Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

RISKS RELATED TO OUR OPERATIONS ~~Costs~~ **Disruption of our manufacturing** and **distribution operations or** supply **chain** ~~for inputs to our products~~ , including **increased commodity, raw material, packaging, energy, transportation, and other input costs may adversely affect our financial condition or results of operations. We have experienced, and could continue to experience, disruptions in our supply chain and our manufacturing and distribution operations, which could have a material adverse effect on our business. Some** raw materials and **supplies used in the production of** ~~transportation, may change substantially and shortages have occurred and may continue to occur~~ -- **our products** ~~. We have been~~ , **including packaging materials** ~~and may continue to be~~ , ~~affected by~~ **are available from a limited number of suppliers or from a sole supplier or are in short** supply **when seasonal demand is at its peak** ~~chain constraints and labor shortages driven by overall macroeconomic and geopolitical uncertainty, largely caused by the COVID- 19 pandemic and the Russian invasion of Ukraine~~ . **Certain** ~~The resulting impacts on the global economy have led to supply chain disruptions and significant inflation in input costs, logistics, manufacturing and labor costs, which have impacted our results of operations in the current year and may continue to do so in the future. Our~~ raw materials **and supplies used directly or indirectly in the production of our products** are sourced from ~~industries characterized by a limited~~ **countries experiencing civil unrest, political instability, or unfavorable economic conditions. Adverse weather conditions may affect the** supply ~~base, and their cost can fluctuate substantially. Under many~~ of **agricultural commodities from which key ingredients** ~~our supply arrangements, the price we pay~~ for ~~raw materials fluctuates along with certain changes in underlying commodities costs. Price increases for~~ our **products are derived. We** ~~raw materials have placed pressure on our costs and could continue to do so, and we~~ may not be able to **maintain favorable arrangements and relationships with suppliers, and our contingency plans may not be** ~~effectively~~ -- **effective** ~~hedge~~ **to mitigate disruptions that may arise from shortages** or ~~pass along~~ **discontinuation of** any **raw materials** ~~such increases to our customers or consumers. Furthermore, any price increases passed along to our customers or consumers could significantly reduce demand for our products~~ and **other supplies** ~~could negatively affect our business and financial performance. In addition, price decreases in commodities~~ that we ~~have effectively hedged could also increase our cost of goods sold for mark- to- market changes in the derivative instruments. Our principal raw materials in our coffee business include coffee beans and K- Cup pod raw materials (including cups, filter paper and other ingredients) used~~ - **use** in the ~~manufacturing~~ **manufacture** ~~of our K- Cup pods. We purchase, roast~~ and **distribution of our** ~~sell high- quality whole bean coffee and related coffee~~ products. ~~The quality of the coffee we seek tends to trade on a negotiated basis at a premium above the " C " price of coffee. This premium depends upon the supply and demand at the time of purchase, and the amount of the premium can vary significantly. Increases in the " C " coffee commodity price increase the price of high- quality coffee and also impact our ability to enter into fixed- price purchase commitments. We frequently enter into supply contracts whereby the quality, quantity, delivery period and other negotiated terms are agreed upon, but the date, and therefore price, at which the base " C " coffee commodity price component will be fixed has not yet been established. These are known as price- to- be- fixed contracts. The supply and price of crops we purchase, such as coffee, apples, and corn, can also be affected by multiple factors in the producing countries, including weather, natural disasters, crop disease (such as coffee rust), general cost increases in farm inputs and costs of production, inventory levels and political and economic conditions, as well as the actions of certain organizations and associations that have historically attempted to influence prices of various commodities through agreements establishing export quotas or by restricting supplies. Ongoing speculation in global trading of commodities, such as coffee, has and may continue to influence prices. If we are unable to purchase sufficient quantities of our commodities due to any of the factors described herein or a worldwide or regional shortage, we may not be able to fulfill the demand for our products, which could have an adverse impact on our business and financial results. We also have a limited number of suppliers for certain strategic raw materials critical to our operations. We may have limited leverage to negotiate with these suppliers, which could negatively affect our operations and the financial performance of our business.~~ In ~~addition, in~~ order to ensure a continuous supply of high- quality raw materials, some of our inventory purchase obligations include long- term purchase commitments for certain strategic raw materials ~~. The~~ **; the** timing of these may not always coincide with the period in which we need the supplies to fulfill customer demand. **Any sustained or significant disruption to the manufacturing or sourcing of raw materials could increase our costs and interrupt product supply, which could adversely impact our business. The raw materials and other supplies, including agricultural commodities (such as coffee, apples, and corn), fuel and packaging materials, transportation, and other supply chain inputs that we use for the manufacturing, production, and distribution of our products are subject to price volatility and fluctuations in availability caused by many factors, which include changes in supply and demand; supplier capacity constraints; inflation; weather conditions (including the effects of climate change); wildfires and other natural disasters; disease or pests; agricultural uncertainty; cost increases in farm inputs; health epidemics, pandemics, or other contagious outbreaks; labor shortages, strikes, or work stoppages; changes in or the enactment of new laws and regulations; governmental actions or controls (including import / export restrictions, such as new or increased tariffs, sanctions, quotas, or trade barriers); port congestion or delays; transport capacity constraints; cybersecurity incidents or other disruptions; political uncertainties; acts of terrorism; governmental instability; speculation in global trading of commodities, such as coffee; or fluctuations in foreign currency exchange rates. We have been affected by a number of these factors, led by inflationary pressures on input and other costs, which may continue. Many of our raw materials and supplies are purchased in the open market, and the prices we pay for such items are subject to fluctuation. Under many**

of our supply arrangements, the price we pay for raw materials fluctuates along with certain changes in underlying commodities costs. This could lead to higher and more variable inventory levels ~~and /~~ or higher raw material costs for us. ~~If~~ **In** our ~~suppliers~~ **coffee business, the quality of the coffee we seek tends to trade on a negotiated basis at a premium above the “ C ” price of coffee. This premium depends upon the supply and demand at the time of purchase, and the amount of the premium can vary significantly. Volatility in coffee prices can impact our ability to enter into fixed- price purchase commitments, and we frequently enter into “ price- to- be- fixed ” supply contracts in which the quality, quantity, delivery period, and other negotiated terms** are **agreed upon, but the date, and therefore price, at which the base coffee commodity price component will be fixed has not yet been established. When input prices increase unexpectedly or significantly, we may be unwilling or** unable **to increase** ~~or~~ **our product prices** ~~unwilling to meet our~~ - **or unable to effectively hedge against price** ~~requirements, we could suffer shortages or substantial cost~~ increases ~~. Changing suppliers can require long lead times. The failure of our suppliers~~ to **offset** ~~meet our needs could occur for many reasons, including fires, natural disasters, weather, manufacturing problems, disease, widespread illness (such as the COVID- 19 pandemic), crop failure, strikes, transportation disruption, government regulation, political instability, cybersecurity attacks and terrorism. A failure of supply could also occur due to suppliers’ financial difficulties, including bankruptcy. Some of~~ these ~~risks may be more acute where the supplier or its plant is located in riskier or less- developed countries or regions. Any significant interruption to supply or cost increase could substantially harm our business and financial performance. Some of our raw materials and finished products are sourced or manufactured overseas and shipped to the U. S. and Canada. Changes in the global ocean transport market, including shortages of shipping containers and availability of U. S. and Canadian ports, have resulted in and may continue to result in~~ increased costs **without suffering reduced volume** ~~of transportation for our raw materials and finished products~~ , ~~which may impact our~~ **revenue, margins, and operating** results **. To the extent that price increases are not sufficient to offset higher costs adequately or in a timely manner, or if they result in significant decreases in sales volume, our financial condition or results** of operations **may be adversely affected** . In addition, **price decreases in commodities that** we **have effectively hedged** ~~use a significant amount of energy in our business, and therefore may be significantly impacted by changes in fuel costs due to the large truck fleet we operate in our distribution business and our use of third- party carriers. An increase in the price, disruption of supply, or shortage in fuel and other energy sources~~ could also increase our ~~suppliers’ operating costs~~ - **cost** ~~and indirectly impact our results~~ of ~~operations~~ **goods sold for mark- to- market changes in the derivative instruments** . We operate in intensely competitive categories **, and our potential inability to compete effectively could adversely impact our business** . The **beverage** industry ~~in which we operate~~ is highly competitive and continues to evolve in response to changing consumer preferences. **We compete with** ~~Some of our competitors, such as Coca- Cola, PepsiCo, The Kraft Heinz Company and Nestlé S. A., are~~ multinational corporations **that** ~~with significant financial resources. These competitors~~ can ~~use their resources and scale to~~ rapidly respond to competitive pressures and changes in consumer preferences by introducing new products, changing their route to market, reducing prices **,** or increasing promotional activities. We also compete with **various** ~~a number of~~ smaller **or** ~~brands and a variety of smaller,~~ regional **companies** and private label manufacturers **, which** ~~. Smaller companies~~ may be more innovative, better able to bring new products to market **,** and better able to quickly ~~exploit and~~ serve niche markets. ~~We also~~ **Additionally, we** compete for contract manufacturing with other bottlers and manufacturers. ~~In Canada, Mexico and the Caribbean, we compete with many of these same international companies as well as a number of regional competitors. Our sales may be negatively affected by numerous factors including our inability to maintain or increase prices, our inability to effectively promote our products, ineffective advertising and marketing campaigns, new entrants into the market, the decision of wholesalers, retailers or consumers to purchase competitors' products instead of ours, increased marketing costs and higher in- store placement and slotting fees driven by our competitors' willingness to spend aggressively. Competitive pressures may also cause us to reduce prices we charge customers or may restrict our ability to increase such prices. In addition, the rapid growth of e- commerce may create additional consumer price deflation by, among other things, facilitating comparison shopping, and could potentially threaten the value of some of our legacy route- to- market strategies and thus negatively affect revenues.