

## Risk Factors Comparison 2025-02-25 to 2024-03-08 Form: 10-K

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In addition to the factors discussed elsewhere in this Annual Report, the following risks and uncertainties could materially or adversely affect our business, financial condition and results of operations. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also materially or adversely affect our business, financial condition and results of operations. Risk Factors Summary The material risks summarized in further detail below include those relating to: Risks Related to Our Business • a decline in demand for ready- to- eat cereals; • supply chain disruptions **and**, increases in costs and / or shortages of raw materials, labor, fuels and utilities as a result of geopolitical, economic, **trade policies and regulations** and market conditions; • consumers' perception of our brands or company; • business disruptions; • our ability to drive our growth targets to increase revenue and profit; • our failure to achieve our targeted cost savings and efficiencies from **our restructuring plan associated with our supply chain modernization initiatives and other** cost reduction initiatives; • strategic acquisitions, alliances, divestitures or joint ventures or organic growth opportunities we may pursue in the future; Risks Related to Our Operations • material disruptions at one of our facilities; • our ability to attract, develop and retain the skilled people we need to support our business; • a shortage of labor, our failure to successfully negotiate collectively bargained agreements, or other general inflationary pressures or changes in applicable laws and regulations that could increase labor costs; • an increase in our post- retirement benefit- related costs and funding requirements caused by, among other things, volatility in the financial markets, changes in interest rates and actuarial assumptions; • our inability to obtain sufficient capital to grow our business and to increase our revenues; • an impairment of the carrying value of goodwill or other acquired intangibles; Risks Related to Our Industry • increases in the price of raw materials, including agricultural commodities, packaging, fuel and labor; **including as a result of geopolitical, economic, trade policies and regulations, and market conditions**; • increases in transportation costs and reduced availability of, or increases in, the price of oil or other fuels; • competition, including with respect to retail and shelf space; • the changing retail environment and the growing presence of alternative retail channels; • the successful development of new products and processes; • adverse changes in the global climate or extreme weather conditions; Risks Related to Regulations and Litigation • risks related to tax matters, including changes in tax rates, disagreements with taxing authorities and imposition of new taxes; • the risk that our food products become adulterated, misbranded or mislabeled, recall and potential resulting product liability if consumers are injured or damaged as a result; • our **inability or** failure to comply with **new and** evolving tax, advertising, environmental, licensing, labeling, trade, food quality and safety or other regulations or with existing regulations and laws; Risks Related to Our Intellectual Property and Technology • technology failures, cyber- attacks, privacy breaches or data breaches; • our inability to protect our intellectual property rights; • limitations with respect to certain of our rights to intellectual property used in our business under the Intellectual Property Agreements; Risks Related to the Spin- Off • the risk that the Contribution and the Distribution fail to qualify for non- recognition treatment for U. S. federal income tax purposes or that the Canadian aspects of the Internal Reorganization fail to qualify for tax- deferred treatment for Canadian federal and provincial income tax purposes; • our indemnification obligation to Kellanova if the transactions we have undertaken in connection with the Spin- Off do not qualify for non- recognition treatment; • our failure to follow certain restrictions to preserve the non- recognition treatment of the Spin- Off, as well as the impact those restrictions may have on our strategic and operating flexibility; • our inability to achieve some or all of the benefits that we expect from the Spin- Off; • our **dependence on Kellanova to perform certain functions for us on a transitional basis and our** ability to make the changes necessary to ~~operate~~ **establish the necessary systems and services to perform such functions ourselves** as an independent company; • the fact that our historical financial statements **for periods prior to the Spin- Off** may not necessarily be representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of our future results; • Kellanova' s ability to compete against us; • certain of our directors and officers may have actual or potential conflicts of interest because of their Kellanova equity ownership or their former Kellanova positions; Risks Related to Our Common Stock • ~~potential declines in the market price of our common stock caused by future sales~~; • the potential anti- takeover effects of certain provisions in our corporate organizational documents and Delaware law; • certain limitations on our **shareowners** ~~share owners~~' ability to obtain a preferred judicial forum for disputes with us; • dilution risk due to future issuances of equity securities and equity- based compensation awards granted under our long- term incentive plan; • the ranking of our common stock being junior to our existing and future indebtedness and any future preferred stock issuances; • the risk that the Board will not declare dividends in the future **or at a lower rate than the dividends we have historically paid**; General Risk Factors • risks related to our indebtedness; • increases in our debt or raises of additional capital in the future on terms favorable to us or our share owners, which could affect our financial health and may decrease our profitability; • obligations associated with being a public company requiring significant resources and management; • if we fail to maintain effective internal controls, we may not be able to report our financial results accurately or timely or to prevent or detect fraud; • risks generally associated with companies that operate in certain international markets; • general economic, political and social conditions and taxation policies; • potential liabilities and costs from litigation; • ~~there~~ **the adequacy of** ~~can be no assurance that~~ our insurance **is adequate**; and • foreign currency exchange rate exposure. A decline in demand for ready- to- eat cereals could adversely affect our financial performance. We focus primarily on producing and selling ready- to- eat cereal products. We expect to continue this primary focus. Because of our product concentration, any decline in consumer demand or preferences, including diet- driven changes **or nutrition trends**, for ready- to- eat cereals **or processed foods more generally** or any other factor that adversely affects the ready- to- eat cereal

market could have a material adverse effect on our business, financial condition or results of operations. We could also be adversely affected if consumers lose confidence in the healthfulness, safety, quality or taste of ready- to- eat cereals, **processed foods** or **certain** ingredients. Adverse publicity **or consumer perception** about these types of concerns, whether or not valid, **as well as public health response**, may discourage consumers from buying our products or cause production and delivery disruptions. In addition, significant changes in consumer demand or the loss or disruption of manufacturing, distribution or supply capabilities with respect to one or more of our products **or ingredients** could negatively impact our business or results of operations. Supply chain disruptions **and**, increases in costs and / or shortages of raw materials, labor, fuels and utilities as a result of geopolitical, economic, **trade policies and regulations**, and market conditions could adversely impact our profitability. Raw materials, such as corn, wheat, rice, vegetable oils, sugar, cocoa, fruits and nuts, which are used in our products, are subject to price fluctuations. The cost of these inputs may fluctuate widely due to foreign and domestic government **trade** policies and regulations **including new or retaliatory tariffs imposed by the U. S. or other countries where our products are manufactured, specifically Canada and Mexico**, inflation, weather conditions (including any potential effects of climate change), domestic and international demand, availability due to supply chain conditions, military conflict **and the financial and economic sanctions and other measures imposed in response thereto, volatility and instability in the geopolitical environment** or other unforeseen circumstances. ~~We~~ **In the past, we** have experienced supply chain disruptions including bottlenecks and shortages of materials, labor and freight that have led to increasing prices of raw materials, packaging and labor as well as limitations on shipping capacity. **On February 1, 2025, the current U. S. presidential administration announced the imposition of significant new tariffs that will be imposed on imports from Canada, Mexico and China, which may negatively impact international trade relations, result in retaliatory actions and cause inflationary pressures and higher costs. On February 3, 2025, the prospective tariffs on Canada and Mexico were deferred for 30 days; however, the implementation of these tariffs following the current short- term reprieve remains a possibility, and there is no guarantee that they will not be implemented before such date. As we have significant manufacturing operations in Mexico and Canada, the imposition of such tariffs could have a significant adverse impact on our results of operations, financial position, or cash flows, depending on their timing, degree and magnitude. Further, we may be required to raise prices for our products to offset the additional costs. Increased price of our products could reduce demand and result in the loss of customers. Additionally, tariffs may harm our competitive position in key markets, as we may be at a disadvantage as compared to our competitors who operate in countries that are not subject to tariffs.** The global economy has been negatively impacted by the military conflict between Russia and Ukraine. The Russia-Ukraine conflict ~~remains is fast-moving and~~ uncertain. Global grain markets ~~have exhibited increased~~ **continue to experience** volatility ~~as due to~~ **sanctions have been** imposed on Russia by the United States, the United Kingdom, the European Union and others in response to Russia's invasion of Ukraine. Changes in global grain and commodity flows could impact the markets in which we operate, which may in turn negatively impact our business, results of operations, supply chain and financial condition. Any substantial change in the prices or availability of raw materials may have an adverse impact on our profitability. We may enter into forward purchase agreements and other derivative financial instruments from time to time to manage the impact of such volatility in raw materials prices; however, these strategies may not be adequate to overcome increases in market prices or availability or to fully cover supply and may significantly affect our earnings. In addition, we are dependent upon natural gas, propane and electricity for operating our manufacturing facilities. The independent distributors and third- party transportation companies are dependent upon gasoline and diesel for their vehicles. The cost of these fuels may fluctuate widely due to economic and political conditions, government policy and regulation, war or other conflicts (including the current conflicts in Ukraine and the Middle East), or other unforeseen circumstances. Substantial future increases in prices for, or shortages of, these fuels could have a material adverse effect on our profitability, financial condition or results of operations. There can be no assurance that we can cover these potential cost increases through future pricing actions. Also, as a result of these pricing actions, consumers could purchase less or move from purchasing higher- margin products to purchasing lower- margin products. Inflation has and may continue to adversely affect us by increasing our costs of production, materials and labor. In an inflationary environment, ~~such as the current economic environment,~~ depending on the market conditions of the food industry and interest rate actions by the U. S. Federal Reserve, we may be unable to raise the prices of our products enough to keep up with the rate of inflation, which would reduce our profit margins, and continued inflationary pressures could impact our business, financial condition and results of operations. Similarly, shortages of truck drivers and railroad workers have contributed to increased freight costs, which has had a material and adverse effect on our business, financial condition and results of operations. Our results may be negatively impacted if consumers do not maintain their favorable perception of our brands or company. Brand value is primarily based on consumer perceptions. Successful promotion and brand value enhancement depends in large part on our ability and the ability of our suppliers and licensors (including Kellanova) to provide high- quality products. Brand value could diminish significantly due to a number of factors, including consumer perception that we or Kellanova, or any of our employees or agents, have acted in an irresponsible manner; adverse publicity about our labor relations (whether or not valid) or our products or Kellanova's products (whether or not valid); our failure to maintain the quality of our products; the failure of our suppliers and licensors (including Kellanova) to maintain the quality of their products; the failure of our products to deliver consistently positive consumer experiences; our products becoming unavailable to consumers; or the failure to meet the nutrition expectations of our products or particular ingredients in our products (whether or not valid), including the perception of the healthfulness of our products or their ingredients. In addition, due to our varied and geographically diverse consumer base, we must be responsive to local consumers, including with respect to when and how consumers consume food products and their desire for premium or value offerings, and provide an array of products that satisfy the broad spectrum of consumer preferences. Accordingly, we might fail to anticipate consumer preferences with respect to dietary trends or purchasing behaviors, invest sufficiently in maintaining, extending and expanding our brand image or achieve

