Risk Factors Comparison 2024-02-28 to 2023-02-28 Form: 10-K

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Any of the following risks could materially and adversely affect our business, consolidated financial condition, results of operations or liquidity. In that case, holders of our securities may lose all or part of their investment. Risks Specific to Our Company and Industry The packaged food industry is highly competitive and we face risks related to the execution of our strategy and our ability to respond to channel shifts and other competitive pressures. The packaged food industry is highly competitive. Numerous brands and products, including private label products, compete for shelf space and sales, with competition based primarily on product quality, convenience, price, trade promotion, brand recognition and loyalty, customer service, effective consumer advertising and promotional activities and the ability to identify and satisfy emerging consumer preferences. We compete with a significant number of companies of varying sizes, including divisions or subsidiaries of larger companies. Many of these competitors have multiple product lines, substantially greater financial and other resources available to them and may have lower fixed costs and / or are substantially less leveraged than our company. In addition, the rapid growth of some channels, in particular in e- commerce, which has expanded significantly following the outbreak of COVID- 19, may impact our current operations or strategies more quickly than we planned for, create consumer price deflation, alter the buying behavior of consumers or disrupt our retail customer relationships. We may need to increase or reallocate spending on existing and new distribution channels and technologies, marketing, advertising and new product innovation to protect or **- 16-** increase revenues, market share and brand significance. These expenditures may not be successful, including those related to our e- commerce and other technology- focused efforts, and might not result in trade and consumer acceptance of our efforts. If we are unable to continue to compete successfully with these companies or if competitive pressures or other factors, such as an inability to effectively respond to channel shifts and new technologies, cause our products to lose market share or result in significant price erosion, our business, consolidated financial condition, results of operations or liquidity could be materially and adversely affected. We may be unable to anticipate changes in consumer preferences and consumer demographics, which may result in decreased demand for our products. Our success depends in part on our ability to anticipate and offer products that appeal to the changing tastes, dietary habits and product packaging preferences of consumers in the market categories in which we compete. If we are not able to anticipate, identify or develop and market products that respond to these changes in consumer preferences, whether resulting from changing consumer demographics or otherwise, demand for our products may decline and our operating results may be adversely affected. In addition, we may incur significant costs related to developing and marketing new products or expanding our existing product lines in reaction to what we perceive to be increased ~~- 16-~~ consumer preference or demand. Such development or marketing may not result in the volume of sales or profitability anticipated. We may be unable to maintain our profitability in the face of a consolidating retail environment. Our largest customer, Walmart, accounted for approximately ~~27~~ **28** . ~~3~~ **8** % of our fiscal ~~2022~~ **2023** net sales, and our ten largest customers together accounted for approximately 60. ~~5~~ **8** % of our fiscal ~~2022~~ **2023** net sales. As retail customers, such as supermarkets, discounters, e- commerce merchants, warehouse clubs and food distributors, continue to consolidate and our retail customers grow larger and become more sophisticated, our retail customers may demand lower pricing and increased promotional programs. Further, these customers are reducing their inventories and increasing their emphasis on products that hold either the number one or number two market position and private label products. If we fail to use our sales and marketing expertise to maintain our category leadership positions to respond to these trends, or if we lower our prices or increase promotional support of our products and are unable to increase the volume of our products sold, our profitability and financial condition may be adversely affected. We are vulnerable to decreases in the supply and increases in the price of raw materials and labor, manufacturing, distribution and other costs, and we may not be able to offset increasing costs by increasing prices to our customers. We purchase agricultural products, including vegetables, oils and spices and seasonings, meat, poultry, ingredients, packaging materials and other raw materials from growers, commodity processors, other food companies and packaging manufacturers. Commodities, ingredients, packaging materials and other raw materials are subject to increases in price attributable to a number of factors, including changes in crop size, federal and state agricultural programs, export demand, currency exchange rates, energy and fuel costs, water supply, weather conditions during the growing and harvesting seasons, insects, plant diseases and fungi, and glass, metal and plastic prices. Fluctuations in commodity prices can lead to retail price volatility and intensive price competition, and can influence consumer and trade buying patterns. The cost of labor, manufacturing, energy, fuel, packaging materials and other costs related to the production and distribution of our products can from time to time increase significantly and unexpectedly. We attempt to manage these risks by entering into short- term supply contracts and advance commodities purchase agreements from time to time, by implementing cost saving measures and by raising sales prices. During the past several years, our cost saving measures and sales price increases have not been sufficient to fully offset increases to our raw material, ingredient, packaging and distribution costs. Moreover, during fiscal ~~2023~~ **2024** and possibly beyond, we expect to face continued industry- wide cost inflation for various inputs, including commodities, ingredients, packaging materials, other raw materials, transportation and labor. To the extent we are unable to offset present and future cost increases, our operating results could be materially and adversely affected. We may be unable to offset any reduction in net sales in our mature food product categories through an increase in trade spending for these categories or an increase in net sales in other categories. Most of our food product categories are mature and certain categories have experienced declining consumption rates from time to time. If consumption rates and sales in our mature food product categories decline, our revenue and operating income may be adversely affected, and we may not be able to offset this decrease in business with increased trade spending or an increase in sales or profitability of other products and product categories.- 17- We may have difficulties integrating acquisitions or identifying new acquisitions. A major part of our strategy is to grow through acquisitions ~~. For example, we completed the Yuma acquisition in May 2022 and we completed the Crisco acquisition in December 2020~~ and we expect to pursue additional acquisitions of food product lines and businesses. However, we may be unable to identify and consummate additional acquisitions or may be unable to successfully integrate and manage the product lines or businesses that we have recently acquired or may acquire in the future. In addition, we may be unable to achieve a substantial portion of any anticipated cost savings from acquisitions or other anticipated benefits in the timeframe we anticipate, or at all. Moreover, any acquired product lines or businesses may require a greater than anticipated amount of trade, promotional and capital spending. Acquisitions involve numerous risks, including difficulties in the assimilation of the operations, technologies, enterprise resource planning (ERP) systems, services and products of the acquired companies, personnel turnover and the diversion of management' s attention from other business concerns. Any inability by us to integrate and manage any product lines or businesses that we have recently acquired or may acquire in the future in a timely and efficient manner, any inability to achieve a substantial portion of any anticipated cost savings or other anticipated benefits from these acquisitions in the time frame we anticipate or any unanticipated required increases in trade, promotional or capital spending could adversely affect our business, consolidated financial condition, results of operations or liquidity. Moreover, future acquisitions by us could result in our incurring substantial additional indebtedness, being exposed to contingent liabilities or incurring the impairment of goodwill and other intangible assets, all of which could adversely affect our financial condition, results of operations and liquidity. We have substantial indebtedness, which could restrict our ability to pay dividends and impact our financing options and liquidity position. At December ~~31~~ **30** , ~~2022~~ **2023** , we had total long- term indebtedness of $ 2, ~~404~~ **064** . ~~1~~ **0** million (before debt discount / premium), including $ ~~954.