

## Risk Factors Comparison 2025-02-25 to 2024-02-22 Form: 10-K

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

RISKS RELATED TO OUR OPERATIONS Disruption of our manufacturing and distribution operations or supply chain, 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 our products, including packaging materials, 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. Certain raw materials and supplies used directly or indirectly in the production of our products are sourced from countries experiencing civil unrest, political instability, or unfavorable economic conditions. Adverse weather conditions may affect the supply of agricultural commodities from which key ingredients for our products are derived. We may not be able to maintain favorable arrangements and relationships with suppliers, and our contingency plans may not be effective to mitigate disruptions that may arise from shortages or discontinuation of any raw materials and other supplies that we use in the manufacture and distribution of our products. 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 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 **or retaliatory** 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 or higher raw material costs for us. In our 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 our product prices or unable to effectively hedge against price increases to offset these increased costs without suffering reduced volume, 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 could also increase our cost of 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 is highly competitive and continues to evolve in response to changing consumer preferences. We compete with multinational corporations that can 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 smaller or regional companies and private label manufacturers, which may be more innovative, better able to bring new products to market, and better able to quickly serve niche markets. Additionally, we compete for contract manufacturing with other bottlers and manufacturers. A significant portion of our business is attributable to sales of K- Cup pods for use with Keurig brewing systems. Continued acceptance of Keurig brewers to further increase household penetration is a significant factor in our growth plans. Any substantial or sustained decline in the sale of Keurig brewers could materially and adversely affect our business. Keurig brewers compete against all sellers and types of coffeemakers, as well as cafes and coffee shops. Our competitive position may be weakened if we do not succeed in differentiating Keurig brewers from our competitors’ products. Our sales of beverages, Keurig brewers, K- Cup pods, and other products may be negatively affected by numerous factors including our inability to maintain 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' 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 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. If we are unable to effectively compete, our business and

our financial results would be negatively affected. 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, **including from the use of weight loss drugs**, 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. If we do not effectively anticipate and respond to 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 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 sustainable packaging options and focusing on sustainability throughout our manufacturing operations, our sales could suffer. 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 and demand for our 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, our financial results could be adversely impacted. Concerns about the safety, quality, or health effects of our products could negatively affect 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, their packaging, and our brewers. A failure or perceived failure to meet our quality, health, or safety standards, particularly as we expand our product offerings through innovation, partnerships or acquisitions into new beverage categories, including product contamination or tampering, undeclared allergens 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 in time-consuming and expensive production interruptions, recalls, market withdrawals, product liability claims, and 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 **processing or** ingredients in our beverage products, such as concerns about the caloric intake associated with soft drinks or the use of **artificial synthetic colors, nutritive and non-nutritive sweeteners or other additives** in our beverages, or chemicals of concern or other substances in our ingredients or materials, may contribute to actual or threatened legal action against us, negative consumer perception of our products, **new or increased taxes on our products, or additional government regulation, or including new or increased taxes changing restrictions on the inclusion of** our products **in benefit programs, such as the U. S. supplemental nutrition assistance program known as SNAP**, any of which could result in decreased demand for our products or reformulations of existing products to remove such ingredients or substances, which may be costly and reduce their appeal. **Such risks may be increased if government officials make public statements about alleged risks purportedly associated with processing, particular ingredients used in our products, or unintentional contaminants that may be present in the water supply**. Any or all of these events may lead to a loss of consumer confidence and trust, could damage the reputation of our brands and may cause consumers to choose other products and could negatively affect our business and financial performance. Damage to our reputation or brand image can adversely affect our business. Our ability to maintain our reputation and the brand image of our products is important to our success. Our corporate image and reputation has in the past been, and could in the future be, adversely impacted by a variety of factors, including: any failure by us or our business partners to achieve goals or maintain high standards relating to ethical, **and 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 our products, thereby adversely affecting our business. If we do not successfully manage our acquisitions of and investments in new businesses or brands, our operating results may adversely be affected. From time to time, we acquire or invest in businesses or brands, form joint ventures, and enter into licensing and distribution agreements. **If in evaluating such endeavors, we are required unable to complete 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 transactions or successfully integrate and develop acquired businesses, including in connection with the effective management of integration activities, we could fail to achieve the expected increases in revenues and operating results or the anticipated**