the desired effects of our marketing efforts or use data-driven marketing and advertising to reach consumers at the right time with the right message. The growing use of social and digital media platforms by consumers, us and third parties increases the speed and extent that information or misinformation and opinions can be shared. Negative posts or comments about us, our brands, our products, or Kellanova, its brands (including any that are Shared Use Trademarks (as defined below)), or its products (which may be sold under Shared Use Trademarks), our labor relations or any of our employees or agents on social or digital media platforms could seriously damage our brands, corporate reputation and brand loyalty, regardless of the information's accuracy. Placement of our advertisements in digital media may also result in damage to our brands if any such media experiences negative publicity. The harm may be immediate, and we may not be afforded an opportunity for redress or correction. Brand recognition and loyalty can also be impacted by the effectiveness of our advertising campaigns, marketing programs, influencers and sponsorships, as well as our use of social media. Further, our brand perception and customer loyalty could be adversely impacted by a supplier's or licensor's improper practices or failure to comply with our requirements for environmentally, socially or legally responsible practices, including human rights and materials sourcing. If we do not maintain the favorable perception of our brands, our results could be negatively impacted. For a more detailed discussion of risks related to our Shared Use Trademarks, see "— Risks Related to Our Intellectual Property and Technology — Certain of our rights to intellectual property used in our business are limited to those of a licensee under the Intellectual Property Agreements."

Business disruptions have had and could in the future have an adverse effect on our business, financial condition and results of operations. We manufacture products in the United States, Canada and Mexico, and we source products and materials globally. We have a complex network of suppliers, manufacturing locations, including contract manufacturer locations, warehousing and distribution networks and information systems that support our ability to provide our products to our customers consistently. Factors that are hard to predict or beyond our control, such as product or raw material scarcity, material disruptions at one of our facilities or involving any of our equipment within such facilities, the availability of replacement parts for the equipment we rely on for production, workforce disruptions, weather (including any potential effects of climate change), natural disasters, water availability and regulation, fires or explosions, terrorism, political unrest, government restrictions, mandates or shutdowns, tariffs and other trade restrictions, cybersecurity breaches, global health events (such as the COVID-19 pandemic), disruptions in logistics, loss or impairment of key manufacturing sites, supplier capacity constraints, or strikes, could damage or disrupt our operations or our suppliers', their suppliers' or our contract manufacturers' operations. For instance, our fiscal year 2021 results were negatively impacted by the strike of approximately 1,400 union employees across our U.S. plants, which began in early October and ended in late December of 2021. Additionally, we were adversely impacted by a fire at one of our U.S. plants with operational and financial impacts extending beyond the end of 2021. Both the fire and the strike severely disrupted our supply and product availability in the second half of 2021 and into the first quarter of 2022 and, as a result of the strike, we had to suspend a number of capital projects, all of which had an adverse impact on our business, financial condition and results of operations. If we do not effectively prepare for and respond to disruptions in our operations, for example, by finding alternative suppliers or replacing capacity at key manufacturing or distribution locations, or cannot quickly repair damage to our information, technology, equipment, production or supply systems, we may be late in delivering or unable to deliver products to our customers. If that occurs, we may lose our customers' confidence, and long-term consumer demand for our products could decline. In addition, insurance policies that may provide coverage with regard to such events may not cover any or all of the resulting financial losses. These events could adversely affect our business, financial condition and results of operations. In addition, we may be unable to meet the demand for our products during certain business disruptions. For instance, we experienced increased demand for many of our products during the COVID-19 pandemic and were, at times, unable to fill all customer orders. Short term or sustained increases in consumer demand at our retail customers may exceed our production capacity or otherwise strain our supply chain. We may face additional production disruptions in the future, which may place constraints on our ability to produce products in a timely manner or may increase our costs. Our failure to meet the demand for our products could adversely affect our business and results of operations. Further, while we have not had any material interruptions or breaches of our systems due to cyberattacks or cyber incidents, we have experienced computer virus and malware activity and have been the target of various other forms of cyberattacks, including social engineering attacks, unauthorized access attempts, password theft, physical breaches and phishing-attacks. For a more detailed discussion of our cybersecurity risks, see "Risks Related to Our Intellectual Property and Technology- Technology failures, cyber-attacks, privacy breaches or data breaches could disrupt our operations or reputation and negatively impact our business." We may not achieve our growth targets, including revenue and profit growth targets and cash targets, and we may not realize the benefits we expect from revenue growth management. Our success depends upon our ability to drive our growth targets to increase revenue and profit. In order to achieve our targeted growth objectives, we utilize formal revenue growth management practices to help us realize price in a more effective way. This data-driven approach addresses price strategy, price-pack architecture, promotion strategy, mix management and trade strategies. Revenue growth management involves changes to the way we do business and may not always be accepted by our customers, consumers or third-party providers causing us not to realize the anticipated benefits. In addition, the complexity of execution requires a substantial amount of management and operational resources. These and related demands on our resources may divert the organization's attention from other business issues and have adverse effects on existing business relationships with suppliers and customers. Any failure to execute revenue growth management in accordance with our plans, including as a result of our revenue growth management process, could adversely affect our business or financial condition. We may not achieve our targeted cost savings and efficiencies from **our restructuring plan associated with our supply chain initiative or other** cost reduction initiatives. Our success depends in part on our ability to be an efficient producer in a highly competitive industry. We have invested and will continue to invest a significant amount in capital expenditures to improve our operational facilities. **For example, in August 2024, we announced our plans to spend up to \$500 million on supply chain modernization efforts, including capital expenditures of up to \$390 million and one-time**

**cash restructuring and non-restructuring costs of \$ 110 million. Our ability to achieve the cost savings and efficiencies from the supply chain modernization restructuring as well as other cost reduction initiatives is subject to many estimates and assumptions. Implementation of the supply chain modernization initiatives include actions to close one plant and scale back product at another and a reduction in headcount, which could have a negative effect on labor relations and employee morale at the impacted plants or our other production facilities.**