~~ 1 **, 248. 6** million principal amount of senior secured indebtedness and $ **815** ~~1, 450~~ . ~~0~~ **4** million principal amount of senior unsecured indebtedness. Our ability to pay dividends is subject to contractual restrictions contained in the instruments governing our indebtedness. Although our credit agreement and the indentures governing our senior **secured notes and senior** notes (which we refer to as the senior **secured notes indenture and the senior** notes indentures **, respectively**) contain covenants that restrict our ability to incur debt, as long as we meet these covenants we will be able to incur additional indebtedness. The degree to which we are leveraged on a consolidated basis could have important consequences to the holders of our securities, including: ● our ability in the future to obtain additional financing for working capital, capital expenditures or acquisitions may be limited; ● we may not be able to refinance our indebtedness on terms acceptable to us or at all; ● a significant portion of our cash flow is likely to be dedicated to the payment of interest on our indebtedness, thereby reducing funds available for future operations, capital expenditures, acquisitions and / or dividends on our common stock; and ● we may be more vulnerable to economic downturns and be limited in our ability to withstand competitive pressures. We are subject to restrictive debt covenants and other requirements related to our debt that limit our business flexibility by imposing operating and financial restrictions on our operations. The agreements governing our indebtedness impose significant operating and financial restrictions on us. These restrictions prohibit or limit, among other things: ● the incurrence of additional indebtedness and the issuance of certain preferred stock or redeemable capital stock; ● the payment of dividends on, and purchase or redemption of, capital stock; ● a number of restricted payments, including investments; ● specified sales of assets; ● specified transactions with affiliates; ● the creation of certain types of liens; ● consolidations, mergers and transfers of all or substantially all of our assets; and- 18- ● entry into certain sale and leaseback transactions. Our credit agreement requires us to maintain specified financial ratios and satisfy financial condition tests, including, without limitation, a maximum leverage ratio and a minimum interest coverage ratio. Our ability to comply with the ratios or tests may be affected by events beyond our control, including prevailing economic, financial and industry conditions. A breach of any of these covenants, or failure to meet or maintain ratios or tests could result in a default under our credit agreement and / or our senior **secured notes indenture and / or our senior** notes indentures. Certain events of default under our credit agreement **, our senior secured notes indenture** and our senior notes indentures would prohibit us from paying dividends on our common stock. In addition, upon the occurrence of an event of default under our credit agreement **, our senior secured notes indenture** or our senior notes indentures, the lenders could elect to declare all amounts outstanding under the credit agreement and the senior notes, together with accrued interest, to be immediately due and payable. If we were unable to repay those amounts, the credit agreement lenders could proceed against the security granted to them to secure that indebtedness. If the lenders accelerate the payment of the indebtedness, our assets may not be sufficient to repay in full this indebtedness and our other indebtedness. To service our indebtedness and fund our working capital needs, capital expenditures and any future acquisitions, we require a significant amount of cash. Our ability to generate cash depends on many factors beyond our control. Our ability to make interest payments on and to refinance our indebtedness, and to fund working capital needs, planned capital expenditures and potential acquisitions depends on our ability to generate cash flow from operations in the future. This ability, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. A significant portion of our cash flow from operations is dedicated to servicing our debt requirements. In addition, in accordance with our current dividend policy we intend to continue distributing a significant portion of any remaining cash flow to our stockholders as dividends. Our ability to continue to fund our working capital needs and capital expenditures and to expand our business is, to a certain extent, dependent upon our ability to borrow funds under our credit agreement and to obtain other third-party financing, including through the issuance and sale of additional debt or equity securities. Financial market conditions may impede our access to, or increase the cost of, financing for acquisitions. Any future financial market disruptions or tightening of the credit markets, may make it more difficult for us to obtain financing for acquisitions or increase the cost of obtaining financing. In addition, our borrowing costs can be affected by short and long- term debt ratings assigned by independent rating agencies that are based, in significant part, on our performance as measured by credit metrics such as interest coverage and leverage ratios. A decrease in these ratings could increase our cost of borrowing or make it more difficult for us to obtain financing. Future disruptions in the credit markets or other factors, could impair our ability to refinance our debt upon terms acceptable to us or at all. Our $ ~~900~~ **265** . ~~0~~ **4** million of 5. 25 % senior notes due 2025 mature on April 1, 2025, our $ 800. 0 million revolving credit facility matures on December 16, 2025, our $ ~~610~~ **528** . 6 million of tranche B term loans mature on October 10, 2026 ~~and~~ **,** our $ 550. 0 million of 5. 25 % senior notes due 2027 mature on September 15, 2027 **and our $ 550. 0 million of 8. 00 % senior secured notes due 2028 mature on September 15, 2028** . Our ability to raise debt or equity capital in the public or private markets in order to effect a refinancing of our debt at or prior to maturity could be impaired by various factors, including factors beyond our control. For example, in recent years U. S. credit markets experienced significant dislocations and liquidity disruptions that caused the spreads on prospective debt financings to widen considerably. These circumstances materially impacted liquidity in the debt markets, making financing terms for borrowers less attractive, and in certain cases resulted in the unavailability of certain types of debt financing. Any future uncertainty in the credit markets could negatively impact our ability to access additional debt financing or to refinance existing indebtedness on favorable terms, or at all. In addition, any future uncertainty in other financial markets in the U. S. could make it more difficult or costly for us to raise capital through the issuance of common stock or other equity securities. Any of these risks could impair our ability to fund our operations or limit our ability to expand our business or increase our interest expense, which could have a material adverse effect on our financial results.