synergies and cost savings. Additional acquisition risks include the diversion of management of the attention from our existing businesses-- business or brands, potential loss of key employees, suppliers, or customers from the acquired business, assumption of unforeseen risks and liabilities, may encounter unexpected difficulties and greater than anticipated operating costs of in integrating them-- the acquired business into our operating, governance and internal control structures. In Any of the these past we have been factors could adversely affect our financial results. Our quality management protocols, which are designed to ensure product quality and safety, in the future we may not be, unable sufficiently robust to realize fully manage the expected benefits expanded range of acquisitions, product offerings introduced through new investments or, licensing or distribution agreements; it, which may also take longer than expected increase our costs or subject us to negative publicity realize the expected benefits. We In addition, we may also experience delays in extending our respective internal control over financial reporting to new acquisitions or investments, which may increase the risk of misstatements in our financial records and in our consolidated financial statements. In addition evaluating strategic transactions, we our quality management protocols, which are designed required to ensure product quality and safety make difficult judgments regarding the value of business strategies, opportunities, technologies and other assets, and the risks and cost of potential liabilities. In the past we have been, and in the future we may not be sufficiently robust, unable to realize fully manage the expanded range expected benefits of acquisitions, product offerings introduced through new investments, or licensing or distribution agreements; it, which may increase our costs or subject us to negative publicity. Any acquisitions, investments or ventures may also take longer than expected to realize disrupt ongoing business activity or result in the diversion of management attention and resources from other-- the expected benefits 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. 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 may require substantial investment and upgrading, including investments in new technologies and digital transformation, and such investments may not achieve the intended financial benefits. We continue to incur significant costs to maintain or upgrade various technologies, facilities, and equipment or restructure our operations, including closing existing facilities or opening new ones. We invest in new and emerging technologies, including the use of automation, connected data, robotics, and artificial intelligence throughout our operations, including in our manufacturing and distribution facilities and our sales organization. If the cost of our investments is 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. We have ongoing programs to invest and upgrade our manufacturing, distribution and other facilities, including expansive investments in our manufacturing facilities facility 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 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 and cost increases. We depend on key information systems, and our use of information technology exposes us to business disruptions that could adversely affect us. 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 disruptions, all of which could negatively affect our business and financial performance. Our users' data and customer information may be improperly accessed, used or disclosed if we 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 breach of our networks, which could subject us to legal action, reputational harm, or otherwise negatively impact our business and financial performance. Substantial disruption at our manufacturing and distribution facilities could occur. A disruption at our manufacturing and distribution facilities could have a material adverse effect on our business, as could a disruption at the facilities of our bottlers, contract manufacturers or distributors. Disruptions could occur for many reasons, including fire, natural disasters, weather, water scarcity, manufacturing problems, disease, widespread illness, 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 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 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 cannot be certain that the legal steps taken to protect our rights will be sufficient or that others will not infringe or misappropriate our rights. If we fail to adequately protect our intellectual property rights, or if changes in laws diminish or remove the current legal protections available to them, the competitiveness of our products may be eroded and our business could suffer. We and third parties, including competitors, could come into conflict over intellectual property rights, resulting in disruptive and expensive litigation. If we are unable to protect our intellectual property rights, our brands, products and business could be harmed. We also license various trademarks, intellectual property rights from third parties and license our trademarks, certain intellectual property rights to third parties. In some countries, third parties own certain trademarks and related intellectual property that we own in other countries. For example, the Dr Pepper trademark and formula is owned by Coca-Cola in some countries outside North America. Adverse events affecting those third parties or their products could also negatively impact our brands. Failure to attract, retain, develop and motivate a highly skilled and diverse workforce, or failure to effectively manage changes in our workforce such as labor shortages, employee turnover and increases in wages, could significantly impact our operations. The labor market has experienced and may continue to experience labor shortages, inflation in labor costs and increased employee turnover, which has impacted and may continue to impact our ability to attract and retain a highly skilled and diverse workforce. Competition in the labor market for qualified employees has increased alongside current and prospective employees' changing expectations for compensation, benefits, and flexible work models. Unplanned turnover or failure to develop and implement succession plans for senior management and other key personnel, including our CEO, could deplete our institutional knowledge base and erode our competitiveness. Failure to attract, retain, develop, and motivate a highly skilled and diverse workforce, including employees with specialized capabilities, or to maintain a culture that fosters inclusivity and diversity, including by increasing representation of underrepresented communities, can damage our business results and our reputation. We may not be able to renew collective bargaining agreements on satisfactory terms, or we could experience union activity, including new unionization, labor disputes or work stoppages. Many of our employees that are involved in the manufacturing or distribution of our products are covered by collective bargaining agreements. Additional employees have sought and may continue to seek to be covered by collective bargaining agreements, which may be facilitated by changing labor laws and regulations. These agreements typically expire every three to four years at various dates. We may not be able to renew our existing 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. There can be no assurance that 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. We depend on key information systems,..... our ability to increase operational efficiency.