Ongoing operational issues are **more** likely to occur when carrying out major production, procurement, manufacturing or logistical changes and these, as well as any failure by us to achieve our planned cost savings and efficiencies, could have a material adverse effect on our business and financial position and on the results of our operations and profitability. **Further, potential Disruptions-disruptions** and uncertainties related to adverse macroeconomic conditions **or other factors outside of our control**, including **rising elevated levels of** inflation and economic slowdowns or recessions, for a sustained period of time could result in delays or modifications to our strategic plans and other initiatives and hinder our ability to achieve our growth targets and cost savings and productivity initiatives on the same timelines. For a more detailed discussion, see “ — Risks Related to the Spin- Off — We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin- Off. ” When pursuing strategic acquisitions, alliances, divestitures or joint ventures or seeking organic growth opportunities, we may not be able to successfully consummate favorable transactions, integrate acquired businesses or achieve the anticipated benefits of organic growth investments. We believe attractive acquisition and organic growth opportunities may present themselves in complementary categories that will further enhance our scale and increase our presence at key retailers. Accordingly, from time to time, we may evaluate potential acquisitions, alliances, divestitures or joint ventures that would further our strategic objectives, or we may undertake efforts to grow organically through internal innovation across our product offerings. We may be unable to identify suitable strategic transactions in the future or may not be able to enter into such transactions at favorable prices or on terms that are favorable to us, or we may not be able to achieve the benefits anticipated from investments in our organic growth on the anticipated timeline or at all. In addition, our total leverage and the terms of our financing arrangements may limit our ability to obtain additional financing in the future to pursue and consummate acquisitions and other strategic transactions or invest in organic growth opportunities. With respect to acquisitions, we may not be able to identify suitable targets, consummate a transaction on terms that are favorable to us, integrate the acquired business into our existing operations in a timely and cost-efficient manner, including implementation of enterprise-resource planning systems, or achieve expected returns, expected synergies and other benefits as a result of integration or other challenges, or may not achieve those objectives on a timely basis. Furthermore, we may be restricted from pursuing certain of these transactions under the terms of the Tax Matters Agreement (as defined below). For a more detailed discussion, see “ — Risks Related to the Spin- Off — We have agreed or are subject to numerous restrictions to preserve the non-recognition treatment of the Spin- Off, which may reduce our strategic and operating flexibility. ” Future acquisitions of foreign companies or new foreign ventures would subject us to local laws and regulations and could potentially lead to risks related to, among other things, increased exposure to foreign exchange rate changes, government price control, repatriation of profits and liabilities relating to the U. S. Foreign Corrupt Practices Act. Our corporate development activities also may present financial and operational risks, including diversion of management attention from existing core businesses, integrating or separating personnel and financial and other systems, and adverse effects on existing business relationships with suppliers and customers. Evaluating potential transactions requires additional expenditures (including legal, accounting and due diligence expenses, higher administrative costs to support any acquired entities and information technology, personnel and other integration expenses) and may divert the attention of our management from ordinary operating matters. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and amortization expenses related to certain intangible assets and increased operating expenses, which could adversely affect our results of operations and financial condition. The successful integration of acquisitions and other strategic transactions, including through organic growth, depends upon our ability to manage the operations and personnel of the acquired businesses. Integrating operations is complex and requires significant efforts and expenses on the part of both us and the acquired businesses. Potential difficulties we may encounter as part of the integration process include, but are not limited to, the following: • employees may voluntarily or involuntarily separate employment from us or the acquired businesses because of the acquisitions; • our management may have its attention diverted from core business activities while trying to integrate the acquired businesses; • we may encounter obstacles when incorporating the acquired businesses into our operations and management, including integrating or separating personnel, financial systems, operating procedures, regulatory compliance programs, technology, networks and other assets in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies; • differences in business backgrounds, corporate cultures and management philosophies; • integration may be more costly, time-consuming or complex or less effective than anticipated; • inability to maintain uniform standards, controls and procedures; and • we may discover previously undetected operational or other issues, such as fraud. Any of these factors could adversely affect our and the acquired businesses’ ability to maintain relationships with customers, suppliers, employees and other constituencies. In addition, the success of these acquired businesses will depend, in part, upon our ability to realize the anticipated growth opportunities and cost synergies through the successful integration of the businesses we acquire with our existing businesses. Even if we are successful in integrating acquired businesses, we cannot assure you that these integrations will result in the realization of the full benefit of any anticipated growth opportunities or cost synergies or that these benefits will be realized within the expected time frames. In addition, acquired businesses may have unanticipated liabilities or contingencies. In the future, we also expect to seek organic growth opportunities. The availability and success of such organic growth opportunities depends upon a number of factors, including our ability to innovate and develop new product offerings, expand into adjacencies and respond timely to changing consumer demands and preferences. Additionally, if we fail to evaluate and execute new business opportunities properly, we may not achieve anticipated benefits and may incur increased costs. Continued organic growth, if achieved, may place a strain on our operational infrastructure,

which could have a material adverse effect on our business, financial condition and results of operations. Material disruptions at one of our facilities could have a material adverse effect on our business, operating results and financial condition. A material disruption at our corporate headquarters or one of our manufacturing **or distribution** facilities, or involving any of our equipment within such facilities, could prevent us from meeting customer demand, reduce our sales and increase our costs, which could have a material adverse effect on our business, financial condition and results of operations. Our manufacturing facilities, and our equipment within such facilities, have and may in the future cease operations unexpectedly due to a number of events, including: • an equipment failure or damage to any of our equipment; • the inability to find replacement parts for any of our equipment; • food safety disruptions; • unscheduled maintenance outages; • fires, floods, earthquakes, hurricanes or other catastrophes; • the effect of a drought or reduced rainfall on its water supply; • the effect of severe weather conditions on equipment and facilities; • disruption in the supply of raw materials or other manufacturing inputs; • information system disruptions or failures due to any number of causes, including cyber- attacks; • changing laws and regulations applicable to our business **including the imposition of new and retaliatory tariffs and increased trade regulations**; • prolonged power failures; • the release of pollutants or hazardous substances; • damage or disruptions caused by third parties operating on or adjacent to one of our manufacturing facilities; • disruptions in the transportation infrastructure, including roads, bridges, railroad tracks and tunnels; • a widespread outbreak of an illness or any other communicable disease or any other public health crisis; • failure of our third- party service providers to satisfactorily fulfill their commitments and responsibilities in a timely manner and in accordance with agreed upon terms; • labor difficulties and disruptions; and • other operational problems. In addition, capital expenditures for expansion or replacement of existing facilities or equipment or to comply with future changes in applicable laws and regulations may be substantial. We cannot guarantee that the key pieces of equipment in our various manufacturing facilities will not need to be repaired or replaced or that we will not incur significant additional costs associated with regulatory compliance. If we are unable to repair key pieces of equipment that are utilized in connection with producing our products, we may need to turn to new technology. We cannot assure you that such new technology will not impact the quality or taste of our products. The costs of repairing or replacing such equipment and the associated downtime of the affected production line could have a material adverse effect on our business, financial condition and results of operations. If for any reason we are unable to provide for our operating needs, capital expenditures, and other cash requirements on economically favorable terms, we could experience a material adverse effect on our business, financial condition and results of operations. We may not be able to attract, develop and retain the skilled people we need to support our business. We depend on the skills and continued service of key personnel, including our experienced management team. In addition, our ability to achieve our strategic and operating goals depends on our ability to identify, recruit, hire, train and retain qualified individuals, including, for example, individuals with e- commerce, digital marketing and data analytics capabilities and skilled labor in our manufacturing facilities. We compete with other companies both within and outside of our industry for talented personnel, and we may lose key personnel or fail to attract, recruit, train, develop and retain other talented personnel. ~~In addition, we may experience higher than expected employee turnover and difficulty attracting new employees as a result of uncertainty from organizational and operational changes related to the Spin- Off. Similarly, as a result of the Spin- Off, we became a smaller company than Kellanova, and we have a smaller employee base to assist in the day- to- day operation of our business. Any such loss, failure or negative perception with respect to these individuals may adversely affect our business or financial results.~~ In addition, activities related to identifying, recruiting, hiring and integrating qualified individuals may require significant time and expense. We may not be able to locate suitable replacements for any key employees who terminate their employment, or offer employment to potential replacements on reasonable terms, each of which may adversely affect our business and financial results. Additionally, changes in regional preferences and immigration laws and policies could also make it more difficult for us to recruit or relocate skilled employees. A shortage in the labor pool, failure to successfully negotiate collectively bargained agreements, or other general inflationary pressures or changes in applicable laws and regulations could increase labor cost, which could have a material adverse effect on our operating results or financial condition. Our labor costs include the cost of providing benefits for employees. We sponsor a number of benefit plans for employees in the United States, Canada, and Mexico, including pension, retiree health and welfare, medical care, severance and other post- employment benefits. Our major pension plans and U. S. collectively bargained retiree health and welfare plans are funded with trust assets invested in a diversified portfolio of securities. The annual cost of benefits can vary significantly from year to year and is materially affected by such factors as changes in the assumed or actual rate of return on major plan assets, a change in the weighted- average discount rate used to measure obligations, the rate or trend of health care cost inflation, and the outcome of collectively bargained wage and benefit agreements. Many of our employees are covered by collectively bargained agreements and other employees may seek to be covered by collectively bargained agreements. Strikes or work stoppages and interruptions have occurred and could occur in the future, which could adversely impact our operating results. The terms and conditions of such agreements could also increase our costs or otherwise affect our ability to fully implement future operational changes to enhance our efficiency. Furthermore, we rely on access to competitive, local labor supply, including skilled and unskilled positions, to operate our business consistently and reliably. We may encounter difficulty recruiting sufficient numbers of personnel at acceptable wage and benefit levels due to the competitive labor market. Our inability to attract, develop and retain the personnel necessary for the efficient operation of our business could result in higher costs and decreased productivity and efficiency, which may have a material adverse effect on our performance. Our post- retirement benefit- related costs and funding requirements could increase as a result of volatility in the financial markets, changes in interest rates and actuarial assumptions. Increases in the costs of post- retirement medical and pension benefits may continue and could negatively affect our business as a result of increased usage of medical benefits by retired employees and medical cost inflation, an increase in participants enrolled, the effect of potential declines in the stock and bond markets on the performance of our pension and post- retirement plan assets, potential reductions in the discount rate used to determine the present value of our benefit obligations, and changes to our investment strategy that may impact our expected

