor global points of access as a metric that informs the growth of our omni-channel presence over time and believe this metric is useful to investors to understand our footprint in each of our segments and by asset type.

The following table presents our global points of access, by segment and type, as of the end of the first quarter of fiscal 2022, first quarter of fiscal 2021 and fiscal 2021, respectively:

	Global Points of Access ⁽¹⁾		
	Quarter Ended		Fiscal Year Ended
	April 3, 2022	April 4, 2021	January 2, 2022
U.S. and Canada: ⁽²⁾			
Hot Light Theater Shops	244	236	241
Fresh Shops	67	59	66
Cookie Shops	217	191	210
Carts, Food Trucks, and Other ⁽³⁾	2	—	2
DFD Doors	5,411	4,712	5,204
Total	5,941	5,198	5,723
International:			
Hot Light Theater Shops	32	29	32
Fresh Shops	376	361	370
Carts, Food Trucks, and Other ⁽³⁾	1	—	1
DFD Doors	2,794	2,185	2,488
Total	3,203	2,575	2,891
Market Development: ⁽⁴⁾			
Hot Light Theater Shops	109	111	109
Fresh Shops	804	730	782
Carts, Food Trucks, and Other ⁽³⁾	31	30	31
DFD Doors	939	474	891
Total	1,883	1,345	1,813
Total Global Points of Access (as defined)	11,027	9,118	10,427
Total Hot Light Theater Shops	385	376	382
Total Fresh Shops	1,247	1,150	1,218
Total Cookie Shops	217	191	210
Total Shops	1,849	1,717	1,810
Total Carts, Food Trucks, and Other	34	30	34
Total DFD Doors	9,144	7,371	8,583
Total Global Points of Access (as defined)	11,027	9,118	10,427

1. Excludes Branded Sweet Treat Line distribution points.

2. Includes points of access that were acquired from a franchisee in the Canada during the fourth quarter of fiscal 2021. These points of access were previously included in the Market Development segment. See [Note 2](#), Acquisitions, to our Condensed Consolidated Financial Statements for further information.

- Carts and Food Trucks are non-producing, mobile (typically on wheels) facilities without walls or a door where product is received from a Hot Light Theater Shop or Doughnut Factory. They are primarily found in international locations, in airports, train stations, etc. Comparative data has been included in all periods presented above.
- Includes locations in Japan, which were acquired in the fourth quarter of fiscal 2020 and are now Company-owned. All remaining points of access in the Market Development segment relate to our franchise business.

As of April 3, 2022, we had 11,027 global points of access, with 1,849 Krispy Kreme and Insomnia Cookies branded shops, 34 Carts and Food Trucks, and 9,144 DFD Doors. During the first quarter of fiscal 2022, we added a net 39 additional shops globally, including three Hot Light Theater Shops, 29 Fresh Shops, and seven Insomnia Cookie Shops. We added 561 new DFD Doors during the quarter as we continue to focus on the expansion of our Hub and Spoke model. We plan to continue adding new locations and expanding our Ecommerce and delivery platform in order to extend the availability of our products.

We also utilize “Hubs” as a key performance indicator. Our transformation is driven by the implementation of an omni-channel strategy to reach more consumers where they are and drive revenue growth, and this strategy is supported by a capital-efficient Hub and Spoke distribution model that provides a route to market and powers profitability. Our Hot Light Theater shops and Doughnut Factories serve as centralized production facilities (“Hubs”). From these Hubs, we deliver doughnuts to our Fresh Shops, Carts and Food Trucks, Dark Shops, and DFD Doors (“Spokes”) through an integrated network of company-operated delivery routes, ensuring quality and freshness. A Dark Shop is a non-consumer facing, non-producing facility where product is received from a Hub and stored until taken out for delivery, typically via Ecommerce channels.

The following table presents our Hubs, by segment and type, as of the end of the first quarter of fiscal 2022, first quarter of fiscal 2021 and fiscal 2021, respectively:

	Hubs		
	Quarter Ended		Fiscal Year Ended
	April 3, 2022	April 4, 2021	January 2, 2022
U.S. and Canada:			
Hot Light Theater Shops ⁽¹⁾	241	232	238
Doughnut Factories	4	5	4
Total	245	237	242
Hubs with Spokes	125	113	126
International:			
Hot Light Theater Shops ⁽¹⁾	26	27	25
Doughnut Factories	11	11	11
Total	37	38	36
Hubs with Spokes	37	38	36
Market Development:			
Hot Light Theater Shops ⁽¹⁾	106	110	106
Doughnut Factories	27	25	27
Total	133	135	133
Total Hubs	415	410	411

- Includes only Hot Light Theater Shops and excludes Mini Theaters. A Mini Theater is a Spoke location that produces some doughnuts for itself and also receives doughnuts from another producing location.

Non-GAAP Measures

We report our financial results in accordance with generally accepted accounting principles in the United States (“GAAP”); however, management evaluates our results of operations using, among other measures, organic revenue growth, adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”), and Adjusted Net Income as we believe these non-GAAP measures are useful in evaluating our operating performance.

These non-GAAP financial measures are not universally consistent calculations, limiting their usefulness as comparative measures. Other companies may calculate similarly titled financial measures differently than we do or may not calculate them at all. Additionally, these non-GAAP financial measures are not measurements of financial performance under GAAP. In order to facilitate a clear understanding of our consolidated historical operating results, you should examine our non-GAAP financial

measures in conjunction with our historical Condensed Consolidated Financial Statements and notes thereto included in this Quarterly Report on Form 10-Q.

Organic Revenue Growth

We define “organic revenue growth” as the growth in revenues, excluding (i) acquired shops owned by us for less than twelve months following their acquisition, (ii) the impact of foreign currency exchange rate changes, and (iii) the impact of revenues generated during the 53rd week for those fiscal years that have a 53rd week based on our fiscal calendar defined in [Note 1](#), Description of Business and Summary of Significant Accounting Policies. See “Results of Operations” for our organic growth calculations for the periods presented.

Adjusted EBITDA and Adjusted Net Income

We define “Adjusted EBITDA” as earnings before interest expense, net (including interest payable to related parties), income tax expense/(benefit), and depreciation and amortization, with further adjustments for share-based compensation, certain strategic initiatives, acquisition and integration expenses, and other certain non-recurring, infrequent or non-core income and expense items. Adjusted EBITDA enables operating performance to be reviewed across reporting periods on a consistent basis and is one of the principal measures used by management to evaluate and monitor our operating performance.

We define “Adjusted Net Income” as net loss adjusted for interest expense – related party, share-based compensation, certain strategic initiatives, acquisition and integration expenses, amortization of acquisition-related intangibles, the tax impact of adjustments and other certain non-recurring, infrequent or non-core income and expense items.

Adjusted EBITDA and Adjusted Net Income have certain limitations, including adjustments for income and expense items that are required by GAAP. In evaluating these non-GAAP measures, you should be aware that in the future we will incur expenses that are the same as or similar to some of the adjustments in this presentation, such as share-based compensation. Our presentation of Adjusted EBITDA and Adjusted Net Income should not be construed to imply that our future results will be unaffected by any such adjustments. Management compensates for these limitations by relying on our GAAP results in addition to using Adjusted EBITDA and Adjusted Net Income supplementally.

The following tables present a reconciliation of net income/(loss) to Adjusted EBITDA and net loss to Adjusted Net Income for the periods presented:

(in thousands)	Quarter Ended	
	April 3, 2022	April 4, 2021
Net income/(loss)	\$ 6,458	\$ (378)
Interest expense, net	7,351	8,249
Interest expense — related party ⁽¹⁾	—	5,566
Income tax expense	3,800	685
Depreciation and amortization expense	27,841	23,401
Share-based compensation	5,041	2,368
Employer payroll taxes related to share-based compensation	55	—
Other non-operating income, net ⁽²⁾	(321)	(442)
Acquisition and integration expenses ⁽³⁾	517	2,152
Shop closure expenses ⁽⁴⁾	230	—
IPO-related expenses ⁽⁵⁾	—	3,476
Gain on sale-leaseback	(2,374)	—
Other ⁽⁶⁾	309	1,326
Adjusted EBITDA	\$ 48,907	\$ 46,403

(in thousands)	Quarter Ended	
	April 3, 2022	April 4, 2021
Net income/(loss)	\$ 6,458	\$ (378)
Interest expense — related party ⁽¹⁾	—	5,566
Share-based compensation	5,041	2,368
Employer payroll taxes related to share-based compensation	55	—
Other non-operating income, net ⁽²⁾	(321)	(442)
Acquisition and integration expenses ⁽³⁾	517	2,152
Shop closure expenses ⁽⁴⁾	230	—
IPO-related expenses ⁽⁵⁾	—	3,476
Gain on sale-leaseback	(2,374)	—
Other ⁽⁶⁾	309	1,326
Amortization of acquisition related intangibles ⁽⁷⁾	7,246	7,449
Tax impact of adjustments ⁽⁸⁾	(1,078)	(4,022)
Tax specific adjustments ⁽⁹⁾	—	131
Adjusted net income	\$ 16,083	\$ 17,626

1. Consists of interest expense related to the Related Party Notes which were paid off in full during the quarter ended July 4, 2021.
2. Primarily foreign translation gains and losses in each period.
3. Consists of acquisition and integration-related costs in connection with the Company's business and franchise acquisitions, including legal, due diligence, consulting and advisory fees incurred in connection with acquisition and integration-related activities for the applicable period.
4. Includes lease termination costs, impairment charges, and loss on disposal of property, plant and equipment.
5. Includes consulting and advisory fees incurred in connection with preparation for and execution of the Company's IPO.
6. The quarters ended April 3, 2022 and April 4, 2021 consist primarily of legal expenses incurred outside the ordinary course of business on matters described in [Note 10](#). Commitments and Contingencies.
7. Consists of amortization related to acquired intangible assets as reflected within depreciation and amortization in the Condensed Consolidated Statements of Operations.
8. Tax impact of adjustments calculated applying the applicable statutory rates. The quarter ended April 3, 2022 also includes the impact of disallowed executive compensation expense.
9. The quarter ended April 4, 2021 consists primarily of the effect of tax law changes on existing temporary differences.

Sales Per Hub

In order to measure the effectiveness of our Hub and Spoke model, we use "Sales per Hub" on a trailing four-quarter basis, which includes all revenue generated from a Hub and its associated Spokes. Sales per Hub equals Fresh Revenues from Hubs with Spokes, divided by the average number of Hubs with Spokes during the period. Fresh Revenues include product sales generated from our Doughnut Shop business (including Ecommerce and delivery), as well as DFD sales, but excluding sales from our legacy wholesale business and our Branded Sweet Treat Line. It also excludes all Insomnia Cookies revenues as the measure is focused on the Krispy Kreme business. The Average Hub with Spokes for a period is calculated as the average of the number of Hubs with Spokes at the end of the five most recent quarters.

Sales per Hub was as follows for each of the trailing four quarters periods below:

(in thousands, unless otherwise stated)	Trailing Four Quarters Ended	Fiscal Year Ended	
	April 3, 2022	January 2, 2022	January 3, 2021
U.S. and Canada:			
Revenues	\$ 959,070	\$ 928,413	\$ 782,717
Non-Fresh Revenues ⁽¹⁾	(40,264)	(37,311)	(128,619)
Fresh Revenues from Insomnia Cookies and Hubs without Spokes ⁽²⁾	(405,551)	(415,768)	(323,079)
Sales from Hubs with Spokes	513,255	475,334	331,019
Sales per Hub (millions)	4.3	4.0	3.5
International:			
Sales from Hubs with Spokes ⁽³⁾	\$ 353,690	\$ 332,995	\$ 230,185
Sales per Hub (millions)	9.7	9.1	6.4

1. Includes legacy wholesale business revenues and Branded Sweet Treat Line revenues.
2. Includes Insomnia Cookies revenues and Fresh Revenues generated by Hubs without Spokes.
3. Total International net revenues is equal to Fresh Revenues from Hubs with Spokes for that business segment.

In our International segment, where the Hub and Spoke model is most developed, Sales per Hub reached \$9.7 million, up from \$9.1 million in the full fiscal year 2021, and also up from pre-pandemic levels in the full fiscal year 2020. The International segment illustrates the benefits of leveraging our Hub and Spoke model in the most efficient way to grow the business, as shown by the its quick recovery from the impacts of the COVID-19 pandemic and growth in profit margins. In the U.S. and Canada segment, we reached Sales per Hub of \$4.3 million, up from \$4.0 million in the full fiscal year 2021 and up from \$3.5 million at the beginning of our transformation in 2020. U.S. and Canada growth was driven by our efforts to increase the number of DFD Doors served by our Hubs and to increase APD for the DFD Door portfolio, as the segment makes progress toward optimizing the model to look more like International. As we further extend the Hub and Spoke model into existing and new markets around the world, we expect to see this measure continue to grow.