- 19- If we are unable to refinance our indebtedness at or prior to maturity on commercially reasonable terms or at all, we would be forced to seek other alternatives, including: ● sales of assets; ● sales of equity; and ● negotiations with our lenders or noteholders to restructure the applicable debt. If we are forced to pursue any of the above options, our business and / or the value of an investment in our securities could be adversely affected. We rely on co- packers for a significant portion of our manufacturing needs, and the inability to enter into additional or future co- packing agreements may result in our failure to meet customer demand. We rely upon co- packers for a significant portion of our manufacturing needs. See Item 1, " Business — Production — Co- Packing Arrangements. " The success of our business depends, in part, on maintaining a strong sourcing and manufacturing platform. We believe that there are a limited number of competent, high- quality co- packers in the industry, and if we were required to obtain additional or alternative co- packing agreements or arrangements in the future, we can provide no assurance that we would be able to do so on satisfactory terms or in a timely manner. Our inability to enter into satisfactory co- packing agreements could limit our ability to implement our business plan or meet customer demand. We rely on the performance of major retailers, wholesalers, specialty distributors and mass merchants for the success of our business, and should they perform poorly or give higher priority to other brands or products, our business could be adversely affected. We sell our products principally to retail outlets and wholesale distributors including, traditional supermarkets, mass merchants, warehouse clubs, wholesalers, foodservice distributors and direct accounts, specialty food distributors, military commissaries and non- food outlets such as drug store chains, dollar stores and e- tailers. The replacement by or poor performance of our major wholesalers, retailers or chains or our inability to collect accounts receivable from our customers could materially and adversely affect our results of operations and financial condition. In addition, our customers offer branded and private label products that compete directly with our products for retail shelf space and consumer purchases. Accordingly, there is a risk that our customers may give higher priority to their own products or to the products of our competitors. In the future, our customers may not continue to purchase our products or provide our products with adequate levels of promotional support. It is also possible that our customers may replace our branded products with private label products. Pandemics or disease outbreaks, such as the COVID- 19 pandemic, may disrupt our business, including among other things, our supply chain, our manufacturing operations and customer and consumer demand for our products, and could have a material adverse impact on our business. The spread of pandemics or disease outbreaks such as COVID- 19 may disrupt our third- party business partners' ability to meet their obligations to us, which may negatively affect our operations. These third parties include those who supply our ingredients, packaging, and other necessary operating materials, contract manufacturers who supply certain finished goods, distributors, and logistics and transportation providers. In addition, we rely on customers to be able to receive shipments and stock store shelves. If a significant percentage of our workforce or the workforce of our third- party business partners or customers is unable to work, including because of illness or travel or government restrictions in connection with a pandemic or disease outbreak, our operations may be negatively impacted. In addition, a significant increase in demand for food and other consumer packaged goods products as a result of pandemics or disease outbreaks may limit the availability of ingredients, packaging and other raw materials necessary to produce our products, and our operations may be negatively impacted. For example, during the COVID- 19 pandemic we experienced supply chain constraints for certain of our products, which negatively impacted our ability to fully satisfy customer and consumer demand for certain of our products. In addition, certain of our customers faced labor shortages as a result of the COVID- 19 Omicron variant that limited their ability to receive shipments of certain of our products, which also negatively impacted our ability to fully satisfy consumer demand. Conversely, pandemics or disease outbreaks could result in a widespread health crisis that could adversely affect economies and financial markets, consumer spending and confidence levels resulting in an economic downturn that could affect customer and consumer demand for our products.- 20- Our efforts to manage and mitigate these factors may be unsuccessful, and the effectiveness of these efforts depends on factors beyond our control, including the duration and severity of any pandemic or disease outbreak, as well as third- party actions taken to contain its spread and mitigate public health effects. The ultimate impact of any pandemic or disease outbreak on our business will depend on many factors, including, among others, the duration of social distancing and stay- at- home and work- from- home mandates, policies and recommendations and whether, and the extent to which, additional waves or variants of any such pandemic or disease outbreak affects the United States and the rest of North America, our ability and the ability of our suppliers to continue to operate our and their manufacturing facilities and maintain the supply chain without material disruption and procure ingredients, packaging and other raw materials when needed despite any disruptions in the supply chain or labor shortages, our customers' ability to adequately staff their distributions centers and stores, and the extent to which macroeconomic conditions resulting from any such pandemic or disease outbreak and the pace of the subsequent recovery may impact consumer eating and shopping habits. Severe weather conditions, natural disasters and other natural events can affect raw material supplies and reduce our operating results. Severe weather conditions, natural disasters and other natural events, such as floods, droughts, frosts, earthquakes, pestilence or health pandemics, such as the COVID- 19 pandemic, may affect the supply of the raw materials that we use for our products. Our maple syrup products, for instance, are particularly susceptible to severe freezing conditions in Québec, Canada and Vermont during the season in which maple syrup is produced. Our Green Giant frozen vegetable manufacturing facility in Irapuato, Mexico is located in a region affected by water scarcity and restrictions on usage. ~~The continuing effects of the COVID- 19 pandemic or any future pandemics~~ **Pandemics** or disease outbreaks may cause significant disruptions to our supply chain and operations, including disruptions in our ability to purchase raw materials, and delays in the manufacture and shipment of our products. Competing manufacturers can be affected differently by weather conditions, natural disasters and other natural events depending on the location of their supplies. If our supplies of raw materials are delayed or reduced, we may not be able to find supplemental supply sources on favorable terms or at all, which could adversely affect our business and operating results. Climate change, water scarcity or legal, regulatory, or market measures to address climate change or water scarcity, could negatively affect our business and operations. In the event that climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products. We may also be subjected to decreased availability or less favorable pricing for water as a result of such change, which could impact our manufacturing and distribution operations. For example, our Green Giant frozen vegetable manufacturing facility in Irapuato, Mexico is already affected by water scarcity in that region of Mexico. Any further restrictions on, or loss of, water rights due to water scarcity, water rights violations or otherwise for our Irapuato manufacturing facility could have a material adverse effect on our business and operating results. The increasing concern over climate change also may result in more regional, federal, foreign and / or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases. In the event that such regulation is enacted and is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions, improve our energy and resource efficiency and report such efforts, we may experience significant increases in manufacturing and distribution and administrative costs. In particular, increasing regulation of fuel emissions could substantially increase the supply chain and distribution costs associated with our products. As a result, climate change or increased concern over climate change could negatively affect our business and operations. Most of our products are sourced from single manufacturing sites, which means disruptions in our or our co- packers' operations for any number of reasons could have a material adverse effect on our business. Our products are manufactured at many different manufacturing facilities, including our twelve manufacturing facilities and manufacturing facilities operated by our co- packers. However, in most cases, individual products are produced only at a single location. If any of these manufacturing locations experiences a disruption for any reason, including a work stoppage, power failure, fire, or weather related condition or natural disaster, etc., this could result in a significant reduction or elimination of the availability of some of our products. If we were not able to obtain alternate production capability in a timely manner or on satisfactory terms, this could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.