return on pension and post- retirement plan assets assumptions. U. S. generally accepted accounting principles require that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Our accounting policy for defined benefit plans may subject earnings to volatility due to the recognition of actuarial gains and losses, particularly those due to the change in the fair value of pension and post- retirement plan assets and interest rates. In addition, funding requirements for our plans may become more significant. However, the ultimate amounts to be contributed are dependent upon, among other things, interest rates, underlying asset returns, and the impact of legislative or regulatory changes related to pension and post- retirement funding obligations. Our inability to obtain sufficient capital would constrain our ability to grow our business and to increase our revenues. Our business is capital intensive, including our anticipated supply chain investments, and we have used and may continue to employ leverage to finance our operations. Accordingly, our ability to successfully execute our business strategy, including through organic growth, and maintain our operations depends on the availability and cost of debt and equity capital. Our indebtedness is not rated, and if it was rated we believe it would have a non- investment grade rating. Such rating would likely make it more difficult or more expensive for us to obtain additional debt financing, if we determine such financing is necessary, to support expected growth of our business, or if we decide to pursue strategic transactions or organic growth opportunities. We can give no assurance that the capital we need will be available to us on favorable terms, or at all. Our inability to obtain sufficient capital, or to renew or expand our existing debt instruments, could result in increased funding costs and would limit our ability to, among other things: • meet the terms and maturities of our existing and future debt instruments; • purchase new assets or refinance existing assets; • fund our working capital needs and maintain adequate liquidity; • finance other growth initiatives; and • pursue strategic transactions. An impairment of the carrying value of goodwill or other acquired intangibles could negatively affect our operating results and net worth. The carrying value of goodwill represents the fair value of acquired businesses in excess of identifiable assets and liabilities as of the acquisition date. The carrying value of other intangibles represents the fair value of trademarks, trade names, and other acquired intangibles as of the acquisition date. Goodwill and other acquired intangibles expected to contribute indefinitely to our cash flows are not amortized but must be evaluated by management at least annually for impairment. If carrying value exceeds current fair value, the intangible is considered impaired and is reduced to fair value via a charge to earnings. Factors which could result in an impairment include, but are not limited to: (i) reduced demand for our products; (ii) higher commodity prices; (iii) lower prices for our products or increased marketing as a result of increased competition; and (iv) significant disruptions to our operations as a result of both internal and external events. Should the value of one or more of the acquired intangibles become impaired, our financial condition and results of operations may be materially adversely affected. Any significant sustained adverse change in consumer purchasing behaviors, government restrictions, financial results or macroeconomic conditions could result in future impairment. As of December 30, 2023, the carrying value of intangible assets totaled approximately \$ 110 million, of which \$ 53 million was goodwill and \$ 57 million represented trademarks and trade names, compared to total assets of \$ 2.9 billion and total WK Kellogg Co equity of \$ 300 million. Our results may be materially and adversely impacted as a result of increases in the price of raw materials, including agricultural commodities, packaging, fuel and labor **including as a result of geopolitical, economic, trade policies and regulations and market conditions**. Agricultural commodities, including corn, wheat, rice, vegetable oils, sugar, cocoa, fruits and nuts are the principal raw materials used in our products. Carton board, corrugated, and flexible packaging are the principal packaging materials used by us. The cost of such commodities may fluctuate widely due to government policy, regulation, and / or shutdown, import and export requirements (including **new or retaliatory** tariffs **imposed by the U. S. or other countries where our products are manufactured, specifically Canada and Mexico**), global geopolitical conditions (including war, such as the wars in Ukraine and the Middle East), general economic conditions (including heightened inflation), sanctions, drought and other weather conditions (including the potential effects of climate change), a global health crisis (such as the COVID- 19 pandemic), environmental or other sustainability regulation, or other unforeseen circumstances. Specifically, certain ingredients, packaging and other goods and services have been impacted by inflationary pressures, and although we are unable to predict the impact to our ability to source such materials and services in the future, we expect these supply pressures and market disruptions to continue **throughout 2024**. **Further, on February 1, 2024, the current U. S. presidential administration announced the imposition of significant new tariffs that will be imposed on imports from Canada, Mexico and China, which may negatively impact international trade relations, result in retaliatory actions and cause inflationary pressures and higher costs. On February 3, 2025, the prospective tariffs on Canada and Mexico were deferred for 30 days; however, although the implementation of these tariffs following the current short- term reprieve remains a possibility, and there is no guarantee that they will not be implemented before such date**. To the extent that any of the foregoing factors affect the prices of such commodities and we are unable to increase our prices or adequately hedge against such changes in prices in a manner that offsets such changes, the results of our operations could be materially and adversely affected. In addition, we use derivatives to hedge price risk associated with forecasted purchases of raw materials. Our hedged price could exceed the spot price on the date of purchase, resulting in an unfavorable impact on both gross margin and net earnings. Also, sustained price increases may lead to declines in volume as consumers may decide not to pay the higher prices or may forego some purchases altogether during an economic downturn, which could lead to sales declines and loss of market share. Food processing equipment at our facilities are regularly fueled by electricity, oil, natural gas or propane, which are obtained from local utilities or other local suppliers. Short- term stand- by propane and / or oil storage exists at several plants for use in case of interruption in natural gas supplies. In addition, considerable amounts of diesel fuel are used in connection with the distribution of our products. The cost of fuel may fluctuate widely due to economic and political conditions, government policy, **trade tensions**, regulation and / or shutdown, war, or other unforeseen circumstances, which could have a material adverse effect on our operating results or financial condition. Our results may be adversely affected by increases in transportation costs and reduced availability of or increases in the price of oil or other fuels. We rely on trucking

and railroad operators to deliver incoming ingredients to our manufacturing locations and to deliver finished products to our customers. Shortages of truck drivers and railroad workers have contributed to increased freight costs, which has had a material and adverse effect on our business, financial condition and results of operations. Transportation costs are further increasing as a result of high levels of long-haul driver turnover and increased railroad traffic and service issues. Additionally, energy and fuel costs can fluctuate dramatically and, at times, have resulted in significant cost increases, particularly for the price of oil and gasoline. We operate in the highly competitive food industry, including with respect to retail and shelf space. We face competition from other companies that have varying abilities to withstand changes in market conditions. The principal aspects of our business where we face competition include, but are not limited to, brand recognition, taste, nutritional value, price, promotion, innovation, shelf space, navigating the growing e-commerce marketplace, convenient ordering and delivery to the consumer and customer service. Most of our competitors have substantial financial, marketing, sales and other resources, and some of our competitors may spend more on advertising and promotional activities than we do. Additionally, some of our competitors sell products that we no longer offer post-Spin-Off, such as cereal bars. Further, our mutual non-competition obligations to Kellanova pursuant to the Separation and Distribution Agreement may impact our ability to expand into new product categories or markets during the non-competition period. Our competition with other companies in our market could cause us to reduce prices, increase capital, marketing or other expenditures, or lose category share, any of which could have a material adverse effect on our business and financial results. Our ability to compete also depends upon our ability to predict, identify, and interpret the tastes and dietary habits of consumers and to offer products that appeal to those preferences, which is particularly important to us given our primary focus on producing and selling ready-to-eat cereal products. Due to our product concentration, any decline in consumer demand or change in preferences could have a material adverse effect on our business, financial condition or results of operations. There are inherent marketplace risks associated with new product or packaging introductions, including uncertainties about trade and consumer acceptance. If we do not succeed in offering products that consumers want to buy, our sales and market share will decrease, resulting in reduced profitability. If we are unable to accurately predict which shifts in consumer preferences will be long-lasting, or are unable to introduce new and improved products to satisfy those preferences, our sales will decline. In addition, given the variety of backgrounds and identities of consumers in our consumer base, we must offer a sufficient array of products to satisfy the broad spectrum of consumer preferences. In some cases, our competitors may be able to respond to changing business and economic conditions or consumer preferences more quickly than us. Category share and growth could also be adversely impacted if we are not successful in introducing new products, anticipating changes in consumer preferences with respect to dietary trends or purchasing behaviors or in effectively assessing, changing and setting pricing. In addition, we compete against branded products as well as private label products. Our products must provide higher value and / or quality to our consumers than alternatives, particularly during periods of economic uncertainty. Consumers may not buy our products if relative differences in value and / or quality between our products and private label products change in favor of competitors' products or if consumers perceive this type of change. If consumers prefer private label products, which are typically sold at lower prices, then we could lose category share or sales volumes or shift our product mix to lower margin offerings, which could have a material effect on our business and financial position and on the results of our operations and profitability. Further, our ability to compete may be limited by an inability to secure new retailers or maintain or add shelf and / or retail space for our products. There can be no assurance that retailers will provide sufficient, or any, shelf space, nor that online retailers will provide online access to, or adequate product visibility on, their platform. Unattractive placement or pricing may put our products at a disadvantage compared to those of our competitors. Even if we obtain shelf space or preferable shelf placement, our new and existing products may fail to achieve the sales expectations set by our retailers, potentially causing these retailers to remove our products from their shelves. The changing retail environment and the growing presence of alternative retail channels could negatively impact our sales and profits. Our businesses are largely concentrated in the traditional retail grocery trade. Our largest customer, Wal-Mart Stores, Inc., accounted for approximately 26-29% of combined-consolidated net sales during 2023-2024, comprised principally of sales within the United States. No other customer accounted for more than 10% of combined-consolidated net sales in 2023-2024. During 2023-2024, our top five customers, collectively, including Wal-Mart Stores, Inc., accounted for approximately 47-52% of our combined-consolidated net sales. There can be no assurances that our largest customers will continue to purchase our products in the same mix or quantities or on the same terms as in the past. As the retail grocery trade continues to consolidate and retailers become larger, our large retail customers have sought, and may continue to seek in the future, to use their position to improve their profitability through improved efficiency, lower pricing, increased promotional programs funded by their suppliers and more favorable terms. Such consolidation can continue to adversely impact our smaller customers' ability to compete effectively, resulting in an inability on their part to pay for our products or reduced or canceled orders of our products. In addition, larger retailers have the scale to develop supply chains that permit them to operate with reduced inventories or to develop and market their own private label products. If we are unable to use our scale, marketing expertise, product innovation and leadership positions to respond, our profitability or volume growth could be negatively affected. As a result of the consolidated nature of the retail environment, which is also significant in Canada, the loss of any large customer or severe adverse impact on the business operations of any large customer for an extended length of time could negatively impact our sales and profits. Additionally, alternative retail channels, such as e-commerce retailers (including as a result of the integration of traditional and digital operations at key retailers), subscription services, discount and dollar stores, direct-to-consumer brands, drug stores and club stores, have continued to grow. This trend away from traditional retail grocery, and towards such channels, is expected to continue in the future. If we are not successful in expanding sales in alternative retail channels, our business or financial results may be negatively impacted. In particular, substantial growth in e-commerce has encouraged the entry of new competitors and business models, intensifying competition by simplifying distribution and lowering barriers to entry. The expanding presence of e-commerce retailers has impacted, and may continue to impact, consumer preferences and