Results of Operations

The following comparisons are historical results and are not indicative of future results which could differ materially from the historical financial information presented.

Quarter ended April 3, 2022 compared to the Quarter ended April 4, 2021

The following table presents our unaudited condensed consolidated results of operations for the quarter ended April 3, 2022 and the quarter ended April 4, 2021:

(in thousands except percentages)	Quarter Ended				Change	
	April 3, 2022		April 4, 2021			
	Amount	% of Revenue	Amount	% of Revenue	\$	%
Net revenues						
Product sales	\$ 364,052	97.7 %	\$ 313,585	97.4 %	\$ 50,467	16.1 %
Royalties and other revenues	8,480	2.3 %	8,224	2.6 %	256	3.1 %
Total net revenues	372,532	100.0 %	321,809	100.0 %	50,723	15.8 %
Product and distribution costs	96,111	25.8 %	79,997	24.9 %	16,114	20.1 %
Operating expenses	168,726	45.3 %	147,541	45.8 %	21,185	14.4 %
Selling, general and administrative expense	53,711	14.4 %	49,537	15.4 %	4,174	8.4 %
Marketing expenses	10,159	2.7 %	9,507	3.0 %	652	6.9 %
Pre-opening costs	1,329	0.4 %	1,391	0.4 %	(62)	-4.5 %
Other income, net	(2,633)	-0.7 %	(3,245)	-1.0 %	612	-18.9 %
Depreciation and amortization expense	27,841	7.5 %	23,401	7.3 %	4,440	19.0 %
Operating income	17,288	4.6 %	13,680	4.3 %	3,608	26.4 %
Interest expense, net	7,351	2.0 %	8,249	2.6 %	(898)	-10.9 %
Interest expense — related party	—	— %	5,566	1.7 %	(5,566)	-100.0 %
Other non-operating income, net	(321)	-0.1 %	(442)	-0.1 %	121	-27.4 %
Income before income taxes	10,258	2.8 %	307	0.1 %	9,951	3,241.4 %
Income tax expense	3,800	1.0 %	685	0.2 %	3,115	454.7 %
Net income/(loss)	6,458	1.7 %	(378)	-0.1 %	6,836	1,808.5 %
Net income attributable to noncontrolling interest	2,456	0.7 %	2,683	0.8 %	(227)	-8.5 %
Net income/(loss) attributable to Krispy Kreme, Inc.	\$ 4,002	1.1 %	\$ (3,061)	-1.0 %	\$ 7,063	230.7 %

Product sales: Product sales increased \$50.5 million, or 16.1%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022. Approximately \$8.4 million of the increase in product sales was attributable to shops acquired from franchisees.

Royalties and other revenues: Royalties and other revenues increased \$0.3 million, or 3.1%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, driven by activity related to the start of business with franchisees in new markets such as Chile, Costa Rica, Jordan, and Switzerland.

The following table presents a further breakdown of total net revenue and organic revenue growth by segment for the quarter ended April 3, 2022 compared to the quarter ended April 4, 2021:

<i>(in thousands except percentages)</i>	U.S. and Canada	International	Market Development	Total Company
Total net revenues in first quarter of fiscal 2022	\$ 253,127	\$ 87,201	\$ 32,204	\$ 372,532
Total net revenues in first quarter of fiscal 2021	222,470	66,506	32,833	321,809
Total Net Revenues Growth	30,657	20,695	(629)	50,723
Total Net Revenues Growth %	13.8 %	31.1 %	-1.9 %	15.8 %
Impact of acquisitions	(9,134)	—	2,590	(6,544)
Impact of foreign currency translation	—	2,935	1,161	4,096
Organic Revenue Growth	\$ 21,523	\$ 23,630	\$ 3,122	\$ 48,275
Organic Revenue Growth %	9.7 %	35.5 %	9.5 %	15.0 %

Total net revenue growth of \$50.7 million, or approximately 15.8%, and organic revenue growth of \$48.3 million, or approximately 15.0%, was driven by increasing availability through new points of access and the omni-channel model, particularly the expansion of Spokes, including DFD Doors, for existing Hubs with Spokes during the first quarter of fiscal 2022.

U.S. and Canada segment net revenue growth was driven by a combination of U.S. franchise acquisitions (17 shops in the first quarter of fiscal 2021) and KK Canada (10 shops in the fourth quarter of fiscal 2021) and continued execution of our omni-channel strategy. U.S. and Canada net revenue grew \$30.7 million, or approximately 13.8%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022 while U.S. and Canada organic revenue increased \$21.5 million, or approximately 9.7%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022. The increase in revenue was driven by the expansion of our points of access, particularly DFD Doors, as well as growth of APD on the existing DFD portfolio. Markets with focused DFD growth during the quarter included New York City, Los Angeles, Chicago, Dallas, and Detroit. Insomnia Cookies reached a total of 217 shops by the end of the first quarter of fiscal 2022, an increase of 26 shops from the end of the first quarter of fiscal 2021.

Our International segment net revenue grew \$20.7 million, or approximately 31.1%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, in spite of foreign currency translation impacts of 4.4% from a strengthening U.S. dollar. International organic revenue grew \$23.6 million, or approximately 35.5%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, driven by successful limited time offerings, substantial expansion of DFD Doors and increase in APD, and while lapping a previous period which was negatively impacted by COVID-19. Our businesses in the U.K. and Ireland saw strong organic growth during the first quarter with heavier impacts from COVID-19 restrictions and temporary shop closures this time last year.

Our Market Development segment net revenue decreased \$0.6 million, or approximately 1.9%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, driven by the impact of franchise acquisitions such as KK Canada and by certain foreign currencies devaluing against the U.S. dollar. When adjusted for the impacts of acquisitions and foreign currency, Market Development organic revenue grew \$3.1 million, or approximately 9.5%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, driven by focused growth in our international franchise markets and benefits from DFD expansion in Japan.

Product and distribution costs (exclusive of depreciation and amortization): Product and distribution costs increased \$16.1 million, or 20.1%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, attributable to the same factors as our revenue growth.

Product and distribution costs as a percentage of revenue increased by approximately 90 basis points from 24.9% in the first quarter of fiscal 2021 to 25.8% in the first quarter of fiscal 2022. This increase was primarily driven by inflationary pressures on commodities and logistics costs in the first quarter of fiscal 2022.

Operating expenses: Operating expenses increased \$21.2 million, or 14.4%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, driven mainly by franchise acquisitions and labor investments to support growth through evolution of the Hub and Spoke model. Franchise acquisitions, which result in additional operating expenses that are needed to run Company-owned operations versus franchises, contributed to the increase. Operating expenses as a percentage of revenue decreased approximately 50 basis points, from 45.8% in the first quarter of fiscal 2021 to 45.3% in the first quarter of fiscal 2022 with pricing actions over the last year offsetting inflationary pressures. Additionally, we were able to realize efficiency benefits from DFD expansion as we execute our Hub and Spoke transformation.

Selling, general and administrative expense: Selling, general and administrative (“SG&A”) expense increased \$4.2 million, or 8.4%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022. The increase was driven primarily by increased share-based compensation expense of approximately \$2.7 million and higher costs related to operating as a public company. All stock options and the majority of RSUs granted during fiscal 2021 were granted subsequent to the first quarter. As a percentage of revenue, SG&A expense decreased approximately 100 basis points, from 15.4% in the first quarter of fiscal 2021 to 14.4% in the first quarter of fiscal 2022, primarily due to higher IPO costs and acquisition and integration costs recognized in the first quarter of fiscal 2021, as well as economies of scale from our top-line revenue growth.

Marketing expenses: Marketing expenses increased \$0.7 million, or 6.9%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, primarily driven by increased spend associated with the increased revenues during the quarter.

Other income, net: Other income, net of \$2.6 million in the first quarter of fiscal 2022 was primarily driven by a gain on a sale-leaseback transaction of \$2.6 million described in [Note 5](#), Leases. Other income, net of \$3.2 million in the first quarter of fiscal 2021 was primarily driven by one-time COVID-related business interruption insurance proceeds of approximately \$3.5 million in the U.K. and Ireland.

Depreciation and amortization expense: Depreciation and amortization expense increased \$4.4 million, or 19.0%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, primarily driven by increased capital spend and assets placed into service to support the Hub and Spoke model evolution.

Interest expense - related party: Interest expense with related parties decreased \$5.6 million or 100.0%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, driven by paying off our Related Party Notes in full with KK GP during the second quarter of fiscal 2021.

Income tax expense: The income tax expense of \$3.8 million in the first quarter of fiscal 2022 was driven by pre-tax results and disallowed executive compensation expense. Our tax expense was also impacted by the mix of income between the U.S. and foreign jurisdictions.

Net income attributable to noncontrolling interest: Net income attributable to noncontrolling interest decreased \$0.2 million or 8.5%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, driven by less earnings allocated to certain consolidated subsidiaries, particularly WKS Krispy Kreme.

Results of Operations by Segment – Quarter ended April 3, 2022 compared to the Quarter ended April 4, 2021

The following table presents Adjusted EBITDA by segment for the periods indicated:

(in thousands except percentages)	Quarter Ended		Change	
	April 3, 2022	April 4, 2021	\$	%
Adjusted EBITDA				
U.S. and Canada	\$ 33,608	\$ 27,563	\$ 6,045	21.9 %
International	17,244	15,348	1,896	12.4 %
Market Development	11,287	10,891	396	3.6 %
Corporate	(13,232)	(7,399)	(5,833)	-78.8 %
Total Adjusted EBITDA ⁽¹⁾	\$ 48,907	\$ 46,403	\$ 2,504	5.4 %

1. Refer to “Key Performance Indicators and Non-GAAP Measures” above for a reconciliation of Adjusted EBITDA to net income/(loss).

U.S. and Canada Adjusted EBITDA increased \$6.0 million, or 21.9%, with margin expansion of approximately 90 basis points to 13.3% in the first quarter of fiscal 2022 compared to the first quarter of fiscal 2021, driven by the revenue growth of 13.8%. We effectively offset significant global commodity inflation and labor pressures by implementing pricing increases during the second half of fiscal 2021, and were able to realize efficiency benefits from DFD expansion as we execute our Hub and Spoke transformation.

International Adjusted EBITDA increased \$1.9 million, or 12.4%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022, primarily driven by revenue growth of 31.1% while lapping a previous period which was somewhat negatively impacted by COVID-19. The Adjusted EBITDA growth was driven by points of access expansion and efficiencies from our

Hub and Spoke model. International Adjusted EBITDA margin decreased by approximately 330 basis points to 19.8% in the first quarter of fiscal 2022 compared to the first quarter of fiscal 2021, primarily due to business interruption insurance proceeds of \$3.5 million related to COVID-19 in the U.K. received during the first quarter of fiscal 2021. Excluding that impact, International Adjusted EBITDA margins would have expanded by 180 basis points.

Market Development Adjusted EBITDA increased \$0.4 million, or 3.6%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022 driven mainly by top-line growth in our international franchise markets. This growth more than offset the impact of acquisitions and foreign currency translation.

Corporate Adjusted EBITDA decreased \$5.8 million, or 78.8%, from the first quarter of fiscal 2021 to the first quarter of fiscal 2022 driven by an increase in costs associated with our operation as a public company.

Capital Resources and Liquidity

Our principal sources of liquidity to date have included cash from operating activities, cash on hand, amounts available under our credit facility, and commercial trade financing including our “Supply Chain Financing Program” or the “SCF Program.” Our primary use of liquidity is to fund the cash requirements of our business operations, including working capital needs, capital expenditures, acquisitions and other commitments.

Our future obligations primarily consist of our debt and lease obligations, as well as commitments under ingredient and other forward purchase contracts. As of January 2, 2022, we had the following future obligations:

- An aggregate principal amount of \$696.3 million outstanding under the 2019 Facility;
- Non-cancellable future minimum operating lease payments totaling \$722.6 million;
- Non-cancellable future minimum finance lease payments totaling \$39.9 million; and
- Purchase commitments under ingredient and other forward purchase contracts of \$132.4 million.