~~ A significant ~~percentage~~ **portion** of **our business** ~~the Coffee Systems segment' s financial performance~~ is attributable to sales of K- Cup pods for use with Keurig brewing systems. **Continued acceptance** ~~We compete for sales~~ of **Keurig brewers** ~~K- Cup pods against local and regional brands, as well as against private label brands developed by retailers. Our ability~~ to **further** ~~gain or maintain share of sales in the countries in which we operate or in various local marketplaces or maintain or enhance our relationships with our partners and customers may be limited as a result of actions by competitors, including as a result of increased~~ - **increase household penetration is** ~~consolidation in the food and beverage industry and~~ a significant ~~increase~~ **factor** in **our growth plans** ~~the number of competitive pod contract manufacturers~~ . ~~Continued acceptance~~ **Any substantial or sustained decline in the sale** of Keurig brewers ~~and sales of K- Cup pods to an increasing installed customer base are significant factors in our Coffee Systems' growth plans. Any substantial or sustained decline in the sale of Keurig brewers, failure to continue to reduce the cost of Keurig brewers, or substantial or sustained decline in the sales of K- Cup pods~~ could materially and adversely affect our business. Keurig brewers compete against all sellers and types of coffeemakers **, as well as cafes and coffee shops** . ~~If~~ **Our competitive position may be weakened if** we do not succeed in ~~continuing to reduce the costs of manufacturing Keurig brewers or~~ differentiating Keurig brewers from our competitors **’** ~~in the coffeemaker category, based on technology, quality of~~ products **. Our sales of beverages** , ~~desired brands~~ **Keurig brewers, K- Cup pods, and other products may be negatively affected by numerous factors including** ~~or~~ **our** ~~otherwise, or~~ **inability to maintain** ~~our~~ - **or increase prices, our inability to effectively promote our products, new entrants into the market, the decision of wholesalers, retailers, or consumers to purchase** competitors ~~adopt~~ **' products instead of ours, increased marketing costs, and higher in- store placement and slotting fees driven by our competitors' willingness to spend aggressively. In addition, the rapid growth of e- commerce may create additional consumer price deflation by, among** ~~their~~ - **other** ~~respective~~ **things, facilitating comparison shopping, and could potentially threaten the value of some**

of our legacy route- to- market strategies **and thus** ~~, our competitive position may be weakened. Concerns about the safety, quality, or health effects of our products could~~ negatively affect **revenues. If we are unable to effectively compete,** our business ~~. The success of our business depends in part on our ability to maintain consumer confidence in the safety~~ and ~~quality of all of our products, including beverage products, their ingredients and packaging, and our brewers. We have various quality, environmental, health and safety supply chain standards. A failure or~~ **our financial** ~~perceived failure to meet our quality or safety standards, including product contamination or tampering, or allegations of mislabeling, whether actual or perceived, could occur in our operations or those of our bottlers, manufacturers, distributors or suppliers. This could result~~ **results** ~~in time consuming and expensive production interruptions, recalls, market withdrawals, product liability claims, and negative publicity. It could~~ **would** also result in the destruction of product...... such ingredients or substances, which may be ~~costly and reduce their appeal. Any or all of these events may lead to a loss of consumer confidence and trust, could damage the goodwill associated with our brands and may cause consumers to choose other products and could~~ negatively ~~affect~~ **affected** ~~our business and financial performance~~ . We may not effectively respond to changing consumer preferences and shopping behavior, which could impact our financial results. Consumers' preferences continually evolve due to a variety of factors, including changing demographics of the population, social trends, changes in consumer lifestyles and consumption patterns, concerns or perceptions regarding the health effects **or environmental impact** of **our** products **or packaging** , concerns regarding the location of origin or source of ingredients and products, changes in consumers' spending habits, negative publicity, economic downturn **,** or other factors ~~. For example, consumers are increasingly concerned about health and wellness, focusing on the calorie intake associated with regular CSDs, the use of artificial sweeteners in diet CSDs, and the use of natural, organic or simple ingredients in beverages. The demand for CSDs has therefore decreased as consumers have shifted towards NCBs, such as water, RTD coffee and teas, and sports drinks~~ . If we do not effectively anticipate and respond to ~~these~~ changing trends and consumer beverage preferences, **including through innovation and renovation,** our sales and growth could suffer **. Addressing changes in consumer preferences may require successful development, introduction, and marketing of new products and line extensions. There are inherent risks associated with new product or packaging innovation, including uncertainties about trade and consumer acceptance or potential impacts on our existing product offerings. Successful innovation may depend on our ability to obtain, protect, and maintain necessary intellectual property rights and to avoid infringing upon the intellectual property rights of others. Failure to innovate successfully could compromise our competitive position and impact our product sales, financial condition, and operating results** . Consumers are ~~also~~ increasingly focused on sustainability, with particular attention to the recyclability **or reuse** of product packaging, reducing consumption of single- use plastics and non- recyclable materials ~~,~~ and the environmental impact of manufacturing operations. If we do not meet consumer demands by continuing to provide ~~recyclable~~ **sustainable** packaging options and focusing on sustainability throughout our manufacturing operations, our sales could suffer. ~~In addition~~ **Consumer shopping behavior is also rapidly evolving. Changes in mobility** , **travel, and leisure activity patterns, the acceleration of e- commerce and other methods of purchasing products, inflation and economic uncertainty, and pandemics, epidemics or other disease outbreaks, among others, have impacted and could continue to impact** consumer shopping behavior ~~is rapidly evolving due to both changes in travel, vacation~~ and **demand for our** ~~leisure activity patterns and the acceleration of e- commerce and other methods of purchasing~~ products. If we are unable to meet the consumer where and when they desire their products or if we are unable to respond to changes in distribution channels ~~(including e- commerce)~~ , our financial results could be adversely impacted. ~~We have negative publicity.It could~~ also result in the destruction of product inventory,lost sales due to the unavailability of product for a period of time,fines from applicable regulatory agencies,and higher- than- anticipated rates of warranty returns and other returns of goods.Moreover,negative publicity may result from false,unfounded ~~,~~ or nominal liability claims or limited recalls.In addition,adverse public opinion,third- party studies ~~,~~ or other allegations,whether or not valid,regarding the perceived or potential negative health effects of ingredients in our beverage products, ~~such as concerns about the caloric intake associated with soft drinks~~ or ~~the use of artificial sweeteners in our beverages,or chemicals of concern or other~~ substances in our ~~ingredients~~ **packaging materials may lead to additional government regulation,new** or ~~materials~~ **increased taxes on our products** , ~~may contribute to~~ actual or threatened legal action against us, **and a** negative consumer perception of our products, ~~additional government~~ **any of which could result in decreased demand for our products or** ~~regulation~~ **reformulations of existing products to remove such ingredients or substances** , **which may** been, and ~~may continue to~~ **could in the future** be, adversely impacted by ~~significant reductions in demand~~ **a variety of factors, including: any failure by us or** ~~or~~ **our** ~~significant volatility~~ **business partners to achieve goals or maintain high standards relating to ethical, business and environmental, social and governance practices, including with respect to human rights, child labor laws, diversity, equity and inclusion, workplace conditions, employee health and safety, the nutrition profile of our products, packaging, water use and impact on the environment; any failure to address health or other concerns about our products, products we distribute or particular ingredients** in **our products, including concerns regarding whether certain of our products contribute to obesity or an increase in public health costs; our research and development efforts; any product quality or safety issues, including the recall of any of our products; any failure to comply with laws and regulations; consumer perception of our advertising campaigns, sponsorship arrangements, marketing programs, use of social media and our response to political and social issues or catastrophic events; or any failure to effectively respond to negative or inaccurate comments about us on social media or otherwise regarding any of the foregoing. Damage to our reputation or brand image could decrease** demand for ~~one or more of~~ our products, **thereby adversely affecting** ~~as a result of, among other things: the temporary inability of consumers to purchase our products due to illness, quarantine or other restrictions, store closures, or financial hardship, shifts in demand away from one or more of our higher priced products to lower priced products, or stockpiling or similar activity, reduced options for marketing and promotion of products or other restrictions in connection with widespread illness such as the COVID- 19 pandemic; such impacts could further increase the difficulty of operating~~ our business ~~during the pandemic,~~