- 21- Our operations are subject to numerous laws and governmental regulations, exposing us to potential claims and compliance costs that could adversely affect our business. Our operations are subject to extensive regulation by the FDA, the USDA, the FTC, the SEC, the CPSC, the United States Department of Labor, the Environmental Protection Agency and various other federal, state, local and foreign authorities. We are also subject to U. S. laws affecting operations outside of the United States, including anti- bribery laws such as the Foreign Corrupt Practices Act (FCPA). Any changes in these laws and regulations, or any changes in how existing or future laws or regulations will be enforced, administered or interpreted could increase the cost of developing, manufacturing and distributing our products or otherwise increase the cost of conducting our business, or expose us to additional risk of liabilities and claims, which could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. In addition, failure by us to comply with applicable laws and regulations, including future laws and regulations, could subject us to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. See Item 1, " Business — Government Regulation " and " — Environmental Matters. " Failure by third- party co- packers or suppliers of raw materials to comply with food safety, environmental or other regulations may disrupt our supply of certain products and adversely affect our business. We rely on co-packers to produce certain of our products and on other suppliers to supply raw materials. Such co- packers and other suppliers, whether in the United States or outside the United States, are subject to a number of regulations, including food safety and environmental regulations. Failure by any of our co- packers or other suppliers to comply with regulations, or allegations of compliance failure, may disrupt their operations. Disruption of the operations of a co- packer or other suppliers could disrupt our supply of product or raw materials, which could have an adverse effect on our business, consolidated financial condition, results of operations or liquidity. Additionally, actions we may take to mitigate the impact of any such disruption or potential disruption, including increasing inventory in anticipation of a potential production or supply interruption, may adversely affect our business, consolidated financial condition, results of operations or liquidity. A recall of our products could have a material adverse effect on our business. In addition, we may be subject to significant liability should the consumption of any of our products cause injury, illness or death. The sale of food products for human consumption involves the risk of injury to consumers. Such injuries may result from mislabeling, tampering by unauthorized third parties or product contamination or spoilage, including the presence of foreign objects, undeclared allergens, substances, chemicals, other agents or residues introduced during the growing, manufacturing, storage, handling or transportation phases of production. Under certain circumstances, we may be required to recall products, leading to a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. Even if a situation does not necessitate a recall, product liability claims might be asserted against us. We have from time to time been involved in product liability lawsuits, none of which have been material to our business. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, if the consumption of any of our products causes, or is alleged to have caused, a health- related illness in the future we may become subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused injury, illness or death could adversely affect our reputation with existing and potential customers and our corporate and brand image. Moreover, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. We maintain product liability insurance and product contamination insurance in amounts we believe to be adequate. However, we cannot assure you that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage. A product liability judgment against us or a product recall or the damage to our reputation resulting therefrom could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. Pending and future litigation may lead us to incur significant costs. We are, or may become, party to various lawsuits and claims arising in the normal course of business, which may include lawsuits or claims relating to contracts, intellectual property, product recalls, product liability, the marketing and labeling of products, employment matters, environmental matters or other aspects of our business. Even when not merited, the defense of these lawsuits may divert our management' s attention, and we may incur significant expenses in- 22- defending these lawsuits. In addition, we may be required to pay damage awards or settlements or become subject to injunctions or other equitable remedies, which could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. The outcome of litigation is often difficult to predict, and the outcome of pending or future litigation may have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. Consumer concern regarding the safety and quality of food products or health concerns could adversely affect sales of certain of our products. If consumers in our principal markets lose confidence in the safety and quality of our food products even without a product liability claim or a product recall, our business could be adversely affected. Consumers have been increasingly focused on food safety and health and wellness with respect to the food products they buy. We have been and will continue to be impacted by publicity concerning the health implications of food products generally, which could negatively influence consumer perception and acceptance of our products and marketing programs. Developments in any of these areas could cause our results to differ materially from results that have been or may be projected. A weakening of the U. S. dollar in relation to the Canadian dollar or the Mexican peso would significantly increase our future costs relating to the production of maple syrup or frozen vegetable products. We purchase a significant majority of our maple syrup requirements from suppliers in Québec, Canada. A weakening of the U. S. dollar in relation to the Canadian dollar would significantly increase our future costs relating to the production of our maple syrup products to the extent we have not purchased Canadian dollars or otherwise entered into a currency hedging arrangement in advance of any such weakening of the U. S. dollar. These increased costs may not be fully offset by the positive impact the change in the relative strength of the Canadian dollar versus the U. S. dollar would have on our net sales in Canada. In addition, we operate a frozen vegetable manufacturing facility in Irapuato, Mexico. A weakening of the U. S. dollar in relation to the Mexican peso would significantly increase our costs relating to the production of frozen vegetable products to the extent we have not purchased Mexican pesos or otherwise entered into hedging arrangements in advance of the weakening of the U. S. dollar. Our operations in foreign countries are subject to political, economic and foreign currency risk. Our relationships with foreign suppliers and co- packers as well as our manufacturing location in Irapuato, Mexico also subject us to the risks of doing business outside the United States. The countries from which we source our raw materials and certain of our finished goods may be subject to political and economic instability, and may periodically enact new or revise existing laws, taxes, duties, quotas, tariffs, currency controls or other restrictions to which we are subject, including restrictions on the transfer of funds to and from foreign countries or the nationalization of operations. Our products are subject to import duties and other restrictions, and the U. S. government may periodically impose new or revise existing duties, quotas, tariffs or other restrictions to which we are subject, including restrictions on the transfer of funds to and from foreign countries. In particular, our financial condition and results of operations could be materially and adversely affected by the ~~new~~ United States- Mexico- Canada Agreement, or other regulatory and economic impact of changes in taxation and trade relations among the United States and other countries. In addition, changes in respective wage rates among the countries from which we and our competitors source product could substantially impact our competitive position. Changes in exchange rates, import / export duties or relative international wage rates applicable to us or our competitors could adversely impact our business, financial condition and results of operations. These changes may impact us in a different manner than our competitors. Our financial performance on a U. S. dollar denominated basis is subject to fluctuations in currency exchange rates. These fluctuations could cause material variations in our results of operations. Our principal exposures are to the Canadian dollar and the Mexican peso. For example, our foreign sales are primarily to customers in Canada. Net sales in Canada accounted for approximately **7. 