As of April 3, 2022, our outstanding principal amount under the 2019 Facility was \$696.0 million. The reduction from the balance as of January 2, 2022 was due to a quarterly term loan repayment of \$8.8 million, partially funded by a net draw of \$8.5 million on the revolving credit facility.

We had cash and cash equivalents of \$38.6 million as of January 2, 2022 and \$31.6 million as of April 3, 2022. We believe that our existing cash and cash equivalents and debt facilities will be sufficient to fund our operating and capital needs for at least the next twelve months. Our assessment of the period of time through which our financial resources will be adequate to support our operations is a forward-looking statement and involves risks and uncertainties. Our actual results could vary because of, and our future capital requirements will depend on, many factors, including our growth rate, the timing and extent of spending to acquire franchises, the growth of our presence in new markets and the expansion of our omni-channel model in existing markets. We may enter into arrangements in the future to acquire or invest in complementary businesses, services and technologies. We have based this estimate on assumptions that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. We may be required to seek additional equity or debt financing. In the event that additional financing is required from outside sources, we may not be able to raise it on terms acceptable to us or at all. If we are unable to raise additional capital when desired, or if we cannot expand our operations or otherwise capitalize on our business opportunities because we lack sufficient capital, our business, results of operations and financial condition would be adversely affected.

Cash Flows

We generate significant cash from operations and have substantial credit availability and capacity to fund operating and discretionary spending such as capital expenditures and debt repayments. Our requirement for working capital is not significant because our consumers pay us in cash or on debit or credit cards at the time of the sale and we are able to sell many of our inventory items before payment is due to the vendor of such items. The following table and discussion present, for the periods indicated, a summary of our key cash flows from operating, investing and financing activities:

(in thousands)	Quarter Ended	
	April 3, 2022	April 4, 2021
Net cash provided by operating activities	\$ 28,391	\$ 40,641
Net cash used for investing activities	(26,437)	(63,653)
Net cash (used for)/provided by financing activities	(6,627)	36,814

Cash Flows Provided by Operating Activities

Cash provided by operations totaled \$28.4 million for the first quarter of fiscal 2022, a decrease of \$12.3 million compared with the amount for the first quarter of fiscal 2021. Cash provided by operations decreased primarily due to a decline of approximately \$21.9 million from changes in operating assets and liabilities, primarily as a result of reductions to accounts payable and accrued liabilities balances. This was partially offset by operating results producing net income in the first quarter of fiscal 2022 compared to a net loss in the first quarter of fiscal 2021.

We have undertaken broad efforts to improve our working capital position and cash generation, in part by negotiating longer payment terms with vendors. We have an agreement with a third-party administrator which allows participating vendors to track our payments, and if voluntarily elected by the vendor, to sell payment obligations from us to financial institutions as part of our SCF Program. Our typical payment terms for trade payables range up to 180 days outside of the SCF Program, depending on the type of vendors and the nature of the supplies or services. For vendors under the SCF Program, we have established payable terms ranging up to, but not exceeding, 360 days. When participating vendors elect to sell one or more of our payment obligations, our rights and obligations to settle the payables on their contractual due date are not impacted. We have no economic or commercial interest in a vendor's decision to enter into these agreements and the financial institutions do not provide us with incentives such as rebates or profit sharing under the SCF Program. We agree on commercial terms with vendors for the goods and services procured, which are consistent with payment terms observed at other peer companies in the industry, and as the terms are not impacted by the SCF Program, such obligations are classified as trade payables. Our increased use of the SCF programs has continued through the quarter ended April 3, 2022.

Cash Flows Used for Investing Activities

Cash used for investing activities totaled \$26.4 million for the first quarter of fiscal 2022, a decrease in investment of \$37.2 million compared with the first quarter of fiscal 2021. The decrease is primarily due to \$33.6 million cash used for acquisitions of franchised shops in the first quarter of fiscal 2021 (compared to no cash used for acquisitions in the first quarter of fiscal 2022), in addition to \$3.0 million of proceeds from a sale-leaseback transaction completed in the first quarter of fiscal 2022.

Cash Flows (Used for)/Provided by Financing Activities

Cash used for financing activities totaled \$6.6 million for the first quarter of fiscal 2022, a reduction in financing of \$43.4 million compared with the first quarter of fiscal 2021. The reduction in financing was primarily due to decreasing our reliance on debt financing (reduction of net \$26.1 million borrowed) and equity financing (reduction of \$18.9 million invested, net of distributions), in addition to our payment of \$12.5 million of issuance costs in connection with the IPO during the first quarter of fiscal 2022.

These reductions in financing were partially offset by \$14.7 million of cash inflows related to structured payables programs (net proceeds on structured payables of \$15.8 million in the quarter ended April 3, 2022 compared to net proceeds from structured payables of \$1.1 million in the quarter ended April 4, 2021). We utilize various card products issued by financial institutions to facilitate purchases of goods and services. By using these products, we may receive differing levels of rebates based on timing of repayment. The payment obligations under these cards products are classified as structured payables on our Condensed Consolidated Balance Sheets and the associated cash flows are included in the financing section of our Condensed Consolidated Statement of Cash Flows.

Debt

Our long-term debt obligations consist of the following:

<i>(in thousands)</i>	April 3, 2022	January 2, 2022
2019 Facility - term loan	\$ 612,500	\$ 621,250
2019 Facility - revolving credit facility	83,500	75,000
Less: Debt issuance costs	(3,436)	(3,833)
Financing obligations	24,796	24,473
Total long-term debt	717,360	716,890
Less: Current portion of long-term debt	(36,667)	(36,583)
Long-term debt, less current portion	\$ 680,693	\$ 680,307

2019 Facility

On June 13, 2019, we entered into a credit agreement (the “2019 Facility”). The 2019 Facility provides for senior secured credit facilities in the form of \$700.0 million in aggregate principal of term loans and \$300.0 million of revolving capacity. Borrowings under the 2019 Facility are subject to an interest rate of one-month LIBOR *plus* 2.25% if our Total Net Leverage Ratio (as defined in the 2019 Facility) equals or exceeds 4.00 to 1.00, 2.00% if our Total Net Leverage Ratio is less than 4.00 to 1.00 but greater than or equal to 3.00 to 1.00 or 1.75% if our Total Net Leverage Ratio is less than 3.00 to 1.00, as determined under the 2019 Facility. We are required to make equal installments of 1.25% of the aggregate closing date principal amount of the term loans on the last business day of each fiscal quarter. All remaining term loan and revolving loan balances are to be due five years from the initial closing date.

Under the terms of the 2019 Facility, we are subject to a requirement to maintain a Total Net Leverage Ratio of less than 5.25 to 1.00 as of April 3, 2022, which reduces to 5.00 to 1.00 by April 2, 2023. The Total Net Leverage Ratio under the 2019 Facility is defined as the ratio of (a) Total Indebtedness (as defined in the 2019 Facility, which includes all debt and finance lease obligations) minus unrestricted cash and cash equivalents to (b) a defined calculation of Adjusted EBITDA (“2019 Facility Adjusted EBITDA”) for the most recently ended Test Period (as defined in the 2019 Facility). The 2019 Facility Adjusted EBITDA for purposes of these restrictive covenants includes incremental adjustments beyond those included in our Adjusted EBITDA non-GAAP measure. Specifically, the 2019 Facility Adjusted EBITDA definition includes pro forma impact of EBITDA to be received from new shop openings and acquisitions for periods not yet in operation, certain acquisition related synergies and cost optimization activities and incremental add-backs for pre-opening costs and for COVID-19 expenses and lost profits. Our Total Net Leverage Ratio was 3.09 to 1.00 as of the end of the first quarter of fiscal 2022 compared to 2.99 to 1.00 as of the end of the fourth quarter of fiscal 2021, primarily due to a reduction cash and cash equivalents.

We were in compliance with the financial and other covenants related to the 2019 Facility as of April 3, 2022 and expect to remain in compliance over the next 12 months. If we are unable to meet the 2019 Facility financial or other covenants in future periods, it may negatively impact our liquidity by limiting our ability to draw on the revolving credit facility, could result in the lenders accelerating the maturity of such indebtedness and foreclosing upon the collateral pledged thereunder, and could require the replacement of the 2019 Facility with new sources of financing, which there is no guaranty we could secure.

Critical Accounting Policies and Estimates

Our Condensed Consolidated Financial Statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q have been prepared in conformity with U.S. GAAP. The preparation of the Condensed Consolidated Financial Statements requires the use of judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as related disclosures. We consider an accounting judgment, estimate or assumption to be critical when (1) the estimate or assumption is complex in nature or requires a high degree of judgment and (2) the use of different judgments, estimates and assumptions could have a material impact on our Condensed Consolidated Financial Statements. Actual results could differ from the estimates made by management.

There have been no material changes to our critical accounting policies and estimates as compared to those described in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” set forth in our Annual Report on Form 10-K for fiscal 2021.

New Accounting Pronouncements

Refer to [Note 1](#) to the Condensed Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q, for a detailed description of recent accounting pronouncements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Effects of Changing Prices – Inflation

We are exposed to the effects of commodity price fluctuations in the cost of ingredients of our products, of which flour, sugar and shortening are the most significant. During the first quarter of fiscal 2022, we have continued to experience headwinds from commodity inflation globally. We have undertaken efforts to effectively manage inflationary cost increases through rapid inventory turnover and reduced inventory waste, increased focus on resiliency of our supply chains, and an ability to adjust pricing of our products. Additionally, from time to time we may enter into forward contract for supply through our vendors for raw materials which are ingredients of our products or which are components of such ingredients, including wheat and soybean oil.

We are also exposed to the effects of commodity price fluctuations in the cost of gasoline used by our delivery vehicles. To mitigate the risk of fluctuations in the price of our gasoline purchases, we may directly purchase commodity futures contracts.

Interest Rate Risk

We are exposed to changes in interest rates on any borrowings under our debt facilities, which bear interest based on the one-month LIBOR (with a floor of zero). Generally, interest rate changes could impact the amount of our interest paid and, therefore, our future earnings and cash flows, assuming other factors are held constant. To mitigate the impact of changes in LIBOR on interest expense for a portion of our variable rate debt, we have entered into interest rate swaps on \$505.0 million notional of our \$696.0 million of outstanding debt under the 2019 Facility as of April 3, 2022, which we account for as cash flow hedges. Based on the \$191.0 million of unhedged outstanding as of April 3, 2022, a 100 basis point increase in the one-month LIBOR would result in a \$1.9 million increase in interest expense for a twelve-month period, while a 100 basis point decrease would result in the floor of zero and thus a decrease in interest expense of \$0.2 million for a twelve-month period based on the daily average of the one-month LIBOR through the fiscal quarter ended April 3, 2022.

The Financial Conduct Authority in the U.K. intends to phase out LIBOR by the end of 2023. We have negotiated terms in consideration of this discontinuation and do not expect that the discontinuation of the LIBOR rate, including any legal or regulatory changes made in response to its future phase out, will have a material impact on our liquidity or results of operations.

Foreign Currency Risk

We are exposed to foreign currency translation risk on the operations of our subsidiaries that have functional currencies other than the U.S. dollar, whose revenues accounted for approximately 28% of our total net revenues through the quarter ended April 3, 2022. A substantial majority of these revenues, or approximately \$104.5 million through the quarter ended April 3, 2022, were attributable to subsidiaries whose functional currencies are the Canadian dollar, the British pound sterling, the Euro, the Australian dollar, the New Zealand dollar, the Mexican peso, and the Japanese yen. A 10% increase or decrease in the average exchange rate of the Canadian dollar, the British pound sterling, the Euro, the Australian dollar, the New Zealand dollar, the Mexican peso, and the Japanese yen against the U.S. dollar would have resulted in a decrease or increase of approximately \$10.5 million in our total net revenues through the quarter ended April 3, 2022.

From time to time, we engage in foreign currency exchange and credit transactions with our non-U.S. subsidiaries, which we typically hedge. To date, the impact of such transactions, including the cost of hedging, has not been material. We do not engage in foreign currency or hedging transactions for speculative purposes.

Item 4. Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) that are designed to ensure that information required to be disclosed in Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of April 3, 2022, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

There were no changes during the fiscal quarter ended April 3, 2022 in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

In the ordinary course of conducting our business, we have in the past and may in the future become involved in various legal actions and other claims. We may also become involved in other judicial, regulatory and arbitration proceedings concerning matters arising in connection with the conduct of our businesses. Some of these matters may involve claims of substantial amounts. These legal proceedings may be subject to many uncertainties and there can be no assurance of the outcome of any individual proceedings. We do not presently anticipate any material legal proceedings that, if determined adversely to us, would have a material adverse effect on our financial position, results of operations or cash flows. See [Note 10](#), Commitments and Contingencies, to the Condensed Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q for information regarding certain legal proceedings in which we are involved.