~~including accurately planning and forecasting customer demand. If we do not innovate rapidly and successfully to respond to shifting consumer demands, our business may suffer. Achieving growth depends on our successful development, introduction and marketing of innovative new products and line extensions. There are inherent risks associated with new product or packaging introductions, including uncertainties about trade and consumer acceptance or potential impacts on our existing product offerings. We may be required to increase expenditures for new product development. Successful innovation depends on our ability to correctly anticipate customer and consumer acceptance, to obtain, protect, and maintain necessary intellectual property rights, and to avoid infringing upon the intellectual property rights of others. We must also be able to respond successfully to technological advances by and intellectual property rights of our competitors, and failure to do so could compromise our competitive position and impact our product sales, financial condition, and operating results~~ . If we do not successfully manage our **acquisitions of and** investments in new ~~business strategies or integrate and manage our acquired~~ businesses or brands, our operating results may adversely be affected. From time to time, we acquire **or invest in** businesses or brands, ~~invest in emerging companies and / or~~ form joint ventures, and enter into ~~various~~ licensing and distribution agreements ~~to expand our product portfolio~~ . In evaluating such endeavors, we are required to make difficult judgments regarding the value of business strategies, opportunities, technologies and other assets, and the risks and cost of potential liabilities. Furthermore, we may incur unforeseen liabilities and obligations in connection with any such ~~transaction~~ **transactions** , including in connection with the integration or management of the ~~acquired~~ businesses or brands **,** and may encounter unexpected difficulties and costs in integrating them into our operating **, governance** and internal control structures **. In the past we have been, and in the future we may be, unable to realize the expected benefits of acquisitions, investments or licensing or distribution agreements; it may also take longer than expected to realize the expected benefits** . We may also experience delays in extending our respective internal control over financial reporting to ~~newly~~ -- **new** ~~acquired businesses~~ **acquisitions or investments** , which may increase the risk of ~~failure to prevent~~ misstatements in our financial records and in our consolidated financial statements. ~~We also regularly pursue productivity initiatives~~ **In addition, our quality management protocols** , which are ~~focused on cost savings~~ **designed to ensure product quality** and **safety** ~~tax strategies in procurement~~ , ~~manufacturing, and logistics. These strategic initiatives may include investments in new technologies and optimization and relocation of our manufacturing and distribution footprint. New ventures and investments are inherently risky and~~ may not be **sufficiently robust to fully manage** ~~successful, and we may face challenges in achieving strategic objectives and other~~ -- **the** ~~benefits expected from such~~ **expanded range of product offerings introduced through new** investments **, licensing or distribution agreements, which may increase** ~~or~~ **our** ~~ventures~~ **costs or subject us to negative publicity** . Any acquisitions, investments or ventures may also disrupt ongoing business activity or result in the diversion of management attention and resources from other initiatives and operations. Our **ability to manage and improve the performance of acquired businesses or brands and our other investments and ventures will impact our** financial performance ~~will depend in large part on how well we can manage and improve the performance of acquired businesses or brands and the success of our other investments and ventures~~ . We may not achieve the strategic and financial objectives for such transactions. If we are unable to achieve such objectives, our consolidated results could be negatively affected. **Failure to realize benefits or successfully manage the potential negative consequences of our productivity initiatives can adversely affect our financial performance. We pursue strategic initiatives that are transformative in nature and are expected to generate significant cost savings, or productivity, over time. These strategic initiatives have included investments in new technologies and optimization of certain processes and of our manufacturing footprint. Some of our productivity initiatives may result in unintended consequences, such as business disruptions, distraction of management and employees, reduced morale and productivity, inability to obtain expected savings to reinvest into the business, an inability to attract or retain employees, negative publicity and disruption of the internal control structures of the affected business operations. If we are unable to successfully implement our productivity initiatives as planned or do not achieve expected savings as a result of these initiatives, we may not realize all or any of the anticipated benefits, resulting in adverse effects on our financial performance.** Our facilities and operations ~~will~~ **may** require substantial investment and upgrading, **including investments in new technologies** and ~~those~~ **digital transformation, and such** investments may not achieve the intended financial benefits ~~of such investment~~ . We continue to incur significant costs to **maintain or** upgrade ~~or keep up- to- date~~ various **technologies,** facilities **,** and equipment or restructure our operations, including closing existing facilities or opening new ones. **We invest in new** ~~Additionally, we rely on third parties for the construction~~ and ~~renovation~~ **emerging technologies, including the use** of **automation, connected data, robotics, and artificial intelligence throughout** our **operations, including in our manufacturing and distribution** facilities and ~~manufacturing of~~ our ~~production equipment~~ **sales organization** . **If** ~~We have ongoing programs to invest and upgrade our manufacturing, distribution and other~~ -- **the cost of our** ~~facilities, including expansive~~ investments **is** ~~in manufacturing facilities in Spartanburg, South Carolina; Newbridge, Ireland; and Allentown, Pennsylvania. If our investment and restructuring costs are~~ higher than anticipated, the investments and upgrades are not sufficient to meet our near- term future business needs, our business does not develop as anticipated to appropriately utilize new or upgraded facilities, or third parties fail to complete the construction or renovation of facilities or production equipment in a timely manner or in accordance with our specifications, **we may be delayed in realizing the intended benefits or** our costs and financial performance could be negatively affected. ~~As a result of the COVID- 19 pandemic~~ **We have ongoing programs to invest and upgrade our manufacturing, distribution** and other **facilities** ~~business disruptions~~ , ~~we~~ **including expansive investments in manufacturing facilities in Spartanburg, South Carolina and Allentown, Pennsylvania. These investments require us to rely on third parties for the construction and renovation of our facilities and manufacturing of our production equipment. We** have experienced delays **related to** ~~in the construction of certain of our new facilities and~~ the production equipment contained within **our manufacturing facilities, including delays in receiving the equipment or in operating the equipment according to specifications outlined by the manufacturer, which have led to increased costs** , and we may continue to experience such delays ~~. Substantial disruption at our manufacturing~~ and **cost** ~~distribution facilities could occur. A disruption at our manufacturing and distribution facilities could have a material adverse effect on our business. In addition, a disruption could occur at the facilities of our suppliers, bottlers, contract manufacturers or distributors. The disruption could occur for many reasons, including fire, natural disasters, weather, water scarcity, manufacturing problems, disease, widespread illness (such as the COVID- 19 pandemic), strikes, labor shortages, transportation or supply interruption, contractual dispute, government regulation, cybersecurity attacks or terrorism. Moreover, if demand~~ increases ~~beyond our production capabilities, we would need to either expand our capabilities internally or acquire additional capacity. Alternative facilities with sufficient capacity or capabilities may not be available, may cost substantially more than existing facilities or may take a significant time to start production, each of which could negatively affect our business and financial performance. Our intellectual property rights could be infringed or we could infringe the intellectual property rights of others, and adverse events regarding licensed intellectual property, including a third party' s termination of distribution rights licensed to us, could harm our business. We possess intellectual property that is important to our business. This intellectual property includes ingredient formulas, trademarks, copyrights, patents, business processes and other trade secrets. We and third parties, including competitors, could come into conflict over intellectual property rights. Litigation could disrupt our business, divert management attention and cost a substantial amount to protect our rights or defend against claims. We cannot be certain that the steps taken to protect our rights will be sufficient or that others will not infringe or misappropriate our rights. If we are unable to protect our intellectual property rights, our brands, products and business could be harmed. We also license various trademarks from third parties and license our trademarks to third parties. In some countries, third parties own certain trademarks or other intellectual property that we own in the U. S., Canada or Mexico. For example, the Dr Pepper trademark and formula is owned by Coca-Cola outside North America. Adverse events affecting those third parties or their products could also negatively impact our brands. In some cases, we license rights to distribute third- party products. The licensor may be able to terminate the license arrangement upon an agreed period of notice, in some cases without payment to us of any termination fee. The termination of any material license arrangement could adversely affect our business and financial performance. RISKS RELATED TO OUR FINANCIAL PERFORMANCE Determinations in the future that a significant impairment of the value of our goodwill and other indefinite- lived intangible assets has occurred could have a material adverse effect on our operating results. As of December 31, 2022, we had $ 51, 837 million of total assets, of which $ 20, 072 million were goodwill and $ 23, 183 million were other intangible assets. Intangible assets include both definite and indefinite- lived intangible assets in connection with brands, trade names, acquired technology, customer relationships and contractual arrangements. We conduct impairment tests on goodwill and all indefinite- lived intangible assets annually, as of October 1, or more frequently if circumstances indicate that all or a portion of the carrying amount of an asset may not be recoverable. The impairment tests require us to make an estimate of the fair value of our reporting units and other intangible assets. An impairment was recently recorded and could be recorded again