1 %,** 6. 4 % ~~,~~ **and** 6. 5 ~~% and 6. 4~~ % of our total net sales in fiscal **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. Although our sales for export to other countries are generally denominated in U. S. dollars, our sales to Canada are generally denominated in Canadian dollars. As a result, our net sales to Canada are subject to the effect of foreign currency fluctuations, and these fluctuations could have an adverse impact on operating results. From time to time, we may enter into agreements that are intended to reduce the effects of our exposure to currency fluctuations, but these agreements may not be effective in significantly reducing our exposure.- 23- Litigation regarding our trademarks and any other proprietary rights and intellectual property infringement claims may have a significant negative impact on our business. We maintain an extensive trademark portfolio that we consider to be of significant importance to our business. If the actions we take to establish and protect our trademarks and other proprietary rights are not adequate to prevent imitation of our products by others or to prevent others from seeking to block sales of our products as an alleged violation of their trademarks and proprietary rights, it may be necessary for us to initiate or enter into litigation in the future to enforce our trademark rights or to defend ourselves against claimed infringement of the rights of others. Any legal proceedings could result in an adverse determination that could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. We face risks associated with our defined benefit pension plans. We maintain four company- sponsored defined benefit pension plans that cover approximately ~~23~~ **22** . ~~9~~ **2** % of our employees. A deterioration in the value of plan assets resulting from poor market performance, a general financial downturn or otherwise could cause an increase in the amount of contributions we are required to make to these plans. For example, our defined benefit pension plans may from time to time move from an overfunded to underfunded status driven by decreases in plan asset values that may result from changes in long- term interest rates and disruptions in U. S. or global financial markets. Additionally, historically low interest rates coupled with poor market performance would have the effect of decreasing the funded status of these plans which would result in greater required contributions. For a more detailed description of these plans, see Part II, Item 7, " Management' s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies; Use of Estimates — Pension Expense " and Note 12, " Pension Benefits, " to our consolidated financial statements in Part II, Item 8 of this report. An obligation to make additional, unanticipated contributions to our defined benefit plans could reduce the cash available for working capital and other corporate uses, and may have a material adverse effect on our business, consolidated financial position, results of operations and liquidity. Our financial well- being could be jeopardized by unforeseen changes in our employees' collective bargaining agreements, shifts in union policy or labor disruptions in the food industry. As of December ~~31~~ **30** , ~~2022~~ **2023** , approximately ~~57~~ **53** . ~~0~~ **6** % of our ~~3~~ **2** , ~~085~~ **912** employees were covered by collective bargaining agreements. A prolonged work stoppage or strike at any of our facilities with union employees or a significant work disruption from other labor disputes in the food or related industries could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity. ~~Four of our collective bargaining agreements expire in the next twelve months.~~ The collective bargaining agreement covering **employees at** our ~~Cincinnati~~ **Brooklyn, New York** facility, which covers approximately ~~125~~ **41** employees, ~~is scheduled to expire~~ **expired** on ~~April 30~~ **December 31** , 2023 **. During February 2024** , **we reached** ~~and~~ - **an agreement in principle with** the **United Food and Commercial Workers Union, Local No. 342, to extend the collective bargaining agreement for an additional four- year period ending December 21, 2027. We expect the new agreement will be ratified by the union employees at our Brooklyn facility in early March 2024. In addition, one of our collective bargaining agreements expires in the next twelve months. The** collective bargaining agreement covering our ~~Brooklyn~~ **Terre Haute** facility, which covers approximately ~~53~~ **111** employees, is scheduled to expire on ~~December 31~~ **March 30** , ~~2023~~ **2024** ~~. In addition, under the new Mexican labor law, we are required to negotiate a new collective bargaining agreement for our Mexico facility to replace the existing collective bargaining agreements, which cover approximately 1, 045 employees. The new collective bargaining agreement for our Mexico facility must be subjected to a vote of the union employees by May 1, 2023~~ . While we believe that our relations with our union employees are in general good, we cannot assure you that we will be able to negotiate **a** new collective bargaining agreements for our **Terre Haute** ~~Cincinnati, Brooklyn or Mexico facilities~~ **facility** on terms satisfactory to us, or at all, and without production interruptions, including labor stoppages. If, prior to the expiration of the collective bargaining ~~agreements~~ - **agreement** for the **Terre Haute** ~~Cincinnati, Brooklyn or Mexico facilities~~ **facility** or prior to the expiration of any of our other existing collective bargaining agreements, we are unable to reach new agreements without union action or any such new agreements are not on terms satisfactory to us, our business, consolidated financial condition, results of operations or liquidity could be materially and adversely affected. We are increasingly dependent on information technology; Disruptions, failures or security breaches of our information technology infrastructure could have a material adverse effect on our operations. Information technology is critically important to our business operations. We rely on information technology networks and systems, including the Internet, to process, transmit and store electronic and financial information, to ~~manage a variety of business processes and activities, including manufacturing, financial, logistics, sales, marketing and administrative functions.~~ - 24- **manage a variety of business processes and activities, including manufacturing, financial, logistics, sales, marketing and administrative functions.** We depend on our information technology infrastructure to communicate internally and externally with employees, customers, suppliers and others. We also use information technology networks and systems to comply with regulatory, legal and tax requirements. These information technology systems, many of which are managed by third parties or used in connection with shared service centers, may be susceptible to damage, disruptions or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, issues with or errors in systems' maintenance or security, migration of applications to the cloud, power outages, hardware or software failures, computer viruses, malware, attacks by computer hackers or other cybersecurity risks, telecommunication failures, denial of service, user errors, natural disasters, terrorist attacks or other catastrophic events. Cyberattacks and other cyber incidents are occurring more frequently in the United States, are constantly evolving in nature, are becoming more sophisticated and are being made by groups and individuals (including criminal hackers, hacktivists, state- sponsored institutions, terrorist organizations and individuals or groups participating in organized crime) with a wide range of expertise and motives (including monetization of corporate, payment or other internal or personal data, theft of trade secrets and intellectual property for competitive advantage and leverage for political, social, economic and environmental reasons). Such cyberattacks and cyber incidents can take many forms including cyber extortion, denial of service, social engineering, such as impersonation attempts to fraudulently induce employees or others to disclose information or unwittingly provide access to systems or data, introduction of viruses or malware, such as ransomware