market dynamics, which in turn may negatively affect our sales or profits. In addition, these alternative retail channels may create consumer price deflation, affecting our large retail and wholesale customer relationships and presenting additional challenges to increasing prices in response to commodity or other cost increases. Also, if these alternative retail channels, such as e-commerce retailers, were to take significant share away from traditional retailers that could have a flow over effect on our business and our financial results could be negatively impacted. Our financial results and demand for our products are dependent on the successful development of new products and processes. There are a number of trends in consumer preferences which may impact us and the industry as a whole. These include changing consumer dietary trends and the availability of substitute products. Our success is dependent on anticipating changes in consumer preferences and on successful new product and process development and product relaunches in response to such changes, which is particularly important to us given our primary focus on producing and selling ready-to-eat cereal products. Because of our product concentration, any decline in consumer demand or change in preferences could have a material adverse effect on our business, financial condition or results of operations. Trends within the food industry change often, and failure to identify and react to changes in these trends could lead to, among other things, reduced loyalty, reduced demand or price reductions for our brands and products. We aim to introduce products or new or improved production processes on a timely basis in order to counteract obsolescence and decreases in sales of existing products. While we devote significant focus to the development of new products and to the research, development and technology process functions of our business, we may not be successful in developing new products or our new products may not be commercially successful. In addition, if sales generated by new products cause a decline in sales of our existing products, our financial condition and results of operations could be materially adversely affected. Our future results and our ability to maintain or improve our competitive position will depend on our capacity to gauge the direction of our key markets and upon our ability to successfully identify, develop, manufacture, market and sell new or improved products in these changing markets, including through the expansion into complementary product categories. Adverse changes in the global climate or extreme weather conditions could adversely affect our business or operations. Climate change could adversely affect the long-term health and viability of the ingredients used in our products. As set forth in the Intergovernmental Panel on Climate Change Fifth Assessment Report, there is continuing scientific evidence, as well as concern from members of the general public, that emissions of greenhouse gases and contributing human activities have caused and will continue to cause significant changes in global temperatures and weather patterns and increase the frequency or severity of weather events, wildfires and flooding. As the pressures from climate change and global population growth lead to increased demand, the food system and global supply chain is becoming increasingly vulnerable to acute shocks, leading to increased prices and volatility, especially in the energy and commodity markets. Adverse changes such as these could (i) unfavorably impact the cost or availability of raw or packaging materials, especially if such events have a negative impact on agricultural productivity or on the supply of water, (ii) disrupt production schedules and our ability, or the ability of our suppliers or contract manufacturers, to manufacture or distribute our products, (iii) reduce crop size or quality, (iv) disrupt the retail operations of our customers, or (v) unfavorably impact the demand for, or the consumer's ability to purchase, our products. **Climate change is an increased focus by a significant topic of discussion among** foreign, federal, state and local regulatory and legislative bodies **regarding and regulatory activity and** environmental policies relating to climate change **has generated and may continue to generate regulatory responses, including laws** regulating greenhouse gas emissions, **water consumption** energy policies and **sustainability, including the security of certain chemicals, and** single use plastics. This new or increased focus may result in new or increased laws and regulations that could cause significant increases in our costs of operation and delivery. In particular, increasing regulation of fuel emissions could substantially increase the distribution and supply chain costs associated with our products. Lastly, consumers and customers may put an increased priority on purchasing products that are sustainably grown and made, requiring us to incur increased costs for additional transparency, due diligence and reporting. As a result, climate change as well as actions taken to mitigate **the adverse effects of** climate change could negatively affect our business and operations. We face risks related to tax matters, including changes in tax rates, disagreements with taxing authorities and imposition of new taxes. We are subject to taxes in the United States and certain foreign jurisdictions where our subsidiaries are organized. Due to economic and political conditions (including shifts in the geopolitical landscape), tax rates in the United States and various foreign jurisdictions have been and may be subject to significant change. **The-Our** future effective tax rate could be affected by changes in mix of earnings in countries with differing statutory tax rates, changes in valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation **which includes the Tax Cuts and Jobs Act** and contemplated changes in other countries of long-standing tax principles if finalized and adopted could have a material impact on our income tax expense and deferred tax balances. We are also subject to regular reviews, examinations and audits by the U. S. Internal Revenue Service (the "IRS") and other taxing authorities with respect to taxes inside and outside of the United States. Although we believe our tax estimates are reasonable, if a taxing authority disagrees with the positions we have taken, we could face additional tax liability, including interest and penalties. There can be no assurance that payment of such additional amounts upon final adjudication of any disputes will not have a material impact on our results of operations and financial position. We also need to comply with new, evolving or revised tax laws and regulations. The enactment of or increases in tariffs, including value added tax, or other changes in the application of existing taxes, in markets in which we are currently active, or may be active in the future, or on specific products that we sell or with which our products compete, may have an adverse effect on our business or on our results of operations. If our food products become adulterated, misbranded or mislabeled, we might need to recall those items and may experience product liability if consumers are injured or damaged as a result **and we face litigation challenges and potential regulatory challenges to how we formulate our foods**. Selling food products involves a number of legal, regulatory and other risks, including product contamination, food borne illnesses, spoilage, product tampering, allergens, or other adulteration, which could result in product liability claims. We may need to recall some of our products if they become adulterated or misbranded. We may also be liable if the consumption of any of our products causes injury, illness or death. A

widespread product recall or market withdrawal could result in significant losses due to their costs, the destruction of product inventory, and lost sales due to the unavailability of product for a period of time. We could also suffer losses from a significant product liability judgment against us. In addition, we could be the target of claims **of consumer fraud or** that our advertising is false or deceptive under U. S. federal and state laws as well as foreign laws, including consumer protection statutes of some states. **Allegations We are currently a defendant in a lawsuit alleging that we and other food companies sell food that has caused chronic disease. The lawsuit includes claims against us for negligence, fraudulent misrepresentation and other claims and seeks an unspecified amount of consumer fraud compensatory and punitive damages. The results of any such claims or lawsuits cannot be predicted with any certainty and** may result in **substantial monetary damages or** fines, settlements **and**, litigation expenses **and undesirable changes to our products or business practices. Defending lawsuits may also be costly and impose a significant burden on management and our employees**. A product recall, product liability or consumer fraud case involving our business or the businesses of Kellanova (from whom we license certain brands used in our business under certain Intellectual Property Agreements) could also result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our food products, which could have a material adverse effect on our business results and the value of the brands used in our business. Moreover, even if a product liability **or**, consumer fraud **or similar** claim is without merit, does not prevail or is not pursued, the negative publicity surrounding assertions against us or Kellanova and our or their products or processes could adversely affect our reputation or brands. We could also be adversely affected if consumers lose confidence in the safety and quality of certain food products or ingredients, or the food safety system generally. If another company recalls or experiences negative publicity related to cereal products, consumers might reduce their overall consumption of such products. Adverse publicity about these types of concerns, whether or not valid, may **decrease overall demand for ready- to- eat cereals**, discourage consumers from buying our products, **subject us to new regulations**, or cause production and delivery disruptions. **New and Evolving**-**evolving** tax, advertising, environmental, licensing, labeling, trade, food quality and safety or other regulations or **our inability or** failure to comply with **new and** existing regulations and laws could have a material adverse effect on our financial condition. Our activities and products, including our operation of our manufacturing facilities, both in and outside of the United States, are subject to regulation by various federal, state, provincial and local laws, regulations and government agencies, including the U. S. Food and Drug Administration, the FTC, the U. S. Departments of Agriculture, Commerce and Labor, as well as similar and other authorities outside of the United States, International Accords and Treaties and others, including voluntary regulation by other bodies. Legal and regulatory systems can change quickly. In addition, legal and regulatory systems in emerging and developing markets may be less developed, and less certain. These laws and regulations and interpretations thereof may change, sometimes dramatically, as a result of a variety of factors, including political, economic, regulatory or social events. In addition, the enforcement of remedies in certain foreign jurisdictions may be less certain, resulting in varying abilities to enforce intellectual property and contractual rights. The manufacturing, marketing and distribution of food products are subject to governmental regulations that impose additional regulatory requirements. Those regulations control such matters as food quality and safety (including the condition and operation of our manufacturing facilities where food is processed), **use of certain** ingredients, advertising, product or production requirements, labeling, sustainability of packaging (including plastics), import or export of our products or ingredients, relations with distributors and retailers, health and safety, the environment, and restrictions on the use of government programs, such as Supplemental Nutritional Assistance Program and the Special Supplemental Nutrition Program for Women, Infants and Children, to purchase certain of our products. The marketing of food products has come under increased regulatory scrutiny in recent years, and the food industry has been subject to an increasing number of proceedings and claims relating to alleged false or deceptive labeling and marketing under federal, state and foreign laws or regulations. For example, in 2009, Kellanova reached a consent agreement with the FTC to resolve an investigation relating to marketing and advertising claims regarding Frosted Mini- Wheats products and its effects on kids' attentiveness. Although we are not a direct party to the consent agreement, certain of its terms apply to us as successor to the North American cereal business following the Spin- Off. The consent agreement requires, among other things, that we refrain from making misleading advertising statements regarding the Frosted Mini- Wheats products and its effects on children's attentiveness, and refrain from representing in any manner that Frosted Mini- Wheats or any other morning food or snack food have benefits, improve performance or increase the efficacy of cognitive function, cognitive processes, or other cognitive health, among other things. We may be subject to future investigations and legal proceedings by the FTC or other regulators. It is possible that a regulatory inquiry might result in changes to our advertising methods, policies or business practices. Violation of existing or future regulatory orders or consent decrees could subject us to substantial monetary fines and other penalties that could negatively affect our financial condition and operating results. In addition, it is possible that future orders issued by, or enforcement actions initiated by, regulatory authorities could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business, including damage to our reputation and the value of the brands used in our business. We are also regulated with respect to matters such as licensing requirements, trade and pricing practices, tax, anti- corruption standards, advertising and claims, and environmental matters. The need to comply with new, evolving or revised tax, environmental, food quality and safety, labeling or other laws or regulations, or new, evolving or changed interpretations or enforcement of existing laws or regulations, may have a material adverse effect on our business and results of operations. Governmental and administrative bodies within the United States are considering a variety of trade and other regulatory reforms. Changes in legal or regulatory requirements (such as new food safety requirements and revised nutrition facts labeling, including front of pack labeling, and serving size regulations), or evolving interpretations of existing legal or regulatory requirements, may result in increased compliance costs, capital expenditures and other financial obligations that could adversely affect our business or financial results. If we are found to be out of compliance with applicable laws and regulations in these areas, we could be subject to civil remedies, including fines, injunctions, termination of necessary licenses or permits, or recalls, as well as potential criminal sanctions, any of which could have a material adverse effect on our business.