as a result of changes in assumptions, estimates or circumstances, some of which are beyond our control. Factors which could result in an impairment include, but are not limited to: (i) reduced demand for our products and / or the product category resulting in diminished long- term revenue growth; (ii) higher commodity or transportation prices; (iii) lower prices for our products or increased marketing as a result of increased competition; (iv) not achieving forecasted productivities; (v) significant disruptions to our operations as a result of both internal and external events; and (vi) changes in our discount rates, which could change due to factors such as movement in risk free interest rates, changes in general market interest rates and market beta volatility and changes to management' s view of forecasted risk, among others. Since a number of factors may influence determinations of fair value of intangible assets, we are unable to predict whether impairments of goodwill or other indefinite- lived intangibles will occur in the future. Any such impairment would result in us recognizing a non- cash charge in our Consolidated Statements of Income, which could adversely affect our results of operations and increase our effective tax rate. Our level of indebtedness could adversely affect us, including decreasing our business flexibility and increasing our interest expense. In the future, we may be required to raise substantial additional financing to fund working capital, capital expenditures, the repayment or refinancing of our indebtedness, acquisitions or other general corporate requirements. Our ability to arrange additional financing or refinancing will depend on, among other factors, our financial position and performance, as well as prevailing market conditions and other factors beyond our control. There can be no assurance that we will be able to obtain additional financing or refinancing on terms acceptable to us or at all. If our financial performance does not meet current expectations, our ability to service our indebtedness may be adversely impacted. Additionally, in assessing our credit strength, credit rating agencies consider our capital structure and financial policies as well as our results of operations and financial position at the time. If our credit ratings were to be downgraded as a result of changes in our capital structure, changes in the credit rating agencies' methodologies in assessing our credit strength, the credit agencies' perception of the impact of credit market conditions on our current or future results of operations and financial position or for any other reason, our cost of borrowing could increase. Furthermore, a significant downgrade in our credit ratings could limit a financial institution' s willingness to participate in our accounts payable program and reduce the attractiveness of the accounts payable program to participating suppliers who may sell payment obligations from us to financial institutions. In addition, a significant downgrade in our credit ratings may reduce flexibility of our business to engage in certain transactions, such as the execution and renewal of certain leases. We negotiate with our suppliers to extend our payment terms to decrease our cash conversion cycle and manage our working capital, and If suppliers are unwilling to meet our customary payment terms, it may limit the pool of potential suppliers. Further, if a reduction in our payment terms with our suppliers occurs, our liquidity may be adversely affected. As part of ongoing efforts to decrease our cash conversion cycle and maximize our working capital, we negotiate with our suppliers to optimize our terms and conditions, which includes the consideration of payment terms. As part of this process, we strive to seek 360 day payment terms in commercial negotiations with potential suppliers. Excluding our suppliers who require cash at date of purchase or sale, our current payment terms with our suppliers generally range from 10 to 360 days. If a potential supplier is~~

~~unwilling to accept 360 day payment terms as a part of the commercial negotiation, we may remove them from consideration, which could limit the overall pool of potential suppliers for selection. If, during the procurement process, suppliers are either replaced or a supplier' s contract is renegotiated, our payment terms may be reduced. If our payment terms are reduced, our ability to maintain our cash conversion cycle to maximize our working capital, as well as our liquidity, may be adversely affected. Additionally, due to these replacements or renegotiations, we may need to utilize various financing arrangements for short- term liquidity. We cannot guarantee that our share repurchase program will be fully consummated or that our share repurchase program will enhance long- term stockholder value, and share repurchases could increase the volatility of the price of our stock and reduce our free cash flow. In October 2021, our Board of Directors authorized the Company to repurchase up to $ 4 billion of our outstanding common stock, beginning on January 1, 2022, potentially enabling us to return value to shareholders. Our repurchase program does not obligate us to repurchase any specific dollar amount or to acquire any specific number of shares. Our share repurchase program could affect the price of our stock and increase volatility and may be suspended or terminated at any time. We cannot guarantee that we will repurchase shares or conduct future share repurchase programs, and we cannot guarantee that any such programs will result in long- term increases to shareholder value. Additionally, significant changes in laws or regulations, including the Inflation Reduction Act of 2022, effective August 16, 2022, which imposes a 1 % excise tax on share repurchases that occur after December 31, 2022, may reduce our ability to take advantage of our share repurchase program. The agreements that govern our indebtedness contain various covenants that impose restrictions on us and may affect our ability to operate our business. The agreements that govern our indebtedness contain various affirmative and negative covenants that may, subject to certain significant exceptions, restrict our ability, including certain subsidiaries, to incur debt and our ability, including certain subsidiaries, to, among other things, have liens on our property, and / or merge or consolidate with any other person or sell or convey certain of our assets to any one person, and engage in certain sale and leaseback transactions. Our ability, including certain subsidiaries, to comply with these provisions may be affected by events beyond our control. Failure to comply with these covenants could result in an event of default, which, if not cured or waived, could accelerate our repayment obligations and could result in a default and acceleration under other agreements containing cross- default provisions. Under these circumstances, we might not have sufficient funds or other resources to satisfy all of our obligations. RISKS RELATING TO LABOR AND EMPLOYMENT Failure to recruit and retain qualified personnel, or failure to effectively manage changes in our workforce such as labor shortages, employee turnover, and increases in wages, could significantly impact our operations. Our future success depends upon the continued contributions of senior management and other key personnel and the ability to retain and motivate them. If we are unable to recruit, retain and motivate the senior management team and other key personnel sufficiently to support the projected growth and initiatives of our business, our business and financial performance may be adversely affected. Disruption in the global economy has exacerbated employee turnover and led to continued labor shortages, particularly in the market for frontline employees in the production and distribution environments. The labor force has been and may continue to be impacted by a number of factors related to macroeconomic and geopolitical uncertainty. Additionally, competition in the labor marketplace for qualified employees has led to increased costs, such as higher wages in order to recruit and retain employees. A prolonged labor shortage or inflation in labor costs could have a significant impact on our business and financial performance. We may not be able to renew collective bargaining agreements on satisfactory terms, or we could experience union activity, including labor disputes or work stoppages. Approximately 8, 800 of our employees worldwide are covered by collective bargaining agreements. These agreements typically expire every three to four years at various dates. We may not be able to renew our collective bargaining agreements on satisfactory terms or at all. This could result in labor disputes, strikes or work stoppages, which could impair our ability to manufacture and distribute our products and result in a substantial loss of sales. The terms of existing, renewed or expanded agreements could also significantly increase our costs or negatively affect our ability to increase operational efficiency~~ . Increases in our cost of employee benefits in the future could reduce our profitability. Our profitability is substantially affected by costs for employee health care, pension and other retirement programs and other benefits. In recent years, these costs have increased significantly due to factors such as increases in health care costs, declines in investment returns on pension assets **,** and changes in discount rates used to calculate pension and related liabilities. These factors will continue to put pressure on our business and financial performance. ~~Although we will actively seek to control increases in costs, there~~ **There** can be no assurance that ~~it~~ **we** will succeed in limiting future cost increases, and continued upward cost pressure could have a material adverse effect on our business and financial performance ~~us~~ **decreases our control** .Our information systems contain proprietary and other confidential information related to our business.These systems and services are vulnerable to interruptions or other failures resulting from,among other things,natural disasters,terrorist attacks,software,equipment or telecommunications failures,processing errors,computer viruses,other security issues or supplier defaults.Security,backup and disaster recovery measures may not be adequate or implemented properly to avoid such disruptions or failures.Any disruption or failure of these systems or services could cause substantial errors,processing inefficiencies,security breaches,inability to use the systems or process transactions,loss of customers or ~~other business~~ . RISKS RELATING TO OUR RELATIONSHIPS WITH THIRD PARTIES We depend on ~~a small number of large retailers for a significant portion of our sales. Food and beverage retailers in the U. S. have been consolidating, resulting in large, sophisticated retailers with increased buying power. They are in a better position to resist our price increases and demand lower prices and more favorable trade terms. To the extent we provide concessions or trade terms that are favorable to retailers, our respective margins would be reduced. Retailers also have leverage to require us to provide increased marketing and promotional expenditures, including larger, more tailored promotional and product delivery programs, as well as to demand fines for late or incomplete product shipments. If we and our partners, including bottlers, distributors and licensees, do not successfully provide appropriate marketing, product, packaging, pricing and service to these retailers, our product availability, sales and margins could suffer. In addition, certain retailers make up a significant percentage of our products' retail volume, including volume sold by our bottlers and distributors. Some retailers also~~