**RISKS RELATED TO OUR FINANCIAL PERFORMANCE** We negotiate with our suppliers to optimize our terms and conditions, including payment terms, and reductions in our payment terms with our suppliers could adversely affect our liquidity. We As part of ongoing efforts to decrease our cash conversion cycle and manage 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 extended 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. The length of our payment terms has been reduced in recent periods and will continue to be reduced, including as a result of a supplier being replaced, renegotiation of a supplier's contract during the procurement process, through efforts to increase the overall pool of potential suppliers for selection, or in order to receive favorable pricing or other terms during commercial negotiations. Reductions in our payment terms have negatively affected, and could continue to negatively affect, our liquidity and our ability to maintain our cash conversion cycle to maximize our working capital. Reduced payment terms have contributed to, and could continue to contribute to, our 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. In October 2021, our Board authorized KDP the Company to repurchase up to \$ 4 billion of our outstanding common stock over a four-year period, 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. Under the terms of our share repurchase program, shares may be repurchased from time to time in open market transactions at prevailing market prices, in privately negotiated transactions, or by other means (including through the use of trading plans intended to qualify under Rule 10b5-1 under the Exchange Act) in accordance with federal securities laws. We may fund our share repurchases through a combination of cash flow from operations, borrowings, a combination of the two, or other sources of liquidity. The actual manner, timing, amount, value and counterparties of any repurchases under the program will be determined in at our discretion and will depend on a number of factors, including the market price of our common stock, trading volume, other capital management objectives and opportunities, applicable legal requirements, applicable tax effects, and general market and economic conditions. We cannot guarantee that we will repurchase shares (or the terms or amount of any such repurchase) or conduct future share repurchase programs, and we cannot guarantee that any such programs will result in long-term increases to shareholder value. The existence of our stock repurchase program could also cause the price of our

common stock to be higher than it would be in the absence of such a program and could potentially reduce the market liquidity for our common stock. Additionally, significant changes in laws or regulations may reduce our ability or inclination to take advantage of our share repurchase program. 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 financial performance statements. As of December 31, 2023-2024, we had \$ 52-53, 130-130 million of total assets, of which \$ 20, 202-053 million were goodwill and \$ 23, 287-634 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. In addition, definite-lived intangible assets and, property, plant, and equipment, and equity method investments are evaluated for impairment or accelerated depreciation as circumstances indicate. The impairment tests require us to make an estimate of the fair value of our reporting units and other intangible assets. We have in the past recorded impairments, including during the year ended December 31, 2024, and could do so 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 changes in our financial and operating outlook and 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.

**RISKS RELATING TO OUR RELATIONSHIPS WITH THIRD PARTIES** 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. A portion of our income from operations is generated from sales of beverage concentrates to third-party bottling companies that we do not own. Some of these bottlers are also our direct competitors, or also bottle and distribute products for our competitors. In addition, some of the finished products we manufacture are distributed by third parties. As independent companies, these bottlers and distributors 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 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 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 technological or other development efforts, they may take actions that adversely impact us, including entering into agreements with competing contract manufacturers or vertically integrating to manufacture their own Keurig-compatible pods. Increasing competition among Keurig-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 brands or private label parties to do business with us or our ability to attract new consumers to buy Keurig brewers. We also regularly 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 our 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 equity method investments, generally to gain entry into categories where we do not participate or to expand our presence in areas where our participation is currently limited. The success of these transactions is dependent upon, among other things, our ability to realize the full extent of the expected returns and benefits as a