Even if regulatory review does not result in these types of determinations, it could potentially create negative publicity or perceptions, which could harm our business or reputation. Modifications to international trade policy, including the **ratification possible withdrawal or termination** of the United States- Mexico- Canada Agreement, the trade agreement between the named parties entered into force on July 1, 2020, or the imposition of increased or new tariffs, quotas or trade barriers on key commodities with other countries could have a negative impact on us or the industries we serve, including as a result of related uncertainty, and could materially and adversely impact our business, financial condition, results of operations and cash flows. Higher duties on existing tariffs or additional tariffs imposed by the United States on a broader range of imports, **or including the prospective tariffs on Canada and Mexico proposed by the current U. S. presidential administration,** further retaliatory trade measures taken by **those China or** other countries in response, **or the implementation of other tariffs following the short- term reprieve by the current U. S. presidential administration**, could result in an increase in supply chain costs that we are not able to offset. Technology failures, cyber- attacks, privacy breaches or data breaches could disrupt our operations or reputation and negatively impact our business. We increasingly rely on information technology systems and third- party service providers, including through the internet, to process, transmit, and store electronic information. For example, our production and distribution facilities and inventory management utilize information technology to increase efficiencies and limit costs. Information technology systems are also integral to the reporting of our results of operations. Furthermore, a significant portion of the communications between, and storage of personal data of, our personnel, customers, consumers and suppliers depends on information technology. Our information technology systems, and the systems of the parties we communicate and collaborate with, may be vulnerable to a variety of interruptions, as a result of many of our employees working remotely, updating our enterprise platform or due to events beyond our or their control, including, but not limited to, network or hardware failures, malicious or disruptive software, unintentional or malicious actions of employees or contractors, cyber- attacks by common hackers, criminal groups or nation- state organizations or social- activist (hacktivist) organizations, geopolitical events, natural disasters, global health events (such as the COVID- 19 pandemic), failures or impairments of telecommunications networks, or other catastrophic events. Moreover, our computer systems have been, and will likely continue to be, subjected to computer viruses, malware, malicious codes, social engineering attacks, unauthorized access attempts, password theft, physical breaches, employee or inside error, malfeasance and cyber- or phishing- attacks. Cyber threats are constantly evolving, are becoming more sophisticated and are being made by groups and individuals with a wide range of expertise and motives, and this increases the difficulty of detecting and successfully defending against them. We may also face increased risk of state- sponsored or geopolitical- related cybersecurity incidents due to geopolitical tensions or incidents, such as the Russian invasion of Ukraine. These events could compromise our confidential information, impede or interrupt our business operations, and may result in other negative consequences, including remediation costs, loss of revenue, litigation and reputational damage. Furthermore, if a breach or other breakdown results in disclosure of confidential or personal information, we may suffer reputational, competitive and / or business harm. We intend to clone and replicate an existing integrated enterprise resource planning (" ERP") system before the conclusion of the Transition Services Agreement. We may not be able to successfully implement the ERP system without experiencing delays, increased costs and other difficulties. If we do not effectively implement the ERP system as planned or the ERP system does not operate as intended, the effectiveness of our internal control over financial reporting could be adversely affected or our ability to design and implement effective internal control over financial reporting could be delayed. We may be more susceptible to cyber- attacks while we work to implement such enterprise resource planning system. To date, we have not experienced a material breach of cybersecurity. As a standalone company, we will implement physical, administrative and technical controls and take other preventive actions, such as the maintenance of an information security program that will include updating our technology and security policies, insurance, employee training, and monitoring and routinely testing our information technology systems to reduce the risk of cyber incidents and protect our information technology; however, these measures may be insufficient to prevent physical and electronic break- ins, cyber- attacks or other security breaches to our computer systems. We offer promotions, rebates and other programs through which it may receive personal information, and it or its vendors could experience cyber- attacks, privacy breaches, data breaches or other incidents that result in unauthorized disclosure of consumer, customer, employee or other Company information. We must also successfully integrate the technology systems of acquired companies into our existing and future technology systems. In addition, we must comply with increasingly complex and rigorous regulatory standards enacted to protect business and personal information in the United States and other jurisdictions, including Canada, regarding privacy, data protection and data security, including those related to the collection, storage, handling, use, disclosure, transfer and security of personal information. There is significant uncertainty with respect to compliance with such privacy and data protection laws and regulations, including with respect to the California Consumer Privacy Act of 2018 (the " CCPA "), which went into effect on January 1, 2020 (which imposes additional obligations on companies regarding the handling of personal information and provides certain individual privacy rights to persons whose information is collected), because they are continuously evolving and developing and may be interpreted and applied differently from jurisdiction to jurisdiction and may create inconsistent or conflicting requirements. In addition, regulations to implement portions of the CCPA have not been finalized and could significantly impact CCPA compliance measures. For example, the California Privacy Rights Act (the " CPRA "), which was approved by California voters as a ballot initiative in November 2020, modified the CCPA significantly and the resulting new regulations became effective on January 1, 2023. Several other states and foreign jurisdictions have introduced or passed similar legislation to the CCPA and CPRA, which may impose varying standards and requirements on our data collection, use and processing activities. Our efforts to comply with privacy and data protection laws in the United States, including the CCPA and CPRA, and other foreign jurisdictions may impose significant costs and challenges that are likely to increase over time. If we suffer a loss as a result of a breach or other breakdown in its technology, including such cyber- attacks, privacy breaches, data breaches, issues with or errors in system maintenance or security, migration of applications to the cloud, power outages,

hardware or software failures, denial of service, telecommunication or other incident involving one of our vendors, that result in unauthorized disclosure or significant unavailability of business, financial, personal or stakeholder information, we may suffer reputational, competitive and / or business harm and may be exposed to legal liability and government investigations, which may adversely affect our results of operations and / or financial condition. The misuse, leakage or falsification of information could result in violations of data privacy laws and we may become subject to legal action and increased regulatory oversight. We could also be required to spend significant financial and other resources to remedy the damage caused by a security breach or to repair or replace networks and information systems. In addition, if our suppliers or customers experience such a breach or unauthorized disclosure or system failure, their businesses could be disrupted or otherwise negatively affected, which may result in a disruption in our supply chain or reduced customer orders, which would adversely affect our business and results of operations. We have also outsourced several information technology support services and administrative functions to third-party service providers, including cloud- based service providers, and may outsource other functions in the future to achieve cost savings and efficiencies. In addition, we rely on Kellanova to perform numerous information technology services, including information systems security, under the terms of the Transition Services Agreement. If these service providers and Kellanova do not perform effectively due to breach or system failure, we may not be able to achieve the expected benefits and our business may be disrupted. Our intellectual property rights are valuable, and any inability to protect them could reduce the value of our products and brands. Our intellectual property rights are a significant and valuable aspect of our business and include trademarks, patents, trade secrets, and copyrights to be owned or licensed under certain licensing agreements. Our failure to obtain or adequately protect our intellectual property rights may diminish our competitiveness and could materially harm our business. Similarly, changes in applicable laws or other changes that serve to lessen or remove the current legal protections of our intellectual property may also diminish our competitiveness and could materially harm our business. We may be unaware of intellectual property rights of others that may cover some of our technology, brands or products or operations. In addition, if, in the course of developing new products or improving the quality of existing products, we are found to have infringed the intellectual property rights of others (including any intellectual property licensed from Kellanova under the Intellectual Property Agreements), directly or indirectly, such finding could have an adverse impact on our business, financial condition or results of operations and may limit our ability to introduce new products or improve the quality of existing products. Any litigation regarding intellectual property rights could be costly and time- consuming and could divert the attention of our management and key personnel from our business operations. Third party claims of intellectual property infringement might also require us to enter into costly license agreements. We also may be subject to significant damages or injunctions against the development and sale of certain products. Certain of our rights to intellectual property used in our business are limited to those of a licensee under the Intellectual Property Agreements. In connection with the Spin- Off, we entered into Intellectual Property Agreements with Kellanova that provide for ownership, use and selling rights to facilitate both Kellanova' s and our ongoing use of certain intellectual property rights. The Intellectual Property Agreements contain limitations on how we are able to leverage the brands and other non- brand related intellectual property that are used in connection with our business. The Intellectual Property Agreements provide for ownership, use and selling rights with respect to certain trademarks and other non- brand related intellectual property currently owned by Kellanova. Since we do not own all brands and other intellectual property used in our business, our success depends, in part, on (i) the maintenance of our ongoing relationship with Kellanova, (ii) our performance of our obligations under such agreements, and (iii) Kellanova' s performance of its obligations under such agreements, including Kellanova' s maintenance of the quality of products and services it sells under trademarks we use co- extensively with Kellanova (such trademarks, " Shared Use Trademarks "), and Kellanova' s adequate maintenance of any Shared Use Trademarks and other intellectual property that we license from Kellanova. Improper maintenance of the quality of products or services that Kellanova sells under any Shared Use Trademarks or general inadequate maintenance of any Shared Use Trademarks or other intellectual property of Kellanova could also result in adverse publicity, damage to our reputation, and a loss of consumer confidence in our food products, which could have a material adverse effect on our business results and the value of the brands used in our business. If we (i) fail to comply with our obligations under any of the Intellectual Property Agreements, (ii) use the licensed intellectual property in an unauthorized manner, (iii) are subject to bankruptcy- related proceedings or (iv) otherwise materially breach any of these agreements, the terms of the license granted from Kellanova to us may be materially modified. Generally, the loss or termination of our rights under the Intellectual Property Agreements, or any other licenses we may acquire in the future, may materially and adversely affect our profitability and our revenues could decrease. If the Contribution and the Distribution were to fail to qualify for non- recognition treatment for U. S. federal income tax purposes, then we could be subject to significant tax liability. In connection with the Distribution, Kellanova received a private letter ruling from the IRS and an opinion of tax counsel (the " Tax Opinion "), each to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants and the adherence by Kellanova and us to certain restrictions on our future actions contained in the Tax Matters Agreement, the Contribution and the Distribution will qualify for non- recognition of gain or loss to Kellanova and Kellanova' s share owners pursuant to Sections 368 and 355 of the Internal Revenue Code of 1986, as amended (the " Code "), except to the extent of cash received in lieu of fractional shares. Notwithstanding the receipt of the private letter ruling and the Tax Opinion, the IRS could determine that the Contribution and the Distribution should be treated as one or more taxable transactions if it determines that any of the representations, assumptions or covenants on which the private letter ruling is based are untrue or have been violated. Furthermore, as part of the IRS' s policy, the IRS will not determine whether the Contribution and the Distribution satisfies certain conditions that are necessary to qualify for non- recognition treatment. Rather, the private letter ruling is based on representations by Kellanova and us that these conditions have been satisfied. The Tax Opinion addressed the satisfaction of these conditions. The Tax Opinion is not binding on the IRS or the courts, and there is no assurance that the IRS or a court will not take a contrary position. In addition, the Tax Opinion relied on certain representations and covenants to be delivered by Kellanova and us. If the IRS ultimately determines that the