~~offer their own private label products that compete with some of our brands. Accordingly, the success of our business depends in part on our ability to maintain good relationships with key retail customers. If we are unable to offer terms that are acceptable to our significant customers, or such customers determine that they need fewer inventories to service consumers, these customers could reduce purchases of our products or may increase purchases of products from competitors, which would harm our sales and profitability. Furthermore, the loss of sales from a major retailer could have a material adverse effect on our business and financial performance. We depend on~~ third- party bottling and distribution companies for a significant portion of our business. We license rights to third parties to bottle and distribute our products. ~~Net sales~~ **A portion of our income** from **operations is generated from** ~~our Beverage Concentrates segment represent~~ sales of beverage concentrates to third- party bottling companies that we do not own. ~~The Beverage Concentrates segment' s operations generate a significant portion of our overall income from operations.~~ Some of these bottlers are also our direct competitors, or also bottle and distribute products for our competitors ~~. The majority of these bottlers' business comes from selling either their own products or our competitors' products~~ . In addition, some of the finished products we manufacture are distributed by third parties. As independent companies, these bottlers and distributors ~~make their own business decisions. They~~ may have the right to determine whether, and to what extent, they produce and distribute our products, our competitors' products and their own products. They may devote more resources to other products, prioritize their own products, or take other actions detrimental to our brands. In most cases, they are able to terminate their bottling and distribution arrangements with us without cause. In some cases, the license agreements include buy- out rights that allow us to exit for a fee, and we may have additional limited termination rights. The termination of any material license arrangement could adversely affect our business and financial performance, and any disputes could be costly and divert management attention. We may need to increase support for our brands in certain territories to maintain our route to market and may not be able to pass price increases through to ~~them. Their financial condition could also be adversely affected by conditions beyond their control, and their business could suffer as a result. Deteriorating economic conditions could negatively impact the financial viability of~~ third- party bottlers **and distributors. Deteriorating economic conditions could negatively impact the financial viability of third- party bottlers. Changes in the retail landscape or in sales to any key customer can adversely affect our business. The retail industry is experiencing continued consolidation of ownership and purchasing power, resulting in large retailers or buying groups with increased purchasing power, which impacts our ability to compete. Retailers may seek lower prices from us, may demand increased marketing or promotional expenditures in support of their businesses, and may be more likely to use their distribution networks to introduce and develop private- label brands, any of which could negatively affect our profitability. In addition, our industry is being affected by rapid growth in discount retailers and in e- commerce retailers, including traditional retailers who are expanding their e- commerce capabilities, and our business will be adversely affected if we are unable to maintain and develop successful relationships with such retailers. Further, we must maintain mutually beneficial relationships with our key customers to compete effectively. Any inability to resolve a significant dispute with any of our key customers, a change in the business condition (financial or otherwise) of any of our key customers, even if unrelated to us, a significant reduction in sales to any key customer, or the loss of any of our key customers may adversely affect our business** . Failure to maintain strategic relationships with brand owners and private label brands could adversely impact our future growth and business, potentially resulting in the termination of those agreements. **We regularly** ~~In our Coffee Systems segment, we have entered~~ -- **enter** into strategic relationships for the manufacturing, distribution, and sale of K- Cup pods with partner customers, as well as with retailers for their private label brands. As independent companies, our strategic partners make their own business decisions which may not align with our interests. If we are unable to provide an appropriate mix of incentives to our strategic partners through a combination of premium performance and service, pricing, and marketing and advertising support, or if these strategic partners are not satisfied with our ~~brand innovation and~~ technological or other development efforts, they may take actions that adversely impact us, including entering into agreements with competing ~~pod~~ contract manufacturers or vertically integrating to manufacture their own ~~K~~ **Keurig** - ~~Cup~~ **compatible** pods. Increasing competition among ~~K~~ **Keurig** - ~~Cup~~ **compatible** pod manufacturers and moving to vertical integration may result in price compression, which could have an adverse effect on our gross margins. The loss of strategic partners could also adversely impact our future profitability and growth, awareness of Keurig brewers, our ability to attract additional ~~branded~~ **brands** or private label parties to do business with us or our ability to attract new consumers to buy Keurig brewers. **We also regularly** ~~In our Packaged Beverages segment, we have entered~~ -- **enter** into strategic relationships for the manufacture and / or distribution of **beverage** products from partner brand owners **, including** in emerging or fast- growing segments in which we may not currently have a brand presence. **If** ~~We are subject to a risk of~~ our ~~partner brands terminating their agreements with us, which could negatively affect our business and financial performance. Within each distribution agreement, we have certain protections in case the~~ partner brands terminate their agreements **with us, it could negatively affect our revenues and results of operations. Equity method investments are managed independently of us and may have different interests than we do. Their decisions could impact our financial performance. We regularly review our product portfolio and evaluate strategic transactions** , such as ~~a one- time termination payment. We rely on the performance of a~~ **equity method investments, to gain entry into categories where we do not participate or to expand our presence in areas where our participation is currently** limited ~~number of suppliers, manufacturers and order fulfillment companies for our brewers~~ . **The success** ~~A small number~~ of ~~companies, located primarily in Asia, manufacture the vast majority of our brewers, with a majority of the brewers we sell procured from one third- party brewer manufacturer. If~~ these **transactions is dependent upon** ~~manufacturers are not able to perform~~ , ~~whether~~ **among other things, our ability to realize the full extent of the expected returns and benefits** as a result of ~~natural disaster~~ **the transaction** , ~~information technology failure~~ **within the anticipated time frame** , ~~commercial~~ or ~~international trade dispute, or otherwise, or~~ **at all. As these equity method investments** are **managed independently** ~~not able to scale their manufacturing operations to match increasing consumer demand for our brewers at competitive costs~~ , ~~our overall results will be negatively affected. GENERAL RISK~~

~~FACTORS Our financial results may be negatively impacted by recession, financial and credit market disruptions and other economic conditions. Changes in economic and financial conditions in the U. S., Canada, Mexico or other geographies where~~ we ~~do business may negatively impact consumer confidence and consumer spending, which could result in a reduction in our sales volume and / or switching to lower price offerings. We~~ may be impacted by ~~consumer price sensitivity associated with~~ **their business decisions or other actions, as they** ~~many~~ **may** ~~of our products~~ **have different interests than we do** . ~~Similarly, disruptions in~~ **We recognize a portion of our investees'** financial ~~and credit markets worldwide may impact our ability to manage normal commercial relationships with customers, suppliers and creditors. These disruptions could have a negative impact on the ability of our customers to timely pay their obligations, thus reducing our cash flow, or the ability of our vendors to supply materials timely. Additionally, these disruptions could have a negative effect on our ability to raise capital through the issuance of unsecured commercial paper or senior notes. Although we have no operations in Russia or Ukraine, we have experienced supply chain constraints and inflation in input costs, logistics, manufacturing and labor costs due to the impact of the conflict on the global economy. If continued, the conflict between Russia and Ukraine could result~~ **results within our net income based upon our ownership** ~~in additional supply chain disruptions, volatility in fuel and commodity prices, and significant fluctuations in foreign exchange rates and~~ interest ~~rates~~ , **unless the investment agreement indicates** ~~any~~ **an alternative allocation** of **earnings** ~~which could adversely impact our~~ **or losses** ~~results of operations~~ . We also ~~face counterparty risk~~ **assess our equity method investments as and when required by GAAP to determine whether they are impaired and, if they are, we record appropriate impairment charges. Our equity method investees also perform similar recoverability and impairment tests, and we record our share of impairment charges recorded by them, if any, adjusted, as appropriate,** for **the impact of items such as basis differences, deferred taxes and deferred gains. It is possible that we may be required to record significant impairment charges** ~~our~~ **or** ~~cash~~ **our proportionate share of significant impairment charges recorded by equity method** ~~investments~~ **investees** ~~and derivative instruments. Declines~~ in the ~~securities~~ **future** and ~~credit markets~~ **, if we do so, our net income** could ~~also~~ **be materially adversely** ~~affect~~ **affected . The use of information technology by our third party commercial partners and service providers exposes us to business disruptions** ~~our~~ **or other** ~~marketable securities and pension fund, which in turn could increase funding requirements. Deterioration of general macro- economic conditions could have a~~ negative ~~impact on our business, financial condition, results of operations and liquidity due to~~ impacts ~~on our suppliers, customers and operating costs. Our business depends on developing and maintaining close relationships with our suppliers and on our suppliers' ability and willingness to sell quality products to us at favorable prices and terms. Many factors outside our control may harm these relationships