Shareholder Derivative Suit

On December 3, 2021, a shareholder of the Company brought a shareholder class and derivative action complaint against the members of the Company’s Board of Directors, the Company, JAB, and certain entities related to JAB (JAB and the related entities, collectively the “JAB Entities”). The plaintiff alleges that the members of the Company’s Board breached their fiduciary duty by allowing the JAB Entities to conduct a creeping takeover of the Company and that the JAB Entities aided and abetted those breaches.

On December 16, 2021, the court denied the plaintiff’s request for an emergency temporary restraining order to prohibit further acquisitions of the Company’s stock by the JAB Entities. On March 14, 2022, the Company entered into a letter agreement with the JAB Entities that, among other things, (i) requires JAB to provide notice at least 30 days prior to an acquisition of voting rights, directly or indirectly, that would exceed 45% of the Company’s total outstanding voting stock, (ii) restricts directors who are employees or designees of the JAB Entities from involvement in the consideration of such acquisition by the Company’s Board of Directors, (iii) permits the JAB Entities to enter into future cash-settled total return swap agreements provided that the JAB Entities must comply with the 30-day notice requirement before acquiring shares from or entering into a voting arrangement with the counterparty and that the JAB Entities do not try to influence the voting decisions of the counterparty. The terms of this agreement shall remain in effect for one year from the date of signing, subject to extension by JAB in its sole discretion.

On March 29, 2022, the parties filed a stipulation and order to dismiss the action with prejudice as moot and begin negotiation for an award of attorneys’ fees and reimbursement of expenses. No compensation in any form has passed directly or indirectly from any defendant(s) in the action to plaintiff or plaintiff’s attorneys in this action, and no promise to give any such compensation has been made. At this time the Company is unable to predict the amount of attorneys’ fees (if any) that the court will award, but we do not expect the amount to be material to the Company.

Item 1A. Risk Factors

With the exception of the changes discussed below, there have been no material changes from the risk factors disclosed in “Risk Factors” in Part 1, Item 1A of the Company’s Annual Report on Form 10-K for the year ended January 2, 2022.

We will become increasingly reliant on a single vendor for distribution of materials and supplies in the U.S. and a portion of Canada. If the vendor fails to provide these materials and supplies per the agreement, our and our franchisees’ ability to make doughnuts could be negatively affected.

To consolidate our third-party logistics operations, we have entered into an exclusive distribution agreement (the “Distribution Agreement”) with BakeMark USA LLC, a Delaware limited liability company (“BakeMark”). The Distribution Agreement, among other things, grants BakeMark exclusive rights to distribute ingredients, packaging, and supplies to Company-owned and franchise shops in the U.S., except for New York City and British Columbia, Canada. Exclusivity is granted on a regional basis once BakeMark commences distribution to Company-owned and franchise shops in each of the territories, with all regions expected to be served by BakeMark on or before March 15, 2023. The initial term ends on December 31, 2028, and renews automatically on an annual basis unless either the Company or BakeMark elect not to continue the arrangement.

As BakeMark commences distribution, we will become increasingly reliant on BakeMark to distribute materials and supplies. If BakeMark experiences economic or operational challenges, this could cause disruptions to our supply chain in the U.S. and Canada. We cannot control the factors that may cause such challenges, and we may not be able to find an alternative distribution channel in a timely manner to prevent disruptions to our operations, which might even require that we temporarily

stop production in the affected shops until other arrangements are taken. Additionally, the cost of a replacement distribution channel may also affect the financial performance of these shops. Severe disruption to BakeMark could result in a material and adverse impact on our business and our consolidated financial position, results of operations, and cash flows.

Prior to the Distribution Agreement, we relied on two separate vendors with exclusive distribution rights in their respective regions. As such, the risk mitigation plans that may be triggered if BakeMark experiences a severe disruption have not changed substantially. For example, the Distribution Agreement involves a network of distribution centers in the U.S., each with capacity to manage remaining inventory and service needs if one or two centers are disrupted. Additionally, we can collaborate directly with the Company-approved suppliers from which BakeMark acquires and distributes supplies until the disruption is resolved. We will continuously monitor market conditions to manage the risks associated with severe disruptions in our distribution network.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description of Exhibit
10.1	Letter Agreement, dated March 14, 2022, by and among Krispy Kreme, Inc., JAB Indulgence B.V., and JAB Holdings B.V. (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K, File number 001-40573, filed on March 16, 2022, and incorporated by reference herein).
10.2*	Exclusive distribution agreement dated March 15, 2022, by and among Krispy Kreme Doughnut Corporation and BakeMark USA LLC.
31.1*	Certification of Chief Executive Officer of Krispy Kreme, Inc. pursuant to Rule 13a-14(a) or 15d-14(a) promulgated under the Exchange Act.
31.2*	Certification of Chief Financial Officer of Krispy Kreme, Inc. pursuant to Rule 13a-14(a) or 15d-14(a) promulgated under the Exchange Act.
32.1**	Certifications of Chief Executive Officer and Chief Financial Officer of Krispy Kreme, Inc. pursuant to Rule 13a-14(b) or 15d-14(b) promulgated under the Exchange Act, and Section 1350 of Chapter 63 of Title 18 of the United States Code.
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended April 3, 2022, formatted in Inline XBRL: (i) Condensed Consolidated Statements of Operations, (ii) Condensed Consolidated Statements of Comprehensive Income/(Loss), (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Changes in Shareholders' Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).
*	Filed herewith.
**	Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Charlotte, North Carolina on May 11, 2022.

Krispy Kreme, Inc.
By: /s/ Josh Charlesworth
Name: Josh Charlesworth
Title: Chief Financial Officer

CERTAIN PORTIONS OF THIS EXHIBIT HAVE BEEN OMITTED BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE TYPICALLY TREATED AS PRIVATE OR CONFIDENTIAL. BRACKETS (“[*]”) INDICATE THAT INFORMATION HAS BEEN OMITTED.**

EXCLUSIVE DISTRIBUTION AGREEMENT

THIS EXCLUSIVE DISTRIBUTION AGREEMENT (“Agreement”) is made effective as of March 15, 2022 (“Effective Date”), by and between BAKEMARK USA LLC, a Delaware limited liability company (“BakeMark”), and KRISPY KREME DOUGHNUT CORPORATION, a North Carolina corporation (“Krispy Kreme”). Each of the foregoing parties hereto may be referred to herein individually as a “Party” and collectively as the “Parties.”

RECITALS

A. BakeMark is a manufacturer, supplier, and distributor of bakery ingredients, supplies, and products.

B. Krispy Kreme is a franchisor and/or owner of Krispy Kreme Doughnut commercial sales locations and commissaries in the Territory listed on Schedule A (the “Krispy Kreme Commercial Outlets”) to which Krispy Kreme distributes Products.

C. Krispy Kreme and BakeMark also wish to enter into this Agreement whereby BakeMark will be the sole and exclusive distributor of Products (defined below) within the Territory (defined below).

NOW, THEREFORE, in consideration of the foregoing recitals and the covenants and agreements contained herein, and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties hereby agree as follows:

ARTICLE 1 – DEFINITIONS

For purposes of this Agreement, the following capitalized terms shall have the meanings defined below, or if not so defined, their meaning as defined elsewhere in this Agreement (all such meanings to be equally applicable to both the singular and the plural forms of the terms defined herein):

1.1 “Applicable Laws” means all applicable federal and state laws, rules and regulations relating to the manufacture, processing, packaging, storage and shipment of food items, as such laws may be amended from time to time, including without limitation, the Federal Food, Drug and Cosmetic Act of 1938, as amended, and the Fair Packaging and Labeling Act.

1.2 “Bakery Mixes” shall mean the proprietary doughnut mixes and other bakery product mixes of Krispy Kreme, as set forth on Schedule C attached hereto, which are to be (i) manufactured by BakeMark in accordance with Krispy Kreme’s formulations and Krispy Kreme specifications communicated to BakeMark in writing (“Krispy Kreme Specifications”) or (ii) bought by BakeMark from Krispy Kreme, in each case, for sale to Krispy Kreme Commercial Outlets.

1.3 “Business Day” means Monday through Friday excluding any holidays observed in the State of residency of the applicable BakeMark branch as contemplated by Section 7.2(a) for order lead times and Schedule E.

1.4 “Distribution Centers” shall mean all of BakeMark’s distribution facilities in the United States, a list of which, current as of the Effective Date, is set forth on Schedule D.

1.5 “Franchisee” means any current or future Person who is a party to a Krispy Kreme Franchise Agreement.

1.6 “Landed Cost” shall mean [***], and any other costs specifically designated as a Landed Cost as set forth herein.

1.7 “Person” means any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization, governmental entity (or any department, agency, or political subdivision thereof) or other entity of any kind.

1.8 “Products” shall mean those items listed on Schedule B attached hereto (which, for the avoidance of doubt, includes all ingredients, products, and supplies, all of which conform with Krispy Kreme Specifications), as may be amended from time to time by Krispy Kreme upon prior notice. The term “Products” also includes the Bakery Mixes.

1.9 “Region” or “Regions” shall mean [***], as more specifically set forth on Schedule F.

1.10 “Territory” means (i) all States and provinces located within the U.S. other than New York City (i.e., Manhattan, Brooklyn, The Bronx, Queens, Staten Island) and (ii) all provinces and territories in Canada.

1.11 “Weeks Movement” shall mean [***].

ARTICLE II – TERM AND EXTENSION

2.1 Initial Term. Unless extended or terminated pursuant to this Article II or earlier terminated pursuant to Article XI, the initial term of this Agreement shall commence on the Effective Date and continue until December 31, 2028 (the “Initial Term”). The date on which BakeMark first performs distribution services in any one of the Detroit, Charlotte or Florida Regions to Krispy Kreme Commercial Outlets under this Agreement is referred to as the “Start of Service”. Notwithstanding that the Start of Service will not occur on the Effective Date, this Agreement shall be a binding obligation of the parties as of the Effective Date. Upon the Effective Date, that certain Distribution Agreement dated May 13, 2008, as amended (the “Existing Distribution Agreement”) shall automatically terminate in its entirety and be superseded by this Agreement.

2.2 Extension of Term. The Initial Term shall be automatically extended for consecutive one (1) year periods beyond the Initial Term (the Initial Term and all extensions, if any, are collectively referred to as the “Term”), unless written notification of non-extension is provided by either Party no less than one hundred eighty (180) days prior to the end of the then-current Term.

ARTICLE III – EXCLUSIVE APPOINTMENT IN THE TERRITORY

3.1 Exclusivity. Krispy Kreme hereby appoints BakeMark to be its sole and exclusive distributor of Products to Krispy Kreme Commercial Outlets in the United States (excluding New York City) and British Columbia, Canada, on a Region-by-Region basis with each Region becoming exclusive

once BakeMark first performs services for such Region, and BakeMark hereby accepts such appointment. BakeMark and Krispy Kreme shall use their reasonable best efforts to complete roll-out for each Region in accordance with and by the dates set forth on **Schedule F**, [***] (for each Region, “Notified Start Date”). BakeMark shall only distribute the Products to Krispy Kreme Commercial Outlets in the Territory, a current listing of which is attached hereto as **Schedule A**. Krispy Kreme shall promptly advise BakeMark in writing of any additions or deletions to the then current list of authorized Krispy Kreme Commercial Outlets in the Territory. **Schedule A** shall be deemed amended upon notification by Krispy Kreme to BakeMark of changes in Krispy Kreme Commercial Outlets in the Territory. For the avoidance doubt, all Krispy Kreme Doughnut commercial sales locations and commissaries in the Territory shall automatically be deemed to be included as a Krispy Kreme Commercial Outlet, and may not be removed unless such location is discontinued. [***] For the purposes of this Agreement, “*sole and exclusive distributor*” means that Krispy Kreme will not appoint any other distributor or vendor with authority to distribute or sell any Products within the Territory to Krispy Kreme Commercial Outlets or to establish distribution facilities for any Products within the Territory; provided, however, that nothing in this Agreement shall prohibit or restrict Krispy Kreme’s distribution of Products to Krispy Kreme Commercial Outlets on a rush or emergency basis by common carrier, express courier or otherwise.