Contribution and the Distribution are taxable, the Distribution could be treated as a taxable dividend or capital gain to share owners for U. S. federal income tax purposes, and share owners could incur significant U. S. federal income tax liabilities. In addition, if the IRS ultimately determines that the Contribution and the Distribution are taxable, Kellanova could incur significant U. S. federal income tax liabilities, and we could have an indemnification obligation to Kellanova under the Tax Matters Agreement (as defined below). For a more detailed discussion, see " — Risks Related to the Spin- Off — We could have an indemnification obligation to Kellanova if the transactions we have undertaken in connection with the Spin- Off do not qualify for non- recognition treatment, which could materially adversely affect our financial condition." If the Canadian aspects of the Internal Reorganization were to fail to qualify for tax- deferred treatment for Canadian federal and provincial income tax purposes, then Kellanova' s and / or our Canadian subsidiaries could be subject to significant tax liability. The Internal Reorganization included steps to separate the assets and liabilities in Canada held in connection with the Kellanova business from the assets and liabilities in Canada held in connection with our business. Kellanova' s Canadian subsidiary received an advance income tax ruling from the Canada Revenue Agency (" CRA "), to the effect that, subject to the accuracy of and compliance with certain representations, assumptions and covenants and based on the current provisions of the Canadian Tax Act, the Internal Reorganization will be treated for purposes of the Canadian Tax Act as resulting in a " butterfly " reorganization transaction with no material Canadian federal income tax payable by Kellanova' s Canadian subsidiary, our Canadian subsidiary or their respective share owners. Notwithstanding the receipt of the advance income tax ruling, the CRA could determine that the Internal Reorganization should be treated as a taxable transaction if it determines that any of the representations, assumptions or covenants on which the advance income tax ruling is based are untrue or have been violated. If the CRA ultimately determines that the Internal Reorganization is taxable, our Canadian subsidiary could incur significant Canadian federal and provincial income tax liabilities and we could be responsible for indemnifying Kellanova for any Canadian federal and provincial income tax liabilities that its Canadian subsidiary may incur. For a more detailed discussion, see " — Risks Related to the Spin- Off —" We could have an indemnification obligation to Kellanova if the transactions we have undertaken in connection with the Spin- Off do not qualify for non- recognition treatment, which could materially adversely affect our financial condition. We could have an indemnification obligation to Kellanova if the transactions we have undertaken in connection with the Spin- Off do not qualify for non- recognition treatment, which could materially adversely affect our financial condition. Generally, taxes resulting from the failure of the Spin- Off to qualify for non- recognition treatment for U. S. federal income tax purposes would be imposed on Kellanova or Kellanova' s share owners and, under the Tax Matters Agreement, Kellanova will generally be obligated to indemnify us against such taxes. However, under the Tax Matters Agreement (as defined below), we could be required, under certain circumstances, to indemnify Kellanova and its affiliates against all tax- related liabilities caused by those failures, to the extent those liabilities result from an action we or our affiliates take or from any breach of our or our affiliates' representations, covenants or obligations under the Tax Matters Agreement or any other agreement we entered into in connection with the Spin- Off. Events triggering an indemnification obligation under the Tax Matters Agreement include events occurring after the Distribution that cause Kellanova to recognize a gain under Section 355 (e) of the Code. Generally, taxes resulting from the failure of the Canadian steps of the Internal Reorganization to qualify for tax- deferred treatment for Canadian federal and provincial income tax purposes could be imposed on Kellanova' s Canadian subsidiary, our Canadian subsidiary or both. The Tax Matters Agreement provides for an allocation of the responsibility for these liabilities. We have agreed or are subject to numerous restrictions to preserve the non- recognition treatment of the Spin- Off, which may reduce our strategic and operating flexibility. The U. S. federal income tax laws that apply to spin- offs generally create a presumption that the Distribution would be taxable to Kellanova (but not to Kellanova share owners) if we engage in, or enter into an agreement to engage in, a transaction that would result in a 50 % or greater change by vote or by value in our stock ownership during the four- year period beginning on the date that begins two years before October 2, 2023 (the " Distribution Date"), unless it is established that the transaction is not pursuant to a plan or series of transactions related to the Distribution. U. S. Treasury regulations currently in effect generally provide that whether an acquisition transaction and a distribution are part of a plan is determined based on all of the facts and circumstances, including specific factors listed in the U. S. Treasury regulations. In addition, these U. S. Treasury regulations provide several " safe harbors " for acquisition transactions that are not considered to be part of a plan that includes a distribution. There are other restrictions imposed on us under current U. S. federal income tax laws with which we will need to comply in order for the Spin- Off to qualify as a transaction that is tax- free under Sections 355 and 368 (a) (1) (D) of the Code. For example, we are generally required to continue to own and manage our business, and there are limitations on issuances, redemptions and sales of our stock for cash or other property, except in connection with certain stock- for- stock acquisitions and other permitted transactions. If these restrictions are not followed, the Distribution could be taxable to Kellanova and its share owners. In connection with the Spin- Off, we entered into a Tax Matters Agreement with Kellanova under which we allocate, between Kellanova and ourselves, responsibility for U. S. federal, state and local and non- U. S. income and other taxes relating to taxable periods before and after the Spin- Off and provide for computing and apportioning tax liabilities and tax benefits between the parties (the " Tax Matters Agreement"). In the Tax Matters Agreement, we agree that, among other things, we may not take, or fail to take, any action following the Distribution if such action, or failure to act: would be inconsistent with or prohibit the Spin- Off and certain restructuring transactions related to the Spin- Off from qualifying as a tax- free transaction under Sections 355 and 368 (a) (1) (D) and related provisions of the Code to Kellanova and its share owners (except with respect to the receipt of cash in lieu of fractional shares of our stock); or would be inconsistent with, or cause to be untrue, any representation, statement, information or covenant made in connection with the IRS ruling, the Tax Opinion or the Tax Matters Agreement relating to the qualification of the Spin- Off as a tax- free transaction under Sections 355 and Section 368 (a) (1) (D) and related provisions of the Code. We agreed to indemnify Kellanova for certain tax liabilities resulting from any such action. In addition, we have agreed that we may not, among other things, during the two- year period following the Spin- Off, except under certain specified circumstances (including certain open market