and the ability or willingness of these suppliers to sell us products on favorable terms. Such factors include a general decline in the economy and economic conditions and prolonged recessionary conditions. These events could negatively affect our suppliers' operations and make it difficult for them to obtain the credit lines or loans necessary to finance their operations in the short- term or long- term and meet our product requirements. Financial or operational difficulties~~ that ~~some of our suppliers may face, including their ability to access working capital,~~ could ~~also increase the cost of the products we purchase from them, the timing of settlement for our obligation to the supplier or our ability to source product from them. We might not be able to pass our increased costs onto our customers and, to the extent these difficulties impact the timing of settlement for our obligation to the supplier, we may have a decrease in our cash flow from operations and may have to use our various financing arrangements for short- term liquidity needs. Fluctuations in foreign currency exchange rates may~~ adversely affect ~~our operating results. While our operations are predominately in the U. S., we are exposed to foreign currency exchange rate risk with respect to our sales, expenses, profits, assets and liabilities denominated in the Mexican peso, the Canadian dollar and the Euro, as well as other foreign currencies in which we transact business. As a result, our financial performance may be affected by changes in foreign currency exchange rates. Moreover, any favorable or unfavorable impacts to gross profit, gross margin and income from operations from fluctuations in foreign currency exchange rates are likely to be inconsistent year over year. Weather, natural disasters, water availability, and climate change or related legislation could adversely affect our business. Unseasonable or unusual weather, natural disasters or long- term climate changes could add volatility to commodity prices and have the potential to disrupt the availability of raw materials, energy and fuel, our ability to produce our products and may result in reduced demand for our products, which may have a negative effect on our business and financial performance. Global climate change poses a threat to communities, businesses, farmers and ecosystems across the world. Climate change is already affecting the agricultural sector, and disruptions to crop growing conditions are expected to increase with extreme weather events, increasing temperatures, and changing water availability. Water is the main ingredient in substantially all of our products. Climate change may cause water scarcity and a deterioration of water quality in areas where we maintain operations. The competition for water among domestic, agricultural and manufacturing users is increasing in the countries where we operate, and as water becomes scarcer or the quality of the water deteriorates, we may incur increased production costs or face manufacturing constraints which could negatively affect our business and financial performance. Even where water is widely available, water purification and waste treatment infrastructure limitations could increase costs or constrain our operations. We are also faced with the impact of disruptions to crop growing conditions as a result of changing weather patterns, which can cause changes in geographical ranges of crops, as well as weeds, diseases and pests that affect those crops. These impacts may limit availability or increase the price volatility of key agricultural commodities, such as coffee, corn and tea, which are important sources of ingredients for our products. Concern over climate change, including global warming, has led to legislative and regulatory initiatives directed at limiting greenhouse gas emissions. For example, proposals that would impose mandatory requirements on greenhouse gas emissions continue to be considered by policy makers in the countries in which we will operate. Laws enacted that directly or indirectly affect our production, distribution, packaging, cost of raw materials, fuel, ingredients and water could all negatively impact our business and financial results. U. S. and international laws and regulations could adversely affect our business. Our products are subject to a variety of federal, state and local laws and regulations in the U. S., Canada, Mexico and other countries in which we conduct business.~~

~~These laws and regulations apply to many aspects of our business including the manufacture, safety, sourcing, labeling, storing, transportation, marketing, advertising, distribution and sale of our products. Other laws and regulations that may impact our business relate to competition, the environment, relations with distributors and retailers, employment, privacy, health and trade practices. Our expanding international business will also expose~~ us ~~to economic factors, regulatory requirements, increasing competition and other risks associated with doing business in foreign countries. Our international business is also subject to U. S. laws, regulations and policies, including anti- corruption and export laws and regulations. Violations of these laws or regulations in the manufacturing, safety, sourcing, labeling, storing, transportation, advertising, distribution and sale of our products could damage our reputation and / or result in criminal, civil or administrative actions with substantial financial penalties and operational limitations. In addition, any significant change in such laws or regulations or their interpretation, or the introduction of higher standards or more stringent laws or regulations, could result in increased compliance costs or capital expenditures or significant challenges to our ability to continue to produce and sell products that generate a significant portion of our sales and profits. For example, changes in laws related to packaging materials or the use or disposal of plastics or special taxes on soft drinks or ingredients could increase our costs. In addition, changes in legislation imposing tariffs on or restricting the importation of our products or raw materials required to make our products, restricting the sale of K- Cup pods, requiring compostability of K- Cup pods, limiting the ability of consumers to put K- Cup pods into municipal waste or recycling streams could, at least for some period of time, cut off a significant source of our sales and profits. Changes in bottle deposit and recycling laws, including requiring manufacturers of K- Cup pods to pay responsible producer or other fees to either governmental or non- governmental entities in connection with the collection, recycling, or disposition of K- Cup pods, may support our corporate responsibility objectives and goals, but could increase our costs. We depend on key information systems and third- party service providers. We depend on key information systems to accurately and efficiently transact our business, provide information to management and prepare financial reports~~. We rely on third- party **service** providers **, including cloud data service and other information technology service providers, suppliers, distributors, contractors and other business partners,** for **certain areas of our business, including certain finance, accounting, and IT functions, workforce management, and payroll processing. Some of our commercial partners may also receive or store information provided by us or our users through their websites, including information entrusted to them by customers. Our users' data and customer information may be improperly accessed, used or disclosed if these third- party commercial partners fail to adopt or adhere to adequate information security practices, or fail to comply with their respective online policies, or in the event of** a ~~number~~ **breach** of ~~key information systems and business processing services, including hosting, collecting, storing and transmitting~~ our **networks** ~~primary data center and processing various accounting and transactional services. An offshore shared service center managed by third parties provides lower cost services to conduct our business, including a number of accounting, tax, IT programming and monitoring services, and computing functions~~. If any of these third- party service providers or vendors do not perform effectively, or if we fail to adequately monitor their performance (including compliance with service level agreements or regulatory or legal requirements), we may ~~have~~ **experience business disruption, systems performance degradation, processing inefficiencies or other systems disruptions, the loss of or damage** to ~~incur additional costs to~~ **intellectual property or sensitive data through security breaches or otherwise,** ~~correct~~ **incorrect** ~~errors made by such service providers, our~~ - **or adverse effects on financial reporting,** ~~reputation could be harmed or we could be subject to~~ litigation, claims, legal or regulatory proceedings, inquiries or investigations ~~. In addition~~ , **fines or penalties, remediation costs, damage to our reputation, a negative impact on employee morale or the loss of current or potential customers, all of which can adversely affect our business. These third parties are subject to similar risks as we are relating to cybersecurity, privacy violations, business interruption, and systems and employee failures, and are subject to legal, regulatory and market risks of** ~~the~~ **their** ~~management of multiple~~ **own. While we have procedures in place for assessing risk along with selecting, managing and monitoring our relationships with** third- party service providers ~~increases operational complexity~~ and decreases our control. Our information systems...... process transactions, loss of customers or other business ~~disruptions~~ **partners** , ~~all of~~ **we do not have control over their business operations or governance and compliance systems, practices and procedures,** which **increases** ~~could negatively affect~~ our **financial, legal, reputational and operational risk. We have in the past, and may in the future, experience indirect impacts of events that take place at our third- party service providers and other** business **partners** ~~and financial performance~~. **If** ~~In addition, because we primarily accept debit and credit cards for payment in our e- commerce channel,~~ we are ~~subject~~ **unable** to ~~the PCI Standard~~ **effectively manage our third- party relationships** , ~~issued by the Payment Card Industry Security Standards Council. The PCI Standard contains compliance guidelines with regard to our~~ - **or** ~~security surrounding~~ **for any reason our third- party service providers or business partners fail to satisfactorily fulfill** ~~the~~ **their** ~~physical~~ **commitments** and **responsibilities** ~~electronic storage~~ , **our financial results could suffer** ~~processing and transmission of cardholder data~~. We **rely on** ~~are in compliance with~~ the **performance** ~~PCI Standard. However, complying with the PCI Standard and implementing related procedures, technology and information security measures requires significant resources and ongoing attention. Costs and potential problems and interruptions associated with the implementation~~ of ~~new~~ **a limited number of suppliers and manufacturers** ~~or~~ **for** ~~upgraded systems and technology, or~~ **our brewers** ~~the maintenance and support of existing systems and technology~~ , **and a limited number of order fulfillment companies** ~~to maintain compliance with the PCI Standard could also disrupt or~~ **for** ~~reduce the efficiency of~~ our **brewers** ~~operations. Further~~ , ~~even though we are compliant with the PCI Standard~~ **beverage concentrates and syrups. A small number of companies** , ~~we still~~ **located primarily in Asia, co- manufacture the vast majority of our brewers. Our manufacturers** may not be able to ~~prevent security breaches~~ **scale their manufacturing operations to match increasing consumer demand for our brewers at competitive costs** . ~~Any material~~ **If our manufacturers were to cease or** ~~interruptions~~ ---- **interrupt production** ~~or failures in our~~ - **or** ~~payment- related systems~~ **otherwise fail to supply brewers to us as agreed, we** ~~could~~ **would** ~~negatively~~ **be unable to obtain brewers for an indeterminate period of time, which could**