3.2 Subdistributors. [***]

ARTICLE IV – DISTRIBUTION PURCHASE REQUIREMENTS

4.1 During the Term of this Agreement, Krispy Kreme shall sell to BakeMark, and BakeMark shall purchase from Krispy Kreme or from Krispy Kreme Approved Sources, Products for distribution within the Territory, subject to Krispy Kreme Specifications, except that as and when the existing inventory of the Products currently in Krispy Kreme’s or Approved Source’s supply chain are exhausted. The original list of Approved Sources for each of the applicable Products is listed in **Schedule C** attached hereto (the “Approved Sources”).

4.2 Purchases of Bakery Mixes by BakeMark from Krispy Kreme

(a) **Purchase Orders.** BakeMark shall issue purchase orders for Bakery Mixes to Krispy Kreme via EDI, facsimile, e-mail or other mutually agreed method. Each purchase order will specify the delivery time [***] and the Distribution Center to which the Bakery Mixes are to be delivered.

(b) **Prices and Payment Terms.** Prices for Bakery Mixes purchased by BakeMark from Krispy Kreme will be at Krispy Kreme’s then-stated price, subject to [***] adjustment in accordance with **Schedule F**. Payment terms for all Bakery Mixes purchased from Krispy Kreme are [***].

(c) **Title and Risk of Loss.** Title and risk of loss for all Bakery Mixes purchased by BakeMark from Krispy Kreme shall transfer to BakeMark [***].

4.3 Purchases by BakeMark from Approved Sources.

(a) **Purchases.** Krispy Kreme may negotiate with Approved Sources the price at which BakeMark shall procure Products for resale to the Krispy Kreme Commercial Outlets in the Territory. Krispy Kreme shall provide [***] notice of any changes in its designation of Products or Approved Sources.

(b) BakeMark is responsible for purchasing Product from Approved Sources in the amounts and on the frequency that ensure BakeMark is capable of meeting its forecasted obligations under this Agreement (provided the Approved Sources are able to meet such demands through no fault of BakeMark, including BakeMark’s compliance with the terms and conditions of its supply arrangements with Approved Sources).

4.4 BakeMark shall prepare and forward to Krispy Kreme a [***] forecast of its Landed Cost for the upcoming [***] and Krispy Kreme shall prepare and forward to BakeMark a [***] forecast of the volume of each Product anticipated to be required by the Krispy Kreme Commercial Outlets for the upcoming [***]. Each of the [***] forecasts required of each Party shall be forwarded prior to the end of [***] before implementation. [***].

4.5 BakeMark and Krispy Kreme will review monthly closed-coded Products and slow moving materials, which are those Products inventoried by a Distribution Center for distribution to the Krispy Kreme Commercial Outlets that it services under this Agreement: (i) that Krispy Kreme fails to order in quantities of [***] or more cases per week; or (ii) for which inventory levels exceed [***] days' supply for a sustained period of [***] days or more in the Distribution Centers, aggregated, through no error or inventory mismanagement by BakeMark. Decisions for write offs or applying overstock fees shall be reviewed and made monthly by Krispy Kreme in consultation with BakeMark, which Krispy Kreme will consider in good faith. BakeMark will not stock more than [***] days' inventory at any time. Inventory that goes beyond code date, will be disposed of, any inventory that is overstock due to BakeMark excessive purchase quantity will be absorbed by BakeMark. Any inventory [***] days in excess of [***] days' stock on hand will accumulate storage fees of \$[***] per unit, for each [***] days. Dumping of the Product will result in normal unit mark up for disposal and dump fees if over [***] pieces. It is the intent of both parties to not have excessive inventory. There can be [***] per calendar year for each BakeMark location that will incur no storage fees for the first [***].

4.6 BakeMark requires lead time on all Limited Time Offers and related product requirements (collectively, "LTO items") equal to the period calculated by adding the longest lead time of the LTO items to the reasonable administrative time required for such items; provided, however, that BakeMark shall use commercially reasonable efforts to deliver the LTO items in a shorter delivery time if Krispy Kreme so requests, with any additional freight charges for expedited service included in the Landed Cost. BakeMark will communicate when Krispy Kreme Approved Sources have lead times or credit requirements that may require additional time. Additionally, a one-time set up fee of \$[***] will be charged for a Limited Time Offer if one or more new Approved Sources is set-up in the BakeMark system for such Limited Time Offer.

4.7 BakeMark will determine whether or not sales to BakeMark from Krispy Kreme and the other Approved Sources will be [***]. All freight expenses from Krispy Kreme and the other Approved Sources paid by BakeMark will be included in the Landed Costs, including any freight expense between or among BakeMark facilities and Distribution Centers. [***]. [***]. Notwithstanding anything to the contrary contained herein, BakeMark shall not be responsible for any service-level defaults, late deliveries, shortages or other non-conforming issues caused by any carrier requested by Krispy Kreme. If the carrier(s) is/are unable to immediately rectify the Carrier Adverse Effect to BakeMark's reasonable satisfaction within [***], BakeMark shall retain the right to cease using said carrier(s) requested by Krispy Kreme and source a different carrier(s) as provided in the first sentence of this Section 4.7. [***]. Krispy Kreme shall be invoiced by BakeMark for all expenses generated from usage of Krispy Kreme designated carrier(s)--examples include lumber/unloading expenses, pallet exchange, and/or no call or no show expenses. For all lanes managed by BakeMark, BakeMark will shall invoice Krispy Kreme [***]. Freight costs will be adjusted upward if carrier capacity and service cannot be secured. [***].

4.8 [***]

4.9 [***]

ARTICLE V – Pricing

5.1 During the Term of this Agreement, Krispy Kreme shall pay BakeMark (i) the Landed Cost of Products delivered to Krispy Kreme Commercial Outlets, plus (ii) a distribution price per piece in accordance with the terms set for in Schedule F (the “Distribution Fee”). The Distribution Fee for British Columbia (which is included in the West Region), Ontario and Quebec is separately designated on Schedule F. Pricing for all Regions will be adjusted [***] in accordance with Schedule F, and, beginning in [***], shall include an adjustment to reflect [***]. A “Price per Piece Distribution Rate” table can be found in Schedule F. The distribution pricing on Schedule F covers only ambient Products. In the event Krispy Kreme wishes to include [***], Krispy Kreme and BakeMark shall negotiate in good faith the distribution price per unit applicable to such items.

5.2 Raw material pricing and fuel pricing will be adjusted [***], as outlined in Schedule F.

5.3 Krispy Kreme is projected to spend [***] with BakeMark (i.e., the Landed Cost plus the Distribution Fee) for all Krispy Kreme Commercial Outlets set forth on Schedule A per [***] rolling period. In the event Krispy Kreme fails to reach or exceeds such projected spend plus or minus [***] over any [***] rolling period beginning after BakeMark has commenced services to all Regions (excluding Ontario and Quebec for purposes of the commencement date), the Parties shall negotiate, in good faith, a new mutually agreed upon Distribution Fee, such fee to be memorialized in a writing signed by the Parties.

5.4 [***].

ARTICLE VI – DISTRIBUTION PURCHASE REQUIREMENTS (Warranty and Delivery Schedule)

6.1 The following terms shall be applicable to the purchase of Bakery Mixes by BakeMark from Krispy Kreme:

(a) Warranty. Krispy Kreme warrants that all Bakery Mixes purchased from or supplied by Krispy Kreme will, at the time of delivery to BakeMark, (i) be of good and saleable quality and condition; (ii) conform to all Krispy Kreme standards and Krispy Kreme Specifications for sale or delivery to Krispy Kreme Commercial Outlets or for incorporation into Products to be delivered to Krispy Kreme Commercial Outlets; (iii) have remaining shelf life sufficient for use by Krispy Kreme Commercial Outlets; and (iv) be properly labeled in accord with all Applicable Laws and governmental standards.

(b) Remedies. BakeMark may return any non-conforming Bakery Mixes purchased from Krispy Kreme hereunder to Krispy Kreme, and Krispy Kreme shall either (i) replace such non-conforming products, and shall assume all costs of transportation and handling both ways, or (ii) provide BakeMark a full refund for all costs of such non-conforming product, including transportation paid by BakeMark but not otherwise reimbursed.

6.2 The following terms shall be applicable to the distribution of Products by BakeMark to Krispy Kreme Commercial Outlets:

(a) Delivery Time Requirements. BakeMark will ship all Products to Krispy Kreme Commercial Outlets by the delivery date specified on the applicable order, subject to the lead times by location in Schedule F, and unless such delay or failure was caused by Krispy Kreme or an Approved Source notwithstanding BakeMark’s use of commercially reasonable efforts to avoid the impact of such delay or failure. Krispy Kreme will be notified of any late and/or unfilled orders and the purported cause of such late and/or unfilled order, which will be subject to review and discussion by the Parties. . Lead times by location are shown in Schedule E.

(b) Delivery will be drop and go with pallet exchange. If no pallet exchange BakeMark will bill Krispy Kreme location for pallets dropped on next delivery. Pallets dropped and returned will be noted by BakeMark on each invoice. Product will be moved inside Krispy Kreme location if the doors accommodate.

(c) Claims. Notwithstanding anything to the contrary contained herein, all claims for visibly damaged Products or shortages shall be made within the following periods: (i) for non-“key drop” deliveries, upon delivery, (ii) for “key drop” deliveries, within [***], and claims for concealed damages must be made within [***].

6.3 Payment Terms. Payment terms for all undisputed invoices are [***] meaning that Krispy Kreme shall pay for and BakeMark shall receive payment not later than the [***] following Krispy Kreme’s receipt of the invoice covering the shipment to the Krispy Kreme Commercial Outlet. BakeMark will submit invoices for payment through the “Krispy Kreme” Corporate E-Payment Solution Program, expenses and/or related financing charges of which will be a pass through to Krispy Kreme as a Landed Cost. Krispy Kreme will notify BakeMark reasonably in advance of any change in the “Krispy Kreme” Corporate E-Payment Solution Program.

6.4 Krispy Kreme with work with BakeMark to allow “key drops” where applicable.

ARTICLE VII – OPERATIONAL COVENANTS

7.1 Krispy Kreme shall:

(a) Advise its Krispy Kreme Commercial Outlets of Krispy Kreme’s agreement with BakeMark that in the event Krispy Kreme Commercial Outlets do not on average purchase at [***] of each Product per week per BakeMark branch servicing Krispy Kreme Commercial Outlet listed on Schedule A for the preceding [***], then, unless otherwise agreed by BakeMark, BakeMark may thereafter discontinue honoring any orders for those Products which do not meet these minimum average criteria. These criteria shall be applied only on BakeMark Distribution Center basis, so that the average of [***] of Product per week minimum shall be met so long as the Krispy Kreme Commercial Outlets served by the particular BakeMark Distribution Center meet these criteria. On a [***] basis, the Parties shall review and adjust the Product list and quantities as they may mutually agree, subject to Section 3.1.

(b) Indemnify, defend and hold harmless BakeMark from and against any and all claims by any Krispy Kreme Commercial Outlet or its owners or operators or any other third party to the effect that any actions of BakeMark in performing its obligations as set forth in this Agreement violates or is in breach of (i) any Krispy Kreme Commercial Outlet’s franchise agreement or any other agreement between Krispy Kreme and any Krispy Kreme Commercial Outlet or its owners or operators, or (ii) of any governmental regulation or provision of law applicable to Krispy Kreme’s relationship with any Krispy Kreme Commercial Outlet. Krispy Kreme further warrants that this Agreement is not in violation of any franchise agreement or any other agreement between Krispy Kreme and any Krispy Kreme Commercial Outlet or its owners or operators.

7.2 BakeMark shall:

(a) Maintain an inventory and a supply line commitment for all Products for which it is the exclusive distributor hereunder sufficient to permit it to ship such Products to Krispy Kreme Commercial Outlets within [***] after each order, except for Ontario and Quebec as provided in Section 4.8 above. However, BakeMark shall not be in default of this commitment in the event a sufficient inventory is not maintained due to Krispy Kreme’s failure to timely advise BakeMark of forecasts or promotions (i.e., Limited Time Offers) or other unanticipated changes in Krispy Kreme Commercial Outlets demand or the failure by Krispy Kreme or any Approved Source to timely deliver any products or

ingredients. In the event of any such shortage of quantity caused by an Approved Source, such reshipment costs shall be billed by BakeMark to such Approved Source (and BakeMark shall not be in default as a result thereof). Krispy Kreme hereby acknowledges that in the event an Approved Source fails to pay the aforementioned reshipment costs within [***] of receipt of invoice from BakeMark, BakeMark may deduct the unpaid balance of such reshipments costs from the next invoice due and payable to such Approved Source. For the avoidance of doubt, Krispy Kreme shall not be liable for any failure of Approved Sources to pay any such reshipment costs to BakeMark. However, Krispy Kreme will advise Approved Sources that BakeMark will deduct for supply failures.