through phishing emails, website defacement or theft of passwords and other credentials. We may incur significant costs in protecting against or remediating cyberattacks or other cyber incidents. If any of our significant information technology systems suffer severe damage, disruption or shutdown, whether due to natural disaster, cyberattacks or otherwise, and our disaster recovery and business continuity plans, or those of our third- party providers, do not effectively respond to or resolve the issues in a timely manner, our product sales, financial condition and results of operations may be materially and adversely affected, and we could experience delays in reporting our financial results, loss of intellectual property and damage to our reputation or brands. Cyberattacks, such as ransomware attacks, if successful, could interfere with our ability to access and use systems and records that are necessary to operate our business. Such attacks could materially adversely affect our reputation, relationships with customers, and operations and could require us to expend significant resources to resolve such issues. We and third- parties with which we have shared personal information have been subject to attempts to breach the security of networks, IT infrastructure, and controls through cyberattack, malware, computer viruses, social engineering attacks, ransomware attacks, and other means of unauthorized access. For example, in February 2023, we experienced a cyberbreach resulting from a global ransomware attack that impacted thousands of network servers around the world and which encrypted certain of our network servers. In this case, our internal IT department together with third- party cybersecurity incidence response teams that we keep on retainer were able to unencrypt and restore most of the affected servers and restore others from backups within a few days and with minimal disruption to our manufacturing operations, sales, order processing, distribution and other business operations, and without paying any ransom. We cannot assure you, however, that we will be able to restore our systems so quickly and with minimal disruption to our business operations in response to a future cyberattack. In addition, if we are unable to prevent physical and electronic break - ins, cyberattacks and other information security breaches, we may suffer financial and reputational damage, be subject to litigation or incur remediation costs or penalties because of the unauthorized disclosure of confidential information belonging to us or to our partners, customers, suppliers or employees. The February 2023 ransomware attack described above resulted in the unauthorized release of sensitive personal information of certain of our current and former employees that ~~will~~ **has** ~~require~~ **required** remediation expenditures by our company and could adversely affect our reputation and increase the costs we already incur to protect against these risks. The mishandling or inappropriate disclosure of non - public sensitive or protected information could also lead to the loss of intellectual property, negatively impact planned corporate transactions or damage our reputation and brand image. Misuse, leakage or falsification of legally protected information could also result in a violation of data privacy laws and regulations and have a negative impact on our reputation, business, financial condition and results of operations. **- 25-** Failure to Comply with Data Privacy and Data Breach Laws May Subject Our Company to Fines, Administrative Actions and Reputational Harm. We are subject to data privacy and data breach laws in the states and countries in which we do business, and as we expand into other states and countries, we may be subject to additional data privacy laws and regulations. In many ~~- 25-~~ states, state data privacy laws (such as the California Consumer Privacy Act), including application and interpretation, are rapidly evolving. The rapidly evolving nature of state and federal privacy laws, including potential inconsistencies between such laws and uncertainty as to their application, adds additional compliance costs and increases our risk of non- compliance. While we attempt to comply with such laws, we may not be in compliance at all times in all respects. Failure to comply with such laws may subject us to fines, administrative actions, and reputational harm. If we are unable to hire or retain key management personnel, and a highly skilled and diverse workforce or effectively manage changes in our workforce or respond to shifts in labor availability, our growth and future success may be impaired and our results of operations could suffer as a result. We must hire, retain and develop effective leaders and a highly skilled and diverse workforce at our corporate offices, manufacturing facilities and other work locations. We compete to hire new personnel with the variety of skills needed to manufacture, sell and distribute our products. Unplanned or increased turnover of employees with key capabilities, failure to attract and develop personnel with key capabilities, including emerging capabilities such as e- commerce and digital marketing skills, or failure to develop adequate succession plans for leadership positions or to hire and retain a workforce with the skills and in the locations we need to operate and grow our business could deplete our institutional knowledge base and erode our competitiveness. Our success depends to a significant degree upon the continued contributions of senior management and other highly skilled employees, certain of whom would be difficult to replace. The labor market has become increasingly tight and competitive and we may face sudden and unforeseen challenges in the availability of labor, such as we have experienced during the COVID- 19 pandemic, which was exacerbated as a result of the Omicron variant. A sustained labor shortage or increased turnover rates within our workforce caused by a public health crisis or related policies and mandates, or as a result of general macroeconomic or other factors, have led and could in the future lead to production or shipping delays, increased costs, including increased wages to attract and retain employees and increased overtime to meet demand. Similarly, we have been negatively impacted and may in the future continue to be negatively impacted by labor shortages or increased labor costs experienced by our third- party business partners, including our external manufacturing partners, third- party logistics providers and customers. Our ability to recruit and retain a highly skilled and diverse workforce at our corporate offices, manufacturing facilities and other work locations could also be materially impacted if we fail to adequately respond to rapidly changing employee expectations regarding fair compensation, an inclusive and diverse workplace, flexible working or other matters. If we fail to recruit and retain senior management and a highly skilled and diverse workforce, our growth and future success may be impaired and our results of operations may be materially and adversely effected. We are a holding company and we rely on dividends, interest and other payments, advances and transfers of funds from our subsidiaries to meet our obligations. We are a holding company, with all of our assets held by our direct and indirect subsidiaries, and we rely on dividends and other payments or distributions from our subsidiaries to meet our debt service obligations and to enable us to pay dividends. The ability of our subsidiaries to pay dividends or make other payments or distributions to us depends on their respective operating results and may be restricted by, among other things, the laws of their jurisdiction of organization (which may limit the amount of funds available for the payment of dividends), agreements of those subsidiaries, our credit agreement, our senior **secured notes indenture, our senior** notes indentures and the covenants of any future outstanding indebtedness we or our subsidiaries incur. **- 26-** Future changes that increase cash taxes payable by us could significantly decrease our future cash flow available to make interest and dividend payments with respect to our securities and have a material adverse effect on our business, consolidated financial condition, results of operations and liquidity. We are able to amortize goodwill and certain intangible assets in accordance with Section 197 of the Internal Revenue Code of 1986. We expect to be able to amortize for tax purposes approximately $ **880** ~~1, 055~~ . ~~2~~ **7** million between ~~2023~~ **2024** and ~~2037~~ **2038** . The expected annual deductions are approximately $ ~~122~~ **116** . ~~9~~ **0** million for each year fiscal ~~2023~~ **2024** through fiscal ~~2024~~ **2025** , approximately $ ~~122~~ **111. 8 million for fiscal 2026, approximately $ 92. 1 million for fiscal 2027, approximately $ 90** . 6