adversely affect our ~~business~~ **product sales** and ~~financial performance~~ **operating results** . **The majority** ~~In addition, some~~ of **the distribution of** ~~our commercial partners may receive or~~ **our** ~~store information provided~~ **brewers, beverage concentrates and syrups is handled** by ~~us or our users through their websites, including information entrusted to them by customers. If we or these~~ third- party **order fulfillment companies in the U. S. Our third- party manufacturers and order fulfillment companies are subject to disruption, including as a result of health epidemics, natural disasters, information technology failures,** commercial **or international trade disputes, governmental regulatory and enforcement actions, labor stoppages or strikes, financial issues, or otherwise. These issues could delay importation and increase the cost of products, delay the fulfillment of the brewers, beverage concentrates and syrups to our customers or require us to locate alternative manufacturers or order fulfillment companies to avoid disruption, which could adversely affect our product sales and operating results. GENERAL RISK FACTORS Our financial results may be negatively impacted by recession, financial and credit market disruptions and other political, social or economic conditions. Changes in economic and financial conditions in the U. S., Canada, Mexico or other geographies where we do business may negatively impact consumer confidence and consumer spending, which could result in a reduction in our sales volume and / or switching to lower price offerings. Similarly, disruptions in financial and credit markets worldwide may impact our ability to manage normal commercial relationships with customers, suppliers and creditors. These disruptions could have a negative impact on the ability of our customers to timely pay their obligations, the ability of our vendors to supply materials timely, or the risk of counterparty default, each of which could reduce our cash flow. We cannot predict how current or future economic conditions will affect our business** partners ~~fail to adopt or adhere to adequate information security practices~~ , **including financial institutions** ~~or fail to comply~~ with **whom we do business, and any negative impact on any of** ~~their~~ -- **the** ~~respective online policies,~~ **foregoing may also have an adverse impact on** ~~or~~ **our business. Disruptions** in ~~the event of~~ **financial and credit markets could also have** a ~~breach~~ **negative effect on our ability to raise capital through the issuance** of **unsecured commercial paper** ~~our~~ - **or** ~~networks~~ **senior notes. In addition** , **declines in the securities and credit markets could affect our pension and PRMB assets and obligations, which in turn could increase our funding requirements. Unstable geopolitical conditions** ~~our~~ - **or** ~~users~~ **events in certain markets, including civil unrest, acts of war, terrorism or governmental changes, or changes in international relations could undermine global consumer confidence and reduce consumers** ' **purchasing power** ~~data and customer information may be improperly accessed~~ , ~~used~~ **thereby reducing demand** ~~or~~ **for** ~~disclosed. As cybersecurity attacks continue to evolve and increase,~~ our **products. Restrictions on business activities, which** ~~information systems and those of our third party service providers~~ have been ~~and~~ **or** may ~~in the future~~ be ~~penetrated~~ **imposed or expanded as a result of political and economic instability, deterioration of economic relations between countries or otherwise, could impact** ~~or~~ **our** ~~compromised by internal and external parties intent~~ **profitability. We have no operations in Russia, Ukraine, or the Middle East, but due to the impact of the conflicts** on ~~extracting confidential~~ **the global economy, we have experienced and may continue to experience supply chain constraints;** ~~information~~ **inflation** ~~, disrupting business processes or corrupting information. These risks could arise from external parties or from acts or omissions of internal or service provider personnel. Such unauthorized access could disrupt our business and could result~~ in **input** ~~the loss of assets, litigation, regulatory actions or investigations, remediation~~ costs, **logistics, manufacturing** ~~damage to our reputation and failure to retain or attract customers following such an~~ **and** ~~event~~ **labor costs; volatility in fuel and commodity prices and fluctuations in foreign exchange rates and interest rates** , **any of** which **could adversely impact our results of operations. U. S. and international laws and regulations** could adversely affect our business. **various litigation claims and legal proceedings** that may include employment,tort ~~,contract~~ ,real estate,antitrust,environmental,recycling / sustainability,intellectual property,commercial,securities,false advertising,packaging,product labeling,consumer protection,discriminatory pricing ~~,privacy,tax,insurance~~ and other claims.We have been,and in the future may be,a defendant in class action litigation,including litigation regarding employment practices,product labeling,including under California' s " Proposition 65," public statements and disclosures under securities laws,antitrust,advertising,consumer protection and wage and hour laws.Plaintiffs in class action litigation may seek to recover amounts that are large and may be indeterminable for some period of time.We evaluate litigation claims and legal proceedings to assess the likelihood of unfavorable outcomes and estimate,if possible,the amount of potential losses ~~,and we~~ **.We will** establish a reserve as appropriate based upon assessments and estimates **in accordance** Our use of information technology and third **-** party service providers exposes us to cybersecurity breaches and other business disruptions that could adversely affect us. We use information technology and third **-** party service providers to support our global business processes and activities, including supporting critical business operations; communicating with our suppliers, customers and employees; maintaining financial information and effective accounting processes and financial and disclosure controls; engaging in mergers and acquisitions and other corporate transactions; conducting research and development activities; meeting regulatory, legal and tax requirements; and executing various digital marketing and consumer promotion activities. Global shared service centers managed by third parties provide an increasing amount of services to conduct our business, including a number of accounting, internal control, information technology, human resources and computing functions. Continuity of business applications and services has been, and may in the future be, disrupted by events such as infection by viruses or malware. ~~Our~~ **In addition, our** continuity of business applications and operations has been, and may in the future be, ~~also~~ disrupted by other **issues, including** cybersecurity attacks **(which may include social engineering, business email compromise, cyber extortion, denial of service, attempts to exploit vulnerabilities, hacking, website defacement, theft of passwords and other credentials or unauthorized use of computing resources for digital currency mining)** ; issues with or errors in systems' maintenance or security; migration of applications to the cloud; power outages; hardware or software failures ~~; denial of service~~ ; telecommunication failures; natural disasters; terrorist attacks; **unintentional or malicious actions of employees or contractors; and fires** and other catastrophic occurrences **and other cyber incidents** . ~~Further~~ **Like most major corporations** , ~~cybersecurity breaches~~ **we are regularly subject to cyberattacks and other cyber incidents, including the**

types of ~~our~~ **attacks and incidents described above. If we do not allocate and effectively manage the resources necessary to continue building and maintaining** ~~or~~ **our information technology infrastructure, or if we fail to timely identify or appropriately respond to cyberattacks or other cyber incidents, including with respect to** third **-** party **service providers, our business has been and can continue to be adversely affected, which has resulted in and can continue to result in some or all of the following: business disruption,** systems **performance degradation** , **processing inefficiencies or other** ~~whether from circumvention of security~~ systems **disruptions** , ~~denial- of- service attacks or other~~ -- **the loss of** ~~cyberattacks, hacking, phishing attacks, computer viruses, ransomware~~ or ~~malware, employee~~ **damage to intellectual property** or **sensitive data (including** ~~insider error, malfeasance, social engineering, physical breaches or other actions may cause~~ confidential information ~~belonging to us or~~ **that we process and maintain about** our employees **or consumers through our e- commerce platform) through security breaches or otherwise** , **incorrect or adverse effects on financial reporting, litigation, claims, legal or regulatory proceedings, inquiries or investigations, fines or penalties, remediation costs, damage to our reputation or a negative impact on employee morale or the loss of current or potential** customers, ~~consumers~~ **all of which can adversely affect our business. In addition** , **these risks also exist in acquired businesses, joint ventures or companies we invest in or partner with that use separate information systems or that have not yet been fully integrated into our information systems. Similar risks exist with respect to our third- party service providers, including cloud data service and other information technology service providers, suppliers, distributors, contractors and other business** partners, ~~suppliers,~~ **that we rely upon** ~~or~~ **for** ~~governmental~~ **certain areas of** ~~or~~ **our** ~~regulatory authorities to be misused or breached~~ **business, including payroll processing, health and benefit plan administration and certain finance and accounting functions** . When risks such as these materialize, the need for us to coordinate with various third **-** party service providers **, including with respect to timely notification and access to personnel and information concerning an incident,** and for third party service providers to coordinate amongst themselves might make it more challenging to resolve the related issues. **As** ~~Additionally, in the event of~~ a **result, we are subject to the risk that the activities associated with our third- party service providers can adversely affect our business even if the attack or breach does