(b) [***] deliveries of products by any Krispy Kreme Commercial Outlet are planned, but only to the extent the order exceeds [***] dollars (\$[***]) minimum per delivery. This will include additional weekly deliveries or “off day deliveries”. Additional fees equal to the [***] dollar (\$[***]) minimum order size will be applied for weekly deliveries less than [***] dollars (\$[***]), including, for example, any related freight and/or common carrier costs, which shall be included in the Landed Cost.

(c) BakeMark shall maintain an Order Fill Rate (OFR) of [***]%, provided that with respect to fill rate, Products ordered but not delivered as a result of shortages due to Krispy Kreme-shipped or Approved Source-shipped defective Products, late deliveries, persistent out-of-stocks or any other event caused by Krispy Kreme or an Approved Source shall be excused, provided BakeMark uses commercially reasonable efforts (without having to incur any material cost) to mitigate the impact of any such circumstance.

(d) BakeMark shall maintain On-time Delivery of [***]%, provided that any event caused by Krispy Kreme or an Approved Source (e.g., defective Products, late deliveries, persistent out-of-stocks, etc.) for which BakeMark took commercially reasonable preventative measures (without having to incur any material cost not reimbursable or otherwise covered by Krispy Kreme) shall excuse delays. “On-time Delivery” is defined as [***].

ARTICLE VIII - BAKEMARK’S REPRESENTATIONS AND WARRANTIES

8.1 BakeMark warrants that all Products delivered by BakeMark will (i) except for products or ingredients supplied by Krispy Kreme (unless due to the fault of BakeMark), not be adulterated or misbranded within the meaning of Applicable Laws and will be of good and saleable quality and condition; (ii) conform to all Krispy Kreme Specifications for sale to Krispy Kreme Commercial Outlets or for incorporation into Products to be sold to Krispy Kreme Commercial Outlets, however, all Products supplied by Krispy Kreme or an Approved Source shall be deemed to comply with such Krispy Kreme Specifications; (iii) be in condition and quantities conforming to the shipping documentation sent by Krispy Kreme prior to each applicable shipment from BakeMark, and (iv) be properly labeled in accordance with all applicable laws and required governmental standards.

8.2 Reports. BakeMark will provide Krispy Kreme with reports (which are technically feasible for BakeMark to run on existing IT platforms) requested by Krispy Kreme that are (i) required by Krispy Kreme for month-end financial close and/or (ii) focused on maximizing efficiencies; provided, however, that if Krispy Kreme requests customized reports or specialized reporting mechanisms, BakeMark and Krispy Kreme will mutually agree on the feasibility and allocation of expense that BakeMark may incur for such report (e.g., development or administrative cost). Nothing in this Section 8.2 shall require BakeMark to provide any financial statements to Krispy Kreme.

8.3 Pricing Process and Price Verifications.

(a) Subject to this Section 8.3, BakeMark and Krispy Kreme shall continue the established and existing [***] pricing process, during which Krispy Kreme and BakeMark will also verify previous prices on a [***] basis pursuant to Section 8.3(b). Krispy Kreme will initiate the [***] pricing process as early as

practically possible (e.g., [***] prior to the end of each Krispy Kreme [***]) by delivering a pricing update in the form of a direct delivery sell price analysis to BakeMark, provided that such pricing update may be delivered subject to updates for additional supplier input (e.g., carton / packaging prices which are customarily delivered later in the existing process—but no later than [***] to beginning for the next [***]). BakeMark shall promptly review the initial pricing update and provide Krispy Kreme with BakeMark's updated Landed Cost list within [***] after receiving the initial pricing update from Krispy Kreme. Krispy Kreme will promptly review and provide BakeMark with feedback on the price list within [***]. The Parties shall continue the process of review and feedback until BakeMark's delivered price list for the upcoming Krispy Kreme [***] is mutually agreed. If the Parties are unable to mutually agree on the updated price list by the beginning of the new Krispy Kreme [***], either Party may submit the disputed item(s) for resolution in accordance with Section 15.17. On the [***] of each of Krispy Kreme's [***], BakeMark shall provide Krispy Kreme with a complete and accurate inventory of Products then in BakeMark Distribution Centers and facilities.

(b) The [***] price verification process conducted in conjunction with the pricing process described in Section 8.3(a) will include all components of the Landed Costs from Krispy Kreme and Approved Sources that BakeMark invoices Krispy Kreme for the [***], including, but not limited to, materials and freight (both inbound and intra-Distribution Center/facility). At the end of each Krispy Kreme [***] during the Term and the first Krispy Kreme [***] end immediately following termination or expiration of this Agreement, both Krispy Kreme and BakeMark will work in good faith to review and rectify any errors committed by either BakeMark or Krispy Kreme during the then-ending [***]. As part of the established and existing [***] pricing process, at the end of each [***], both Krispy Kreme and BakeMark shall be deemed to have automatically accepted and approved all [***] pricing, absent manifest error. To the extent any such manifest error exists and a party notifies the other within ninety (90) days after the end of a [***], the Parties will work together in good faith to rectify any such errors committed, provided, however, if a party does not notify the other of such error within such [***] period, neither party may review, audit or contest any [***] pricing, all of which shall be deemed automatically accepted and approved by both parties and all errors waived. To the extent a party timely notifies the other within such [***] period of any manifest errors, then any proposed corrections shall be corrected in good faith, and if not settled within [***] after written notice of such dispute, will be resolved in accordance with the dispute resolution process set forth in Section 15.17.

8.4 Records; Audits.

(a) For at least [***] from the date of creation of each relevant book record, including after expiration or termination of this Agreement, BakeMark shall maintain such books and records as are necessary to substantiate BakeMark's compliance with Section 8.4(b) below, subject to the terms and conditions therein.

(b) Krispy Kreme shall, upon reasonable prior notice to BakeMark but not more than once per year (unless a breach of Applicable Law or the Quality Assurance Requirements is uncovered), during the term of this Agreement and for a period of [***] after its termination or expiration if in connection with a third party claim, shall have the right to request copies of books and records reasonably necessary in order to determine (i) BakeMark's compliance with Applicable Law as it relates directly to their services hereunder (e.g., FCPA, forced labor, child labor) and Krispy Kreme's Code of Conduct. The review right is specifically limited to those books and records reasonably necessary to confirm such compliance, provided, BakeMark may, at its discretion and in lieu of Krispy Kreme's review right, provide a certification to Krispy Kreme evidencing its compliance with such Applicable Laws or Quality Assurance Requirements. Nothing in this Section shall require BakeMark to provide any financial statements to Krispy Kreme.

(c) BakeMark shall, at its sole cost an expense, ensure that, on a quarterly basis, it has a corporate credit rating assigned by Moody's Investors Service, Inc. ("Moody's"), and/or Standard and Poor's Ratings Group ("S&P"). In the event either Moody's or S&P ceases to exist, ceases to be in the business of issuing corporate credit ratings, or such a rating is not otherwise obtainable from such agencies, then BakeMark shall obtain and maintain a rating from another nationally recognized statistical rating agency reasonably acceptable to Krispy Kreme, if such rating is commercially and readily available. No other financial reporting or disclosure is required by BakeMark hereunder.

8.5 Quality Assurance Requirements; Sanitation Inspections.

(a) BakeMark agrees to adhere to Krispy Kreme's quality assurance requirements and specifications as provided in writing and as may be amended from time to time upon reasonable prior written notice to BakeMark (the "Quality Assurance Requirements"); provided, however, that if a change in the Quality Assurance Requirements requires BakeMark to incur material, additional expense (including, without limitation, overhead expenses) in order to comply with such changes, Krispy Kreme will reimburse BakeMark for such additional expense. Such reimbursement may, upon agreement of the parties, be in the form of an adjustment to the distribution price per unit described in **Schedule F**.

(b) BakeMark agrees to submit the Distribution Centers and any branches serving the Krispy Kreme Commercial Outlets to sanitation inspections conducted by AIB or such other reputable third-party sanitation inspection firm as BakeMark may select. BakeMark shall promptly provide to Krispy Kreme copies of each such sanitation inspection performed.

(c) BakeMark maintains in effect a policy of Product recalls and withdrawals, a copy of which will be promptly after the Effective Date be provided to Krispy Kreme, and will provide prompt written notice to Krispy Kreme of any changes in such policy. BakeMark will cooperate fully with directions from Krispy Kreme in connection with any recall or withdrawal including mock recalls associated with Krispy Kreme food safety procedures. The expenses of any recalls which are not caused by BakeMark, including, without limitation, transportation and disposal, shall be charged to Krispy Kreme as a Landed Cost.

ARTICLE IX - KRISPY KREME'S REPRESENTATIONS AND WARRANTIES

9.1 Krispy Kreme represents, warrants and covenants to BakeMark as follows:

9.2 Each order of products or ingredients supplied by Krispy Kreme is guaranteed, as of the date of delivery to BakeMark's Distribution Center, to be, on such date, not short in weight (subject to variances in accordance with industry practices), adulterated or misbranded within the meaning of any Applicable Laws and furthermore, shall comply with all Applicable Laws. Each delivery of products or ingredients supplied by Krispy Kreme hereunder is further guaranteed to be a product which, under the provisions of all Applicable Laws, can be shipped and/or sold in interstate or foreign commerce and which conforms in all respects to the requirements hereof.

9.3 No products or ingredients supplied by Krispy Kreme hereunder to BakeMark will bear or contain any food additive, pesticide or other substance as of the date of such delivery which is unsafe within the meaning of Applicable Laws and all such products or ingredients supplied by Krispy Kreme hereunder shall be in conformance with Krispy Kreme Specifications.

9.4 If Krispy Kreme breaches any of its representations, warranties or covenants set forth in Section 9.1 above, or thereby results in any withdrawals or recalls as a result of product contamination or malfunction, BakeMark may return any shipment containing non-conforming products or ingredients supplied by Krispy Kreme hereunder to Krispy Kreme, and Krispy Kreme either (i) replace such products, and shall assume all costs of transportation and handling both ways, and reimburse BakeMark for any such

costs paid by BakeMark, or (ii) provide BakeMark a full refund for all costs of such non-conforming product, including transportation.

ARTICLE X – CONFIDENTIALITY

10.1 Each Party agrees to keep the terms of this Agreement strictly confidential and to only disclose such terms to agents (e.g., auditors, consultants and advisors) and employees of the Party on a “need to know” basis, all of whom must be notified of the confidential nature of the information shared. Further, each Party shall assure that no agent or employee to whom any term is disclosed shall further disclose such terms in any manner inconsistent with this Section. Notwithstanding the foregoing, the Parties acknowledge that (i) invoices and shipping documents may have to be disclosed to third parties in the ordinary course of business to comply with its obligations hereunder and agree that such disclosures are not prohibited by this Section, and (ii) either Party may disclose the terms of this Agreement to Persons supplying such Party so that each Party can, among other things, assure compliance with any contractual obligations between it and such Persons, and, subject to Section 10.3, as required by any applicable law or regulation, including the rules of any national securities exchange, or legal or judicial process. Each Party shall be responsible for the compliance of its agents and employees with this Article X.

10.2 Each Party acknowledges that the other Party (the “Disclosing Party”) may, in connection herewith, disclose certain confidential, proprietary or non-public technical information, know-how, customer information, recipes, requirements information, supplier lists, marketing strategies, accounting and financial information, pricing, costs and other information and data relating to the Disclosing Party and its operations or those of a third party (collectively, the “Confidential Information”) to employees or agents of the Party on a “need to know” basis. For clarity, “Confidential Information” also includes information of third parties where the Disclosing Party has an obligation of confidentiality with respect to such information. Each Party shall assure that no agent or employee to whom any Confidential Information is disclosed shall further disclose such Confidential Information in any manner inconsistent with this Section. Other than is necessary or is contemplated by this Agreement, each Party agrees to hold in confidence and not use for its own benefit all such Confidential Information disclosed to it. The provisions of this Section, however, shall not apply to (i) information which becomes known to the public through no fault of the non-Disclosing Party or its agents or employees, (ii) information already and rightfully known by the non-Disclosing Party at the time of disclosure and not subject to an obligation of confidentiality, to the extent documentary evidence of such is provided by the non-Disclosing Party, and (iii) information acquired by the non-Disclosing Party from a third party who legally has the information and who has the right to disclose the same without restriction.

