



January 19, 2020

To Our Valued Supplier:

Today, I am reaching out to you to let you know about the steps we are taking to position Krystal for future growth and success.

On Sunday, January 19, 2020, the Krystal Company and related entities (collectively, the "Company") filed voluntary petitions for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia

The Company intends to use these proceedings to protect and support its ongoing business operations, address its obligations, and pursue an orderly sale of its business and assets as a going concern. The management team and Board of Directors have chosen this step after careful review of all strategic alternatives and believe it is the best possible path to position Krystal and its franchisees for future success.

We anticipate having sufficient liquidity to fund its operations until the transaction is consummated, based on cash on hand and committed support from some of our largest vendors. We intend to order and pay for goods and services provided after today's filing date under our customary terms, as is required under Ch. 11.

Your support and cooperation will help ensure that our businesses can continue working together for many years to come. Please see "Frequently Asked Questions", below, for further details.

In addition, we have established a Restructuring Information Hotline for interested parties at (888) 249-2792 (U.S./Canada) or (310) 751-2607 (International). Additional information, including the press release we issued this morning, can be found on the Krystal website at <https://krystal.com/>. Court filings and information about the claims process can be found at a separate website maintained by our claims agent, KCC, at <http://www.kccllc.net/krystal>.

We greatly appreciate your support during the process, and we look forward to continuing our valuable relationship.

Sincerely,

Tim Ward
President



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FREQUENTLY ASKED QUESTIONS FOR KRYSTAL SUPPLIERS

What did Krystal announce?

- Krystal and its subsidiaries filed voluntary petitions for protection under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia, on January 19, 2020.
- Krystal commenced these cases in order to improve operations, address its obligations, and pursue a sale of substantially all of its assets as a going concern.

What does it mean to file for Chapter 11 protection?

- Chapter 11 is the section of the United States Bankruptcy Code that regulates corporate restructurings.
- Chapter 11 permits, and even encourages, daily business operations to continue as usual.
- Many companies have successfully utilized Chapter 11, including United Airlines, General Motors, Six Flags, Macy's, and many restaurant companies that continue to operate today.

Is Krystal going out of business?

- No, the Company expects to continue operating in the ordinary course of business throughout the bankruptcy process.

How will the filing affect day-to-day operations at Krystal?

- The Company expects to continue operating in the ordinary course of business throughout the restructuring process. This includes paying for all goods and services delivered after the petition date in the ordinary course of business.

Does Krystal have the liquidity to continue operating throughout this process?

- Yes. The Company expects to meet its obligations and pay suppliers for goods and services provided after the filing under customary terms, as is required by the Bankruptcy Code.
- The Company has been in touch with its key suppliers to help ensure that products will continue to be delivered to restaurants in a timely fashion.

Where Can I find information to file a Proof of Claim?

- <http://www.kccllc.net/krystal>