not directly impact our systems or information. Although the** cybersecurity **incidents** ~~breach, confidential information~~ that we ~~process and maintain about our employees~~ **have experienced to date, as well as those reported to us by** ~~or~~ **our third** ~~consumers through our e~~ - **party service providers** ~~commerce platform could potentially be exposed. If our controls~~ , ~~disaster recovery and~~ **have not had a material effect on our** business ~~continuity plans or those of our third party providers do not effectively respond to or resolve the issues related to any such disruptions in a timely manner, our product sales~~ , financial condition ~~and~~ **or** results of operations ~~may be~~ **, such incidents could have a** ~~materially~~ -- **material** ~~and adversely~~ -- **adverse effect on us** ~~affected, and we might experience delays~~ in **the future** ~~reporting our financial results, loss of intellectual property, breach of confidential information and damage to our reputation or brands~~ . We continue to devote resources to network security, backup and disaster recovery, upgrading systems and networks, enhanced training and other security measures to protect our systems and data; we are also in the process of enhancing the monitoring and detection of threats in our environment. However, security measures cannot ~~provide absolute security or~~ guarantee that we will be successful in preventing or responding to ~~every breach or~~ **all cyber incidents, systems** ~~disruption~~ **disruptions** ~~on a timely basis~~ **, system compromises or misuses of data** . In addition, due to the constantly evolving nature of security threats, we cannot predict the form and impact of any future incident, and the cost and operational expense of implementing, maintaining and enhancing protective measures to guard against increasingly complex and sophisticated cyber threats could increase significantly. Although we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of a breach or disruption, such insurance coverage may be insufficient to cover all losses. **Failure to comply with personal data protection and privacy laws can adversely affect our business.** We ~~regularly move data across national borders to conduct our operations and consequently~~ are subject to a variety of continuously evolving and developing laws and regulations in numerous jurisdictions regarding privacy, data protection and data security, including those related to the collection, storage, handling, use, disclosure, transfer and security of personal data. Privacy and data protection laws may be interpreted and applied differently from ~~country~~ **one jurisdiction** to ~~country~~ **another** and may create inconsistent or conflicting requirements **. In addition, new legislation in this area may be enacted in other jurisdictions at any time** . Our efforts to comply with privacy and data protection laws may impose significant costs and challenges that are likely to increase over time, and we could ~~incur~~ **experience** substantial penalties ~~or~~ **,** litigation **, claims, legal or regulatory proceedings, inquiries or investigations, damage to our reputation and fines or penalties** related to violation of existing or future data privacy laws and regulations. ~~Litigation~~ **Further, as a retailer accepting debit and credit cards** ~~or~~ **for payment, as well as other digital payment tools, we are subject to industry data protection standards and protocols such as the Payment Card Industry Data Security Standard. In certain circumstances, our contracts with payment card processors and payment card networks (such as Visa, Mastercard, American Express and Discover) generally require us to adhere to payment card network rules which could make us liable to payment card issuers and others if information in connection with payment cards and payment card transactions that we process is compromised, which liabilities could be substantial. Climate change or related legislation could adversely affect our business. Climate change may increase the frequency or severity of natural disasters and other extreme weather conditions, which could pose physical risks to our facilities, impair our production capabilities, disrupt our supply chain or impact demand for our products. Climate change is already affecting the agricultural sector, and disruptions to crop growing conditions are expected to increase with extreme weather events, increasing temperatures and changing water availability. Disruptions to crop growing conditions can cause changes in geographical ranges of crops, as well as weeds, diseases and pests that affect those crops. These impacts have in the past and may in the future limit availability or increase the price volatility of key agricultural commodities, such as coffee, corn, citrus, cocoa, and apples, which are important sources of ingredients for our products. Concern over climate change, including global warming, has led to legislative and regulatory initiatives limiting greenhouse gas emissions and increasing disclosure obligations. Increased**

compliance costs due to legal ~~proceedings could expose us to significant liabilities and damage our~~ - **or** ~~reputation~~ **regulatory requirements, along with initiatives to meet our sustainability goals, may cause higher costs associated with, or disruptions in, the manufacturing and distribution of our beverage products** . ~~We~~ **As a result, the effects of climate change and legal or regulatory initiatives to address climate change could** have ~~been, and~~ - **an** ~~in the future may be~~ **adverse impact on our business and results of operations. In addition** , **any failure to achieve or properly report on our goals with respect to reducing our impact on the environment or perception of** a ~~party~~ **failure** to **act responsibly** various litigation claims and legal proceedings that...... based upon assessments and estimates in accordance with **respect to the environment** ~~our~~ - **or** ~~accounting policies. We will base our assessments, estimates and disclosures on the information available~~ to **effectively respond** ~~us at the time and rely on legal and management judgment. Actual outcomes or losses may differ materially from assessments and estimates. Costs~~ to **regulatory requirements concerning climate change can lead to** ~~defend litigation claims and legal proceedings and the cost and any required actions arising out of actual settlements, judgments or resolutions of these claims and legal proceedings may negatively affect our business and financial performance. Any~~ adverse publicity **, which could** ~~resulting~~ --- **result** ~~from allegations made~~ in **reduced demand for our products, damage to our reputation or increase the risk of** litigation ~~claims or legal proceedings may also~~ **. Any of the foregoing can** adversely affect our ~~reputation, which in turn~~ **business. Water scarcity and quality** could adversely affect our ~~results~~ **business. Water is the primary ingredient in many** of **our products and is used across our** operations **. The competition for water among domestic, agricultural and manufacturing users is increasing in the countries where we operate. Even where water is widely available, water purification and waste treatment infrastructure limitations and regulations could increase costs or constrain our operations. As water becomes scarcer, the quality of the water deteriorates, including due to the effects of climate change, or requirements on water purification or filtration increase, we may experience increased production costs; manufacturing constraints; supply chain disruption; higher compliance costs; increased capital expenditures; the interruption or cessation of operations at, or relocation of, our facilities or the facilities of our business partners; challenges to efficiency gains due to higher water usage in compliance with more stringent water quality standards; failure to achieve our water efficiency and conservation goals; perception of our failure to act responsibly with respect to water use or to effectively respond to legal or regulatory requirements concerning water scarcity and quality; or damage to our reputation, any of which can adversely affect our business** . Fluctuations in our effective tax rate may result in volatility in our financial results. We are subject to income taxes and non- income- based taxes in many U. S. and certain foreign jurisdictions. ~~Income~~ **Tax legislation may be enacted, domestically or abroad, that impacts our effective** tax **rate. Changes in** ~~expense includes a provision for uncertain~~ tax **laws** ~~positions. At any one time~~ , ~~many~~ **regulations, related interpretations, and** tax ~~years are subject to audit by~~ **accounting standards in the U. S. and** various ~~taxing~~ **foreign** jurisdictions ~~. As these audits and negotiations progress, events may occur that change our expectation about how the audit will ultimately be resolved. As a result, there could be ongoing variability~~ in ~~our quarterly and /~~ **which we operate may impact** ~~or~~ **our** ~~annual~~ **effective** tax ~~rates~~ - **rate** ~~as events~~ **and adversely affect** ~~occur~~ -- **our financial results** ~~that cause a change in our provision for uncertain tax positions~~ . In addition, our effective tax rate in any given financial statement period may be significantly impacted by changes in the mix and level of earnings or by changes to existing accounting rules, tax regulations or interpretations of existing law. ~~Further,~~ **Significant judgment is required in determining our annual income** tax **expense and** ~~legislation may be enacted~~ in **evaluating** ~~the future, domestically or~~ **our** ~~abroad, that impacts our effective~~ tax **positions** ~~rate. Changes in tax laws, regulations, related interpretations, and tax accounting standards in the U. S. and various foreign jurisdictions in which we operate may impact our effective tax rate and adversely affect our financial results. Failure to comply with applicable transfer pricing and similar regulations could harm our business and financial results. In many countries, including the U. S., we are subject to transfer pricing and other tax regulations designed to ensure that appropriate levels of income are reported as earned and are taxed accordingly~~ . Although we believe ~~that we are in substantial compliance with all applicable regulations and restrictions, we are subject to the risk that governmental authorities could audit~~ our **tax estimates, including intercompany** transfer pricing **policies, are reasonable, the final determination of tax audits** and **any** related **disputes could** ~~practices and assert that additional taxes are owed. In the event that the audits or assessments are concluded adversely to our positions, we may or may not~~ be ~~able to offset~~ **materially different from** ~~or~~ **our historical** ~~mitigate the consolidated effect of foreign~~ income tax **provisions, estimates** ~~assessments through the use of U. S. foreign tax credits. Because the laws~~ and **accruals** ~~regulations governing U~~ . ~~S. foreign tax credits~~ **The results of audits or related disputes could have a material adverse effect on our financial statements for the period or periods for which the applicable final determinations** are ~~complex~~ **made** and **for** ~~subject to periodic~~ **periods for which** ~~legislative amendment, we cannot be sure that we will in fact be able to take advantage of any foreign tax credits in~~ the ~~future~~ **statute of limitations is open** .