10.3 Legally Required Disclosure. In the event disclosure of Confidential Information is required by any applicable law or regulation, including the rules of any national securities exchange or a listing agreement with such securities exchange, or legal or judicial process, the non-Disclosing Party will, to the extent practicable and permitted by applicable law, notify the Disclosing Party promptly in writing (email being sufficient) so that it may seek a protective order or other appropriate remedy or, in its sole discretion, waive compliance with the terms of this Section 10, and the non-Disclosing Party will cooperate, at the Disclosing Party’s expense, in such efforts as reasonably requested. In the event that no such protective order or other remedy is obtained, or the Disclosing Party waives compliance, the non-Disclosing Party will furnish only that portion of the Confidential Information that the non-Disclosing Party is required to disclose as advised by counsel, and will use reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the Confidential Information so disclosed.

10.4 At the termination or expiration of this Agreement, the Parties shall promptly (i) return to each other all copies, whether in written, electronic or other form or media, of Confidential Information

that it has received hereunder, or (ii) or destroy all such copies and certify in writing to the Disclosing Party that such Confidential Information has been destroyed, except that the non-Disclosing Party may keep a single copy of Confidential Information to the extent required by applicable law or regulation or bona fide internal record retention policies and electronic data backup procedures (provided, that any such retained Confidential Information will remain subject to the terms of this Section 10).

10.5 The provisions of this Article shall survive the termination or expiration of the Term of this Agreement.

ARTICLE XI – TERMINATION

11.1 Notwithstanding anything to the contrary contained in this Agreement, either Party shall be entitled to terminate this Agreement effective immediately upon giving notice under Section 11.1(b) and effective upon the failure to cure as provided in Section 11.1(a):

(a) In the event the other Party (the “Breaching Party”) shall breach or violate any of its warranties, representations, agreements, covenants or conditions set forth in this Agreement, including performance obligations in Sections 7.2(c) and (d), and such Breaching Party fails to remedy the breach or violation within 30 days after receipt of written notice from the other Party. The foregoing notwithstanding, the notice and cure period for failure to timely pay money when due hereunder shall be ten (10) days after receipt of written notice. If the full cure of any notified non-monetary breach is not reasonably possible within the initial thirty (30) day cure period by the applicable Party exercising earnest due diligence, such cure period shall be extended for up to an additional sixty (60) days, so long as such Party has promptly begun the actions necessary to cure the breach during the initial thirty (30) day period and is diligently and continuously pursuing the cure actions in good faith; or

(b) In the event the other Party (i) makes an assignment for the benefit of its creditors, (ii) initiates or is the subject of proceedings in bankruptcy or under insolvency laws, whether voluntarily or involuntarily, (iii) has a receiver appointed, (iv) dissolves or ceases to do business, or (v) becomes insolvent or otherwise admits its inability to pay its debts as they mature.

11.2 Upon the termination or expiration of this Agreement: (i) all open accounts receivable of BakeMark owing from Krispy Kreme shall become immediately due and payable by Krispy Kreme, and (ii) Krispy Kreme shall purchase [***] of BakeMark’s then existing inventory of Products on hand and in its supply line (respecting orders which cannot be cancelled without a cancellation charge or diverted to another BakeMark) at BakeMark’s then Landed Cost plus the Distribution Fee, F.O.B. BakeMark’s respective Distribution Centers, as applicable. Such purchases and the payment for same shall be completed within [***] days of the effective date of said termination or expiration. Krispy Kreme may, at its sole option, elect to purchase additional inventory beyond the required [***] under the same terms and conditions if Product is contracted for Krispy Kreme Commercial Outlets and available.

11.3 Survival. Articles I (*Definitions*), X (*Confidentiality*), XII (*Indemnification by BakeMark*), XIII (*Indemnification by Krispy Kreme*), XIV (*Limitation of Liability*), and XV (*Miscellaneous Provisions*), and Sections 8.3-8.4, and this Section 11.3 of this Agreement, as well as any other provision that, in order to give proper effect to its intent, should survive such expiration or termination, will survive the expiration or earlier termination of this Agreement.

ARTICLE XII - INDEMNIFICATION BY BAKEMARK

12.1 BakeMark shall indemnify, defend and hold harmless Krispy Kreme, its affiliates and franchisees, and its customers, and their respective customers, directors, officers, employees and agents (“**KKDC Indemnified Party**”) from and against any and all claims, demands, actions, suits, causes of action, investigations, liabilities, losses, damages, costs and expenses (including but not limited to expenses of investigation, settlement, litigation and reasonable attorneys’ fees incurred in connection therewith) which are hereafter made, sustained, or brought against a KKDC Indemnified Party by an unaffiliated Person for the recovery of damages for the injury, illness or death of any person caused or alleged to be caused by the consumption or use by such person of any Products, manufactured, shipped or delivered by BakeMark to a Krispy Kreme Commercial Outlet pursuant to this Agreement (except for any Product supplied by an Approved Source or Krispy Kreme, including Bakery Mixes, provided this exception does not apply to Product-related claims arising from BakeMark’s negligence, alteration, adulteration, mishandling or misuse of Products), unless such claim is due to a KKDC Indemnified Party’s negligence, alteration, adulteration or misuse of any product, products or ingredients supplied by Krispy Kreme or intentional tortious conduct, action or inaction.

12.2 In the event any claim is asserted or any suit or action is brought against Krispy Kreme for which BakeMark is required to defend and hold harmless a KKDC Indemnified Party under this Article, Krispy Kreme shall promptly notify BakeMark in writing of such claim or suit. BakeMark, upon receipt of such notice, shall undertake in conjunction with Krispy Kreme (if Krispy Kreme desires) the defense of such suit for the determination or settlement of any such claim at BakeMark’s own cost and expense. BakeMark shall not be liable hereunder for any expenses relating to investigation, settlement, litigation and attorneys’ fees incurred in connection with the above unless it has been given written notice in accordance herewith. Krispy Kreme may participate in such defense with counsel of its own choosing providing such counsel shall be at Krispy Kreme’s own expense, provided that Krispy Kremer may exercise control of the defense and settlement at BakeMark’s expense if BakeMark refuses in writing or fails to timely assume control.

ARTICLE XIII - INDEMNIFICATION BY KRISPY KREME

13.1 Krispy Kreme shall indemnify, defend and hold harmless BakeMark, its affiliates and their respective customers, directors, officers, employees and agents (“**BM Indemnified Party**”) from and against any and all claims, demands, actions, suits, causes of action, investigations, liabilities, losses, damages, costs and expenses (including but not limited to expenses of investigation, settlement, litigation and reasonable attorneys’ fees incurred in connection therewith) which are hereby made, sustained or brought against a BM Indemnified Party by an unaffiliated Person for the recovery of damages for the injury, illness or death of any Person caused or alleged to be caused by the consumption or use by such Person of the Krispy Kreme products sold by Krispy Kreme Commercial Outlets or any other products or ingredients supplied or sold directly by Krispy Kreme to BakeMark or to a Krispy Kreme Commercial Outlet, unless such claim is due to a BM Indemnified Party’s negligence, alteration, alteration or misuse of any product, or intentional tortious conduct, action or inaction.

13.2 Krispy Kreme shall indemnify, defend and hold harmless BakeMark from and against any and all claims, demands, actions, suits, causes of action, damages and expenses (including but not limited to expenses of investigation, settlement, litigation and reasonable attorneys’ fees incurred in connection therewith) resulting or incurred in connection with (a) recalls of products or ingredients supplied by Krispy Kreme to BakeMark pursuant to this Agreement, whether such recall is by governmental authorities or by Krispy Kreme in reasonable anticipation thereof, and/or (b) actions to which BakeMark may become subject by reason of any breach by Krispy Kreme of Applicable Laws or third party claim that any

intellectual property of Krispy Kreme (including the Krispy Kreme Marks) infringes upon the rights of any third party, unless such claim is due to BakeMark's negligence, alteration of the Krispy Kreme products or ingredients, modification, misuse or unauthorized display or disclosure of Krispy Kreme intellectual property or intentional tortious conduct, action or inaction.

13.3 In the event any claim is asserted or any suit or action is brought against a BM Indemnified Party for which Krispy Kreme is required to indemnify defend and hold harmless BakeMark under this Article, BakeMark shall promptly notify Krispy Kreme in writing of such claim or suit. Krispy Kreme, upon receipt of such notice, shall undertake in conjunction with BakeMark (if BakeMark desires) the defense of such suit for the determination or settlement of any such claim at Krispy Kreme's own cost and expense. Krispy Kreme shall not be liable hereunder for any expenses relating to investigation, settlement, litigation and attorneys' fees incurred in connection with the above unless it has been given written notice in accordance herewith. BakeMark may participate in such defense with counsel of its own choosing providing such counsel shall be at BakeMark's own expense, provided that BakeMark may exercise control of the defense and settlement at Krispy Kreme's expense if Krispy Kreme refuses in writing or fails to timely assume control.

ARTICLE XIV – LIMITATION OF LIABILITY

14.1 EXCEPT FOR A PARTY'S OBLIGATIONS TO INDEMNIFY THE OTHER AGAINST THIRD PARTY CLAIMS AND A PARTY'S OBLIGATIONS UNDER SECTION 10 AND SECTION 15.12, IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR ENHANCED DAMAGES, ARISING OUT OF, OR RELATING TO, AND/OR IN CONNECTION WITH ANY BREACH OF THIS AGREEMENT, REGARDLESS OF (A) WHETHER SUCH DAMAGES WERE FORESEEABLE, (B) WHETHER OR NOT SUCH PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND (C) THE LEGAL OR EQUITABLE THEORY (CONTRACT, TORT OR OTHERWISE) UPON WHICH THE CLAIM IS BASED.

14.2 EXCEPT FOR A PARTY'S OBLIGATION TO INDEMNIFY THE OTHER AGAINST THIRD PARTY CLAIMS, A PARTY'S PAYMENT OBLIGATIONS TO THE OTHER PARTY UNDER THIS AGREEMENT (INCLUDING ARTICLES IV AND V AND SCHEDULE F), AND A PARTY'S OBLIGATIONS UNDER SECTION 10 AND SECTION 15.12, IN NO EVENT SHALL A PARTY'S TOTAL LIABILITY ARISING OUT OF OR RELATED TO THIS AGREEMENT, WHETHER ARISING OUT OF OR RELATED TO BREACH OF CONTRACT, TORT (INCLUDING NEGLIGENCE), OR OTHERWISE, EXCEED AN AMOUNT EQUAL TO THE GREATER OF (I) THE AMOUNT OF THE TOTAL AGGREGATE DISTRIBUTION FEES PAID OR PAYABLE BY KRISPY KREME DURING THE [***] PERIOD IMMEDIATELY PRECEDING THE DATE OF THE OCCURRENCE OF THE MOST RECENT EVENT GIVING RISE TO LIABILITY (PROVIDED THAT IF LESS THAN [***] OF THE TERM HAS PASSED, THEN THE AMOUNT SHALL BE [***] TIMES THE MONTHLY AVERAGE FOR SUCH PERIOD) OR (II) THE PROCEEDS OF THE AVAILABLE INSURANCE COVERAGE REQUIRED UNDER THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, THE LIMIT ON A PARTY'S LIABILITY UNDER THIS SECTION 14.2 SHALL NOT APPLY TO, NOR LIMIT, ANY PARTY FROM SEEKING ANY EQUITABLE REMEDIES.

14.3 THE LIMITATIONS IN THIS ARTICLE XIV APPLY EVEN IF A PARTY'S REMEDIES UNDER THIS AGREEMENT FAIL OF THEIR ESSENTIAL PURPOSE.

ARTICLE XV - MISCELLANEOUS PROVISIONS

15.1 This Agreement shall be deemed to have been entered into and shall be governed by and construed under the laws of the State of New York without reference to its conflict of laws provisions. Nothing in this agreement prevents either party from seeking injunctive relief in a court of competent jurisdiction.

15.2 No waiver by either Party of any breach, default, or violation of any term, warranty, representation, agreement, covenant, condition or provision hereof shall constitute a waiver of any subsequent breach, default or violation of the same or other term, warranty, representation, agreement, covenant, condition or provision.