result of the transaction, within the anticipated time frame, or at all. As these equity method investments are managed independently, we may be impacted by their business decisions or other actions, as they may have different interests than we do. We recognize a portion of our investees' financial results within our net income based upon our ownership interest, unless the investment agreement indicates an alternative allocation of earnings or losses. We also 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 or our proportionate share of significant impairment charges recorded by equity method investees in the future and, if we do so, our net income could be materially adversely affected. The use of information technology by our third party commercial partners and service providers exposes us to business disruptions or other negative impacts that could adversely affect us. 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 breach of our **or their** networks. 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 experience business disruption, systems performance degradation, processing inefficiencies or other systems disruptions, the loss of or damage to intellectual property or sensitive data 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, 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 their own. ~~We While we have procedures in place for assessing risk along with selecting, managing and monitoring our relationships with third- party service providers and other business partners, we~~ do not have control over their business operations or governance and compliance systems, practices and procedures, which increases 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. If we are unable to effectively manage our third- party relationships, or for any reason our third- party service providers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our financial results could suffer. We rely on the performance of a limited number of suppliers and manufacturers for our brewers, and a limited number of order fulfillment companies for our brewers, beverage concentrates and syrups. A small number of companies, located primarily in Asia, co- manufacture the vast majority of our brewers. Our manufacturers may not be able to scale their manufacturing operations to match increasing consumer demand for our brewers at competitive costs. If our manufacturers were to cease or interrupt production or otherwise fail to supply brewers to us as agreed, we would be unable to obtain brewers for an indeterminate period of time, which could adversely affect our product sales and operating results. The majority of the distribution of our brewers, beverage concentrates and syrups is handled by 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 **on time**, the ability of our vendors to supply materials **in a timely manner**, 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, including financial institutions with whom we do business, and any negative impact on any of the foregoing may also have an adverse impact on our business. Disruptions in financial and credit markets could also have a negative effect on our ability to raise capital through the issuance of unsecured commercial paper or 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 or 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, thereby reducing demand for our products. Restrictions on business activities, which have been or may be imposed or expanded as a result of political and economic instability, deterioration of economic relations between countries, **such as changes in or terminations of existing trade agreements, or the imposition of tariffs (including recent U. S. tariffs imposed or threatened to be imposed on Canada, Mexico, China, and other countries, and any retaliatory actions taken by such countries)**, or otherwise, could impact our profitability **or otherwise have an adverse effect on our business**. We have no operations in Russia, Ukraine, or

the Middle East, but due to the impact of the **ongoing** conflicts **in those regions** on the global economy, we have experienced and may continue to experience supply chain constraints; inflation in input costs, logistics, manufacturing, and 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. We 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, pricing, and sale of our products. Other laws and regulations that may impact our business relate to competition and antitrust, 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, **including import or export restrictions and tariffs**. Our international business is also subject to U. S. laws, regulations, and policies, including anti-corruption and export laws and regulations. Any significant change in laws or regulations or their interpretation, in any of these jurisdictions, 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. Certain jurisdictions in which our products are sold have either imposed, or are considering imposing, new or increased taxes on the manufacture, distribution or sale of certain of our products, particularly our beverages, as a result of ingredients (including sweeteners or alcohol) or packaging and packaging materials, which could increase the cost of certain of our products, reduce overall consumption of our products or lead to negative publicity, resulting in an adverse effect on our business and financial performance. Increasing governmental and societal attention to environmental, social, and governance matters has resulted and could continue to result in new laws or regulatory requirements, including new or expanded disclosure requirements that are expected to continue to expand the nature, scope, and complexity of matters on which we are required to report. In addition, the entry into new markets or categories has resulted in and could continue to result in our business being subject to additional regulations resulting in higher compliance costs. Violations of laws or regulations could damage our reputation and / or result in criminal, civil, or administrative actions with substantial financial penalties and operational limitations. Litigation or legal proceedings could expose us to significant liabilities and damage our reputation. We have been, and in the future may be, a party to various litigation, claims, legal (including regulatory) proceedings, inquiries, and investigations 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 establish a reserve as appropriate based upon assessments and estimates in accordance with our accounting policies. We base our assessments, estimates and disclosures on the information available to us at the time and rely on legal and management judgment. Actual outcomes or losses may differ materially from assessments and estimates. Costs 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 resulting from allegations made in litigation claims or legal proceedings may also adversely affect our reputation, which in turn could adversely affect our results of operations. Increased concerns related to the use or disposal of plastics or other packaging materials can adversely affect our business and financial performance. We rely on diverse packaging solutions to safely deliver products to our customers and consumers. Concern has grown with respect to the use or disposal of plastics and their potential impact on health and the environment, which may contribute to actual or threatened legal action against us, negative consumer perception of our products, additional government regulation, or new or increased taxes on our products. Various jurisdictions in which our products are sold have imposed or are considering imposing laws, regulations, or policies intended to encourage the use of sustainable packaging, waste reduction, or increased recycling rates, or to restrict the sale of products utilizing certain packaging. These laws, regulations, and policies vary in form and scope between jurisdictions and include extended producer responsibility policies, plastic or packaging taxes, restrictions on certain products and materials, requirements for bottle caps to be tethered to bottles, restrictions or bans on the use of certain types of packaging, including single-use plastics and packaging containing PFAS, or other chemicals of concern, restrictions on labeling related to recyclability, and requirements to charge deposit fees. These laws and regulations have in the past and could continue to increase the cost of our products, impact demand for our products, result in negative publicity and require us and our business partners to increase capital expenditures to invest in reducing the amount of virgin plastic or other materials used in our packaging, to develop alternative packaging or product formats or to revise product labeling, all of which can adversely affect our business and financial performance. Changes in legislation **could restricting** --- **restrict** the sale of **K-Cup pods** **our products that use such packaging materials, which** could reduce our sales and profits. Significant additional labeling or warning requirements or limitations on the marketing or sale of our products may inhibit sales of affected products. Various jurisdictions have adopted and may seek to adopt **bans or restrictions on the use of certain ingredients or substances in products, as well as** significant additional product labeling or warning requirements or limitations on the marketing or sale of our products because of what they contain or allegations that they cause adverse health effects. For example, under one such law in California, known as Proposition 65, if the state has determined that a substance causes cancer or harms human reproduction or development, a warning must be provided for any product sold in the state that exposes consumers to that substance, unless the exposure falls under an established safe harbor