million for fiscal ~~2025~~ **2028**, approximately $ ~~118~~ **90**. ~~7~~ **4** million for fiscal ~~2026~~ **2029**, approximately $ ~~98~~ **84. 3 million for fiscal 2030, approximately $ 51. 6 million for fiscal 2031, approximately $ 34**. 8 million for fiscal ~~2027 -~~ **2032**, approximately $ ~~96~~ **34**. ~~3~~ **0** million for fiscal ~~2028~~ **2033**, approximately $ **30** ~~95. 7 million for fiscal 2029, approximately $ 89~~. 6 million for fiscal ~~2030~~ **2034**, approximately $ ~~56~~ **27**. **0** ~~9 million for fiscal 2031, approximately $ 38. 7 million- 26- for fiscal 2032, approximately $ 33. 8 million for fiscal 2033, approximately $ 30. 4 million for fiscal 2034, approximately $ 26. 7~~ million for fiscal 2035, approximately $ 1. ~~0~~ **2** million for fiscal 2036 ~~and~~ **,** approximately $ 0. ~~3~~ **6** million for fiscal 2037 **and approximately $ 0. 1 million for fiscal 2038**. We also take material annual deductions for net interest expense due to our substantial indebtedness. However, the U. S. Tax Cuts and Jobs Act, signed into law on December 22, 2017, limits the deduction for net interest expense (including the treatment of depreciation and other deductions in arriving at adjusted taxable income) incurred by a corporate taxpayer to 30 % of the taxpayer' s adjusted taxable income. ~~On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act, which we refer to as the " U. S. CARES Act, " was signed into law. The U. S. CARES Act, among other things, includes provisions related to net operating loss carryback periods, modifications to the interest deduction limitation and technical corrections to tax depreciation for qualified improvement property. The U. S. CARES Act increased the adjusted taxable income limitation from 30 % to 50 % for business interest deductions for tax years 2019 and 2020 and the limitation reverted back to 30 % beginning in 2021. See Note 10, " Income Taxes, " to our consolidated financial statements in Part II, Item 8 of this report.~~ If we are unable to fully utilize our interest expense deductions in future periods, our cash taxes will increase ~~. We were not subject to an interest expense deduction limitation in fiscal 2020 but were subject to the limitation in fiscal 2021, which increased our taxable income by $ 6. 7 million~~. Beginning with fiscal 2022, our adjusted taxable income as computed for purposes of the interest expense deduction limitation is computed after any deduction allowable for depreciation and amortization. As a result, our adjusted taxable income (used to compute the limitation) decreased and we ~~are~~ **were** subject to the interest expense deduction limitation in fiscal **2023 and fiscal** 2022, resulting in an increase to taxable income of $ **107. 7 million and $** 90. 2 million **, respectively**. We may continue to be subject to the interest deduction limitation in future years. We have recorded a deferred tax asset of $ **46. 9 million and $** 22. 2 million **for fiscal 2023 and fiscal 2022, respectively,** related to the interest deduction carryover, without a valuation allowance, as the disallowed interest may be carried forward indefinitely. The increase in our cash taxes resulting from the interest expense deduction limitation ~~is~~ **was** approximately **$ 25. 0 million and** $ 20. 6 million for fiscal **2023 and** 2022 **, respectively**. There are various factors that may cause tax assumptions to change in the future, and we may have to record a valuation allowance against these deferred tax assets. See Note 10, " Income Taxes, " to our consolidated financial statements in Part II, Item 8 of this report. If there is a change in U. S. federal tax law or, in the case of the interest deduction, a change in our net interest expense relative to our adjusted taxable income that eliminates, limits or reduces our ability to amortize and deduct goodwill and certain intangible assets or the interest deduction we receive on our substantial indebtedness, or otherwise results in an increase in our corporate tax rate, our cash taxes payable would increase, which could significantly reduce our future cash and impact our ability to make interest and dividend payments and have a material adverse effect on our business, consolidated financial condition, results of operations and liquidity. Likewise, the ultimate impact of the U. S. Tax Cuts and Jobs Act ~~and the U. S. CARES Act~~ on our reported results in fiscal ~~2023~~ **2024** and beyond may differ from the estimates provided in this report, possibly materially, due to guidance that may be issued and other actions we may take as a result of **this** ~~the new~~ tax law different from that currently contemplated. See Note 10, " Income Taxes, " to our consolidated financial statements in Part II, Item 8 of this report for information about the U. S. Tax Cuts and Jobs Act ~~and~~ **.** ~~the~~ **Other changes in tax laws in the United States or in other countries where we have significant operations, including rate changes or corporate tax provisions that could disallow or tax perceived base erosion or profit shifting payments or subject us to new types of tax, could have a material adverse effect on our effective tax rate and our deferred tax assets and liabilities. In addition, aspects of** U. S. ~~CARES Act~~ **tax laws may lead foreign jurisdictions to respond by enacting additional tax legislation that is unfavorable to us. For example, numerous countries have now enacted the Organization of Economic Cooperation and Development' s model rules on a global minimum tax of 15 %, with the earliest effective date being for taxable years beginning as early as 2024 and with widespread implementation of a global minimum tax expected by 2025. This increasingly complex global tax environment has in the past and could continue to increase tax uncertainty, resulting in higher compliance costs. Based on the guidance available thus far, we do not expect this legislation to have a material impact on our consolidated financial statements, but we will continue to evaluate it as additional guidance and clarification becomes available. We are also subject to tax audits by governmental authorities. Although we believe our tax estimates are reasonable, if a taxing authority disagrees with the positions we have taken, we could face additional tax liabilities,- 27- including interest and penalties. Unexpected results from one or more such tax audits could significantly adversely affect our effective rate and increase our cash taxes payable, which could significantly reduce our future cash and impact our ability to make interest and dividend payments and have a material adverse effect on our business, consolidated financial condition, results of operations and liquidity**. A change in the assumptions used to value our goodwill or our indefinite- lived intangible assets could negatively affect our consolidated results of operations and net worth. Our total assets include substantial goodwill and indefinite- lived intangible assets (trademarks). These assets are tested for impairment through qualitative and quantitative assessments at least annually and whenever events or circumstances occur indicating that goodwill or indefinite- lived intangible assets might be impaired. We test our goodwill and indefinite- lived intangible assets by comparing the fair values with the carrying values and recognize a loss for the difference. Estimating our fair value for these purposes requires significant estimates and assumptions by management, including future cash flows consistent with management' s expectations, annual sales growth rates, and certain assumptions underlying a discount rate based on available market data. Significant management judgment is necessary to estimate the impact of competitive operating, macroeconomic and other factors to estimate the future levels of sales and cash flows. We completed our annual impairment tests for fiscal **2023, fiscal** 2022 ~~,~~ **and** fiscal 2021 ~~and~~