15.3 The headings and titles of the Articles of this Agreement are inserted solely for the convenience of the Parties and shall not affect the meaning of any provision of this Agreement.

15.4 Each Party shall maintain in full force and effect during the Term of this Agreement, comprehensive and general business liability insurance coverage, including product liability and vendor's coverage with the other Party named as an additional named insured, with minimum limits [***]. Each Party will endeavor to provide notification to the other Party thirty (30) days in advance of cancellation.

15.5 The Parties hereto understand and acknowledge that nothing contained in this Agreement shall be deemed to give or grant to BakeMark any right, title or interest in or to Krispy Kreme's trademarks and trade names (the "Krispy Kreme Marks") other than the right to use such Krispy Kreme Marks incident to the distribution and sale of the Products as set forth in this Agreement. BakeMark's use of the Krispy Kreme Marks, including any goodwill therefrom, shall inure solely to the benefit of Krispy Kreme. The Krispy Kreme Marks shall at all times belong to and remain in the control of Krispy Kreme, and BakeMark shall have no right to use any of such Krispy Kreme Marks except incident to the and sale of the Products or as authorized in writing by Krispy Kreme.

15.6 It is understood and agreed that the Parties hereto are independent contractors and engage in the operation of their own respective business. Neither BakeMark nor Krispy Kreme shall be considered the agent of the other for any purpose whatsoever, nor shall BakeMark or Krispy Kreme have any authority to enter into any contracts or assume any obligations for the other or make any warranties or representations on behalf of the other, and nothing in this Agreement shall be construed to establish a relationship of co-partners or joint ventures between BakeMark and Krispy Kreme.

15.7 Notwithstanding anything to the contrary contained in this Agreement, any delay or failure in performance of a Party's obligations under this Agreement is excused if (i) such delay or failure is directly caused by events beyond the control of such Party, including, but not limited to, strikes, labor disputes, earthquakes, floods, fires, civil commotion, embargoes, quotas, government mandated business closure or other restrictions that arise out of pandemics or endemics, including Covid-19, war or terrorism (each, a "Force Majeure Event"), (ii) such Party is without fault in causing or failing to prevent the occurrence of such event, and such occurrence could not have been prevented or circumvented by reasonable precautions or alternatives, and (iii) such Party uses commercially reasonable efforts to recommence performing whenever and to whatever extent possible without delay (which may include, at such Party's option, utilizing third parties to perform any of its obligations hereunder during the period of such Force Majeure Event). Such Party shall use reasonable efforts to promptly notify the other any Force Majeure Event, which notification may be made via email. If BakeMark's failure to timely supply Products because of a Force Majeure Event continues for more than [***], and Krispy Kreme is not otherwise in breach or default hereunder, Krispy Kreme may terminate this Agreement upon written notice to BakeMark. Any obligation

of a Party to pay money otherwise due is not subject to, and shall not be excused by, any Force Majeure Event. The [***] in Section 5.3 shall be equitably adjusted to reflect the time during which BakeMark does not, as the result of a Force Majeure Event, perform, or cause to be performed, the distribution services contemplated by this Agreement. During any Force Majeure Event impacting BakeMark's distribution of Products to Krispy Kreme Commercial Outlets, then Krispy Kreme may, at its expense, procure replacement distribution services from an alternate source for so long as the delay in performance continues and for a reasonable time thereafter.

15.8 Any notice, request, demand, or other communication that is required or permitted under this Agreement shall be in writing and shall be deemed properly given (i) if it is sent by (i) registered or certified mail, return receipt requested, all postage and other charges prepaid, or (ii) if it is sent by reputable express delivery service (e.g., UPS, DHL and Federal Express), in each case, properly addressed as follows, or to any subsequent new address which is provided by notice hereunder:

(a) If to Krispy Kreme:

Krispy Kreme Doughnut Corporation
[***]

with a copy to:

Krispy Kreme Doughnut Corporation
[***]

Arent Fox LLP
[***]

(b) If to BakeMark:

BakeMark USA LLC
[***]

15.9 This Agreement may not be assigned by either Party without the express consent of the other Party and any attempted assignment without such consent shall be void. The foregoing notwithstanding, either Party may without further consent assign its obligations hereunder to an affiliated party or to a purchaser of substantially all or substantially all of its assets but only if such purchaser is not a direct competitor of the other Party. Any assignment to an affiliated party shall not relieve the assignor of its obligations under this Agreement. The term "affiliated party" means any entity which directly or indirectly owns or controls such Party or which is directly or indirectly owned or controlled by such Party or which has at least a [***] common ownership with such Party.

15.10 This Agreement, including any Schedules hereto, which are incorporated herein as if set forth in their entirety at the point of reference thereto, constitutes the entire understanding between the parties with respect to the subject matter hereof and supersedes all prior contracts, agreements and understandings related to the same subject matter between the Parties, including the Existing Distribution Agreement. The Parties intend this Agreement to be a complete statement of the terms of their

understanding of the subject matter addressed herein and no change or modification of any of the provisions hereof shall be effective unless in writing and signed by a duly authorized officer of each of the Parties.

15.11 All representations, warranties and covenants hereunder shall survive the execution of this Agreement and consummation of the transactions contemplated hereby.

15.12 If either Party to this Agreement shall seek to enforce or interpret this Agreement or any provision hereof against the other Party hereto by legal or equitable proceedings, or shall seeks by such proceedings, to enforce against the other Party any rights, duties or obligations arising under this Agreement, then the prevailing Party (that is, the Party recovering at least [***]% of what that Party sought in such proceeding or the Party paying less than [***]% of what was sought by the other Party in such proceeding), shall recover from the other Party to such proceedings, in addition to judgment for all other sums and remedies to which the prevailing Party would otherwise be entitled, all of the prevailing Party's reasonable costs, expenses and attorneys' fees incurred in connection with such proceedings, and shall be entitled to seek judgment therefore.

15.13 If any provision of this Agreement is found or declared to be invalid or unenforceable by any court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof, and this Agreement shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by a court of competent jurisdiction so as to effect insofar as is practicable the intention of the parties as set forth in this Agreement, provided that if such court is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

15.14 Except as otherwise provided in this Agreement (i) the rights and remedies provided in this Agreement are in addition to any and all rights and remedies available at law or equity, and (ii) all such rights and remedies are intended to be cumulative and the use of any single right or remedy shall not preclude or waive the use of any other right or remedy.

15.15 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. The Parties agree that a digital image of the Agreement as fully executed (such as in a portable document format (.pdf)) or DocuSign shall be deemed delivery of a true and correct original of this Agreement, and such digital image of this Agreement shall be admissible as best evidence for the purposes of state law, Federal Rule of Evidence 1002, and the like statutes and regulations.

15.16 This Agreement, including the Schedules may only be amended by a mutually executed writing signed by the Parties' duly authorized representatives specifically referencing this Agreement, provided any changes to this Agreement from BakeMark are only authorized [***].

15.17 Any controversy or claim arising out of or related to this Agreement (or the breach, termination or validity thereof), or any resulting agreement, shall be resolved exclusively as set forth in this Section 15.17, except for claims for injunctive relief which are governed by Section 15.1.

(a) The Party claiming a dispute shall notify the other, in writing of such claim, and for the following thirty (30) days, executive level officers from each Party shall try to resolve the dispute. If the executives do not resolve the dispute within such thirty (30) -day period, then, on the request of either Party, the dispute will be mediated by a mediator appointed pursuant to the mediation rules of the American Arbitration Association ("AAA"). Notwithstanding Section 15.12, both Parties will share the administrative costs of the mediation and the mediator's fees and expenses equally, and each Party shall bear all of its

other costs and expenses related to the mediation, including but not limited to attorney's fees, witness fees, and travel expenses. The mediation shall take place in New York, New York or in whatever alternative forum on which the Parties may agree. All discussions and other communications, whether written or oral, prepared solely in connection with the informal dispute resolution process specified in this Section 15.17(a) are for settlement purposes only. None of such communications made during or in connection with such informal dispute resolution, and none of the documents that are prepared or provided solely in connection with such informal dispute resolution, shall be discoverable, admissible, or attempted to be discovered or introduced into evidence in any proceeding for any purpose; provided, however, that the disclosure of information during and in connection with such informal dispute resolution process shall not insulate from discovery otherwise discoverable information that exists independent of the informal dispute resolution process or affect the admissibility of such information.

(b) If the Parties cannot resolve the dispute through mediation within the earlier to occur of thirty (30) days after the appointment of the mediator (or the earlier withdrawal thereof) or if mediation does not commence within sixty (60) days after the initial dispute notice, then such controversy or claim shall be decided by binding arbitration administered by the AAA under its Commercial Arbitration Rules (the "Rules") (except to the extent such Rules conflict with the provisions of this Section 15.17, in which event the provisions of this Section 15.17 shall control), and not by court action, except as provided by New York law for judicial review of arbitration proceedings. For disputes where the amount in controversy is under \$[***], there shall be one arbitrator, and for disputes where the amount in controversy is at or over \$[***], there shall be three arbitrators (the "Panel"). Judgment upon the award rendered by the arbitrator or Panel, as applicable (the "Arbitrator"), may be entered in any court having jurisdiction thereof. Such arbitration shall take place in New York, New York (or in such other location as the Parties may agree to in writing).

(c) The Arbitrator shall have the power to determine the scope and time constraints of reasonable discovery and the admissibility, relevance, materiality and weight of any evidence offered by any party hereto. The Arbitrator selected by the parties to conduct the arbitration shall have the power and authority to grant any and all relief requested by the parties to the dispute, except that proceedings for any order of attachment, receivership, injunction or any other provisional remedy may be pursued by court action. Commencement of court action in pursuance of these excluded matters shall not constitute a waiver of the right to arbitrate under this provision. In the event the parties to the dispute cannot agree to the Arbitrator, the Arbitrator will be appointed in accordance with the Rules.

(d) The Arbitrator shall determine the time of the hearing and shall designate a location in New York, New York based upon the convenience of the arbitrator, the parties and the witnesses. However, such hearing shall be commenced within thirty (30) days after completion of discovery, unless the Arbitrator grants a continuance upon the showing of good cause by any party. At least seven (7) days before the date set for such hearing, the parties shall exchange copies of Schedules to be offered as evidence, and lists of the witnesses who will testify, at such hearing. Once commenced, the hearing shall proceed day to day until completed, unless the Arbitrator grants a continuance upon a showing of good cause by any party.

(e) Judgment upon the award of the Arbitrator may be entered in any court of competent jurisdiction. In the event that multiple claims are asserted, some of which are found not subject to this Agreement, the parties agree to stay the proceedings of the claims not subject to this Agreement until all other claims are resolved in accordance with this Agreement. In the event that claims are asserted against multiple parties, some of whom are not subject to this Agreement, the parties agree to sever the claims subject to this Agreement and resolve them in accordance with this Agreement. This agreement to arbitrate shall survive any termination of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK, SIGNATURE PAGE FOLLOWS.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed as of the day and year first set forth herein.

KRISPY KREME:

KRISPY KREME DOUGHNUT CORPORATION,
a North Carolina corporation

By: _____
Name: _____
Title: _____

BAKEMARK:

BAKEMARK USA LLC,
A Delaware limited liability company

By: _____
Name: _____
Title: _____

SCHEDULE A

Krispy Kreme Commercial Outlets in the Territory

[***]

SCHEDULE B

Products

[***]

SCHEDULE C

Approved Sources

[***]

SCHEDULE D

BakeMark Distribution Facilities

[***]

SCHEDULE E

Lead Times by Location

Orders must be placed [***] local BakeMark branch time for delivery up to [***] later. Example order placed at [***], will have a delivery day of [***].

SCHEDULE F

Pricing

[***]

SCHEDULE G

Carrier Onboarding Requirements

[**]

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Michael Tattersfield, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended April 3, 2022 of Krispy Kreme, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2022

/s/ Michael Tattersfield
Michael Tattersfield
Chief Executive Officer

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Josh Charlesworth, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended April 3, 2022 of Krispy Kreme, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 11, 2022

/s/ Josh Charlesworth
 Josh Charlesworth
 Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Krispy Kreme, Inc. (the “Company”), for the quarterly period ended April 3, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 11, 2022

/s/ Michael Tattersfield
Michael Tattersfield
Chief Executive Officer

Date: May 11, 2022

/s/ Josh Charlesworth
Josh Charlesworth
Chief Financial Officer