level or another exemption is applicable. If we were required to add Proposition 65 warnings on the labels of one or more of our products produced for sale in California, the resulting consumer reaction to the warnings and potential adverse publicity could negatively affect our sales both in California and in other markets. **Regulators have also expressed concerns about the processing and use of particular ingredients or additives in beverage products, or bans or restrictions on the use of certain ingredients or substances in products, or** The imposition or proposed imposition of additional limitations on the marketing or sale of our products, has in the past and could continue to reduce overall consumption of our products, lead to negative publicity or leave consumers with the perception that our products do not meet their health and wellness needs, resulting in an adverse effect on our business and financial performance. 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 our third- party service providers, **use information technology** 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. In addition, our continuity of business applications and operations has been, and may in the future be, 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; telecommunication failures; natural disasters; terrorist attacks; unintentional or malicious actions of employees or contractors; and fires and other catastrophic occurrences and other cyber incidents. Like most major corporations, we are regularly subject to cyberattacks and other cyber incidents, including the types of attacks and incidents described above. If we do not allocate and effectively manage the resources necessary to continue building and maintaining our information technology infrastructure, or if we fail to **identify in a timely identify-manner** 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 systems disruptions, the loss of or damage to intellectual property or sensitive data (including confidential information 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, 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, that we rely upon for certain areas of our 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 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 that we have experienced to date, as well as those reported to us by our third- party service providers, have not had a material effect on our business, financial condition, or results of operations, such incidents could have a material adverse effect on us in the future. **Security measures, including** ~~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 guarantee that we will be successful in preventing or responding to all cyber incidents, systems disruptions, 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 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 one jurisdiction to 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 experience substantial penalties, 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. Further, as a retailer accepting debit and credit cards 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 or 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. As a result, the effects of climate change and legal or regulatory initiatives to address climate change could have an 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 failure to act responsibly with respect to the environment or to effectively respond to regulatory requirements concerning climate change can lead to adverse publicity, which could result in reduced demand for our products, damage to our reputation or increase the risk of litigation. Any of the foregoing can adversely affect our business. Water scarcity and quality could adversely affect our 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. Tax legislation may be enacted, domestically or abroad, that impacts our effective tax 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. 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. Significant judgment is required in determining our annual income tax expense and in evaluating our tax positions. Although we believe our tax estimates, including intercompany transfer pricing policies, are reasonable, the final determination of tax audits and any related disputes could be materially different from our historical income tax provisions, estimates, and accruals. 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 made and for periods for which the statute of limitations is open.