~~fiscal 2020~~ with no adjustments to the carrying values of goodwill. As of December ~~31~~ **30** , ~~2022~~ **2023** , we had $ 619. ~~2~~ **4** million of goodwill recorded in our consolidated balance sheet. Our testing indicates that the implied fair value of our company is in excess of the carrying value. However, a change in the cash flow assumptions could result in an impairment of goodwill. **Our** ~~We completed our~~ annual impairment tests for fiscal ~~2022~~ **2023 resulted in our company recording pre** ~~and fiscal 2020 with no adjustments to the carrying values of~~ - ~~27~~ **tax, non** - ~~indefinite- lived~~ **cash impairment charges to intangible trademark assets for our Baker' s Joy, Molly McButter, Sugar Twin and New York Flatbreads brands of $ 20. 5 million in the aggregate during the fourth quarter of 2023, which is recorded in " Impairment of** intangible assets **" in our consolidated statement of operations for fiscal 2023** . ~~However~~ **We partially impaired the Baker' s Joy and Sugar Twin brands, and we fully impaired the Molly McButter and New York Flatbreads brands. Additionally** , in connection with ~~our decision to sell~~ the ~~Back to Nature business,~~ **divestiture of our Green Giant U. S. shelf- stable product line** during ~~fiscal~~ **the fourth quarter of** ~~2022~~ **2023 ,** we reclassified $ ~~109~~ **115** . ~~9~~ **3** million of indefinite- lived trademark intangible assets, $ ~~29~~ **82** . ~~5~~ **3** million of ~~goodwill,~~ **inventories and** $ ~~11~~ **4** . ~~0~~ **1** million of finite- lived customer relationship intangible assets **to assets held for sale as of the end of the third quarter of 2023. We then measured the assets held for sale at the lower of their carrying value or fair value less the estimated costs to sell, and recorded pre- tax, non- cash charges of $ 132. 9 million during the third quarter of 2023. During the fourth quarter of 2023, we completed the Green Giant U. S. shelf- stable divestiture and recorded a loss on sale of $ 4. 8 million during the quarter, resulting in a total loss on sale of $ 137. 7 million during fiscal 2023. See Note 3, " Acquisitions and Divestitures " to our consolidated financial statements in Part II, Item 8 of this report. We completed our annual impairment tests for fiscal 2022 with no adjustments to the carrying values of indefinite- lived intangible assets. However, in connection with our decision to sell the Back to Nature business, during fiscal 2022 we reclassified $ 109. 9 million of indefinite- lived trademark intangible assets, $ 29. 5 million of goodwill, $ 11. 0 million of finite- lived customer relationship intangible assets** and $ 7. 3 million of inventories to assets held for sale. We measured the assets held for sale at the lower of their carrying value or fair value less anticipated costs to sell and recorded pre- tax, non- cash impairment charges of $ 106. 4 million during fiscal 2022 relating to those assets. See Note 3, " Acquisitions and Divestitures " ~~and Note 18, " Subsequent Events "~~ to our consolidated financial statements in Part II, Item 8 of this report. **Our** ~~In addition, our~~ annual impairment tests for fiscal 2021 resulted in our company recording non- cash impairment charges to intangible trademark assets for the SnackWell' s, Static Guard, Molly McButter and Farmwise brands of $ 23. 1 million in the aggregate during the fourth quarter of fiscal 2021, which is recorded in " Impairment of intangible assets " in our consolidated statement of operations for fiscal 2021. We partially impaired the Static Guard and Molly McButter brands, and we fully impaired the SnackWell' s and Farmwise brands, which have been discontinued. If **future revenues** ~~operating results for the Static Guard~~ and **contributions** ~~Molly McButter brands continue~~ to ~~deteriorate, or~~ **our** ~~if~~ operating results for any of our ~~other~~ brands, including newly acquired brands, deteriorate, at rates in excess of our current projections, we may be required to record additional non- cash impairment charges to certain intangible assets. In addition, any significant decline in our market capitalization or changes in discount rates, even if due to macroeconomic factors, could put pressure on the carrying value of our goodwill. A determination that all or a portion of our goodwill or indefinite- lived intangible assets are impaired, although a non- cash charge to operations, could have a material adverse effect on our business, consolidated financial condition **- 28-** and results of operations. For a further discussion of our annual impairment testing of goodwill and indefinite- lived intangible assets (trademarks), see Note 2 (g), " Summary of Significant Accounting Policies — Goodwill and Other Intangible Assets " to our consolidated financial statements in Part II, Item 8 of this report. Any future financial market disruptions or tightening of the credit markets could expose us to additional credit risks from customers and supply risks from suppliers and co- packers. Any future financial market disruptions or tightening of the credit markets could result in some of our customers experiencing a significant decline in profits and / or reduced liquidity. A significant adverse change in the financial and / or credit position of a customer could require us to assume greater credit risk relating to that customer and could limit our ability to collect receivables. A significant adverse change in the financial and / or credit position of a supplier or co- packer could result in an interruption of supply. This could have a material adverse effect on our business, consolidated financial condition, results of operations and liquidity. Risks Relating to our SecuritiesHolders of our common stock may not receive the level of dividends provided for in our dividend policy or any dividends at all. Dividend payments are not mandatory or guaranteed and holders of our common stock do not have any legal right to receive, or require us to pay, dividends. Our board of directors may, in its sole discretion, decrease the level of dividends provided for in our dividend policy or entirely discontinue the payment of dividends. ~~For example, beginning with the dividend payment declared on November 8, 2022 and paid on January 30, 2023, the current intended dividend rate for our common stock was reduced from $ 1. 90 per share per annum to $ 0. 76 per share per annum.~~ Future dividends with respect to shares of our capital stock, if any, depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions (including restrictions in our credit agreement **, senior secured notes indenture** and senior notes indentures), business opportunities, provisions of applicable law (including certain provisions of the Delaware General Corporation Law) and other factors that our board of directors may deem relevant. If our cash flows from operating activities were to fall below our minimum expectations (or if our assumptions as to capital expenditures or interest expense were too low or our assumptions as to the sufficiency of our revolving credit facility to finance our working capital needs were to prove incorrect), we may need either to reduce or eliminate dividends or, to the extent permitted under our credit agreement **, senior secured notes indenture** and senior notes indentures, fund a portion of our dividends with borrowings or from other sources. If we were to use working capital or permanent borrowings to fund dividends, we would have less cash and / or borrowing capacity available for future dividends and other purposes, which could negatively impact our financial condition, results of operations, liquidity and ability to maintain or expand our business. **Our dividend policy may negatively impact our ability to finance capital expenditures, operations or acquisition opportunities. Under our dividend policy, a substantial portion of our cash generated by our business in excess of operating needs, interest and principal payments**

on indebtedness, and capital expenditures sufficient to maintain our properties and assets is in general distributed as regular quarterly cash dividends to the holders of our common stock. As a result, we may not retain a sufficient amount of cash to finance growth opportunities or unanticipated capital expenditure needs or to fund our operations in the event of a significant business downturn. We may have to forego growth opportunities or capital expenditures that would otherwise be necessary or desirable if we do not find alternative sources of financing. If we do not have sufficient cash for these purposes, our financial condition and our business will suffer. Our certificate of incorporation authorizes us to issue without stockholder approval preferred stock that may be senior to our common stock in certain respects. Our certificate of incorporation authorizes the issuance of preferred stock without stockholder approval and, in the case of preferred stock, upon such terms as the board of directors may determine. The rights of the holders of shares of our common stock will be subject to, and may be adversely affected by, the rights of holders of any class or series of preferred stock that may be issued in the future, including any preferential rights that we may grant to the holders of preferred stock. The terms of any preferred stock we issue may place restrictions on the payment of dividends to the holders of our common stock. If we issue preferred stock that is senior to our common stock in right of dividend payment, and our cash flows from operating activities or surplus are insufficient to support dividend payments to the holders of preferred stock, on the one hand, and to the holders of common stock, on the other hand, we may be forced to reduce or eliminate dividends to the holders of our common stock.