repurchases of our stock to the extent permitted under the Tax Matters Agreement), issue, sell or redeem our stock or other securities (or those of certain of our subsidiaries); liquidate, merge or consolidate with another person; sell or dispose of assets outside the ordinary course of business or materially change the manner of operating our business; or enter into any agreement, understanding or arrangement, or engage in any substantial negotiations with respect to any transaction or series of transactions which would cause us to undergo a 35 % or greater change in our stock ownership by value or voting power. These restrictions could limit our strategic and operational flexibility, including our ability to finance our operations by issuing equity securities, make acquisitions using equity securities, repurchase our equity securities (as described above), raise capital by selling assets or enter into business combination transactions. We have also agreed to indemnify Kellanova for certain tax liabilities resulting from any such transactions. Further, as it relates to Section 355 (e) and / or other requirements for a tax- free distribution under the Code, our share owners may consider these covenants and indemnity obligations unfavorable as they might discourage, delay or prevent a change of control. We may be unable to achieve some or all of the benefits that we expect to achieve from the Spin- Off. We believe that, as an independent, publicly traded company, we will be able to, among other matters, better focus our financial and operational resources on our specific business, growth profile and strategic priorities, design and implement corporate strategies and policies targeted to our operational focus and strategic priorities, streamline our processes and infrastructure to focus on our core strengths and implement and maintain a capital structure designed to meet our specific needs and more effectively respond to industry dynamics. However, we may be unable to achieve some or all of these benefits. For example, we are undertaking a series of strategic, structural and process realignment and restructuring actions within our operations, including **a supply chain modernization restructuring and other** cost- reduction initiatives. These actions may not provide the cost benefits we currently expect, and could lead to disruption of our operations, loss of, or inability to recruit, key personnel needed to operate and grow our businesses, weakening of our internal standards, controls or procedures and impairment of our key customer and supplier relationships. In addition, activities that will be required of us as a stand- alone public company will continue to require significant amounts of management’ s time and effort, which may divert management’ s attention from operating and growing our businesses. Further, our business is less diversified than Kellanova’ s business, and as a result, our business has also experienced a loss of scale and access to certain financial, managerial and professional resources with some customers from which our business has benefited in the past. We may also experience reduced access to capital and strategic flexibility because, for instance, we are no longer able to use cash flow from Kellanova to fund investments and our business operations. Additionally, we may be more susceptible to market fluctuations and other adverse events than our business would have been were we still a part of Kellanova. If we fail to achieve some or all of the benefits that we expect to achieve as an independent company, or do not achieve them in the time we expect, our business, financial condition and results of operations could be materially and adversely affected. We **are dependent on Kellanova to perform certain functions for us on a transitional basis and** may be unable to **make- establish** , on a timely or cost- effective basis, the **changes- necessary systems and services to operate- perform such functions ourselves** as an independent company. Prior to the Spin- Off, Kellanova supported our business and provided various corporate functions. **In connection with the Spin- Off, we entered into a Transition Services Agreement with** Kellanova **has no obligation pursuant to which Kellanova continued** to provide us with **assistance other than the transition and certain other services pursuant to- on a transitional basis. Accordingly, when** the Transition Services Agreement , the Supply Agreement and the Management Services Agreement (each as defined below). **These services may not include every service our business has received from Kellanova in the past, and Kellanova is only obligated to provide the transition services for limited periods following the Distribution Date. Accordingly, when the Transition Services Agreement, the Supply Agreement and the Management Services Agreement expire- expires** , we will need to provide internally or obtain from unaffiliated third parties the **systems and services we currently receive from- provided by** Kellanova. The services **under these agreements** currently include information technology, **procurement, distribution, logistics and order to delivery, research and development, accounting, finance, compliance** and administrative activities, the effective and appropriate performance of which **is- we currently view as** critical to our operations. We may be unable to replace these services **or to implement the necessary systems to perform such services ourselves** in a timely manner or on terms and conditions as favorable as those we receive from Kellanova. In particular, Kellanova’ s information technology networks and systems are complex, and duplicating these networks and systems will be challenging. We may face information technology disruptions as certain data, software, information technology hardware and other information technology assets and systems are transitioned or re- allocated between us and Kellanova, or as we implement new systems or upgrades in connection with such transition. In addition, the efforts related to the separation of the information technology environment will require significant resources that could impact our ability to keep pace with ongoing advancement of information technology needs of the business. Our ability to effectively manage and operate our business depends significantly on information technology systems, and any failure, disruption, interruption, malfunction or other issue with respect to such systems could have a material adverse effect on our business and results of operations. Because our business previously operated as part of the wider Kellanova organization, we may be unable to successfully establish the infrastructure or implement the changes necessary to operate independently, or we may incur additional costs that could adversely affect our business. Kellanova may not successfully perform its obligations **during- under the transition- Transition period Services Agreement** or we may have to expend significant efforts or costs materially in excess of those **estimated- incurred** under the Transition Services Agreement. If we fail to obtain the quality of administrative services necessary to operate effectively or incur greater costs in obtaining these services, our profitability, financial condition and results of operations may be materially and adversely affected. Further, one- time costs relating to the **separation- implementation of these systems and perform these services ourselves** may be material and may adversely affect our profitability . **Performing our obligations under the Transition Services Agreement may require significant time and resources and may divert management’ s attention from our business operations. Kellanova may not successfully perform its obligations during the transition period, or we may have to expend significant efforts or costs materially in excess of those**

~~estimated under the Transition Services Agreement~~. Any interruption in these services could have a material adverse effect on our business, results of operations, financial condition and cash flows. We intend to clone and replicate a fully integrated enterprise resource planning system before the conclusion of the Transition Services Agreement. This implementation could result in a major disruption to our business controls and procedures, and any disruption could have a negative effect on our business, operating results, financial condition and ability to timely and accurately report our financial results. In addition, implementing ~~a an~~ enterprise resource planning system may require significant resources and refinement to fully realize the expected benefits of the system. In addition, we entered into a Supply Agreement, pursuant to which Kellanova manufactures and supplies to us certain products of our business currently manufactured at Kellanova facilities that were not transferred to us in connection with the Spin- Off (the "Supply Agreement"), and a Management Services Agreement, pursuant to which Kellanova granted us the right to use its pilot plant located in Battle Creek, Michigan, to conduct research and development and product trials (the "Management Services Agreement"). If Kellanova does not successfully perform its obligations under these agreements, we may face production disruptions or be unable to innovate effectively, or we may not be able to procure substitute products from another manufacturer in a timely manner or at all, any of which could have a material adverse effect on our business. Our historical financial statements **for periods prior to the Spin- Off** are not necessarily representative of the results we would have achieved as an independent, publicly traded company and may not be a reliable indicator of future results. We derived the historical **combined financial statements information** included in this Annual Report for all periods prior to the Spin- Off from Kellanova's **combined consolidated** financial statements and this information **does is** not necessarily **reflect reflective of** the results of operations, financial position and cash flows we would have achieved as an independent, publicly traded company during the periods presented, or **those a reliable indicator of results of operations, financial position and cash flows** that we will achieve in the future. ~~This is primarily because of the following factors:~~ • Prior to the Spin- Off, we operated as part of Kellanova's broader corporate organization, rather than as an independent company. Kellanova performed various corporate functions for us, including information technology, research and development, finance, legal, internal audit, insurance, compliance and human resources activities. Our historical financial statements reflect allocations of corporate expenses from Kellanova for these and similar functions. These allocations may not reflect the costs we will incur to perform similar services in the future as an independent company. • We have entered into transactions with Kellanova that did not exist prior to the Spin- Off. • Prior to the Spin- Off, our working capital requirements and capital expenditures historically were satisfied as part of Kellanova's corporate-wide cash management and centralized funding programs, and our cost of debt and other capital may significantly differ from that which is reflected in our historical financial statements. • Our historical financial statements do not reflect changes that we expect to experience in the future as a result of the Spin- Off, including changes in our cost structure, personnel needs, tax structure, financing and business operations. As part of Kellanova, our business enjoyed certain benefits from Kellanova's operating diversity, size, purchasing power and available capital for investments, and we have lost some, and may lose more or all of these benefits after the Spin- Off. • As an independent and smaller entity, we may be unable to purchase goods, services and technologies, such as insurance and health care benefits and computer software licenses, on terms as favorable to us as those Kellanova obtained for our business prior to the Spin- Off. In addition, our cost of debt and other capital may significantly differ from that which is reflected in our historical financial statements. • We are solely responsible for the additional costs associated with being an independent, publicly traded company, including costs related to corporate governance, investor and public relations and public reporting. Therefore, our historical financial statements may not be indicative of our future performance as an independent company. While our business was profitable as part of Kellanova, we cannot assure you that our profits will continue at a similar level as a stand-alone company. For additional information about our past financial performance and the basis of presentation of our financial statements, see Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8, Financial Statements and Supplementary Data, in this Annual Report. While we do not believe that Kellanova has any plan or intention to engage in, or own and operate, a business that competes with our business, Kellanova has a significant understanding of our business and, notwithstanding the non-competition agreement we entered into with Kellanova, there may be opportunities for Kellanova to compete against us. Many of Kellanova's officers, directors and employees have participated in the development and execution of our business strategy and the management of our day-to-day operations. Kellanova has significant knowledge of our products, operations, strengths, weaknesses and strategies, and is a licensor of trademarks and other intellectual property rights used in our business. Based on Kellanova's knowledge of our business strategy and the management of our day-to-day operations, and its cereal-based products and snacks sold outside of the United States, Canada and the Caribbean, some of which may compete against our products. Although in connection with the Intellectual Property Agreements, Kellanova generally does not have rights to use trademarks used in our business or other existing intellectual property used in our business (such as processing know-how and formulations) to sell cereal in the United States, Canada and the Caribbean, it will not be restricted, beyond a brief and limited mutual non-competition period, from developing new brands, new products using new technology and formulations in the same product categories as our business and marketing such products under trademarks other than the trademarks of our business in the United States, Canada and the Caribbean. Because of Kellanova's competitive insight into our operations, and the cereal category in general, competition from Kellanova may materially and adversely affect our future product sales, financial condition and results of operations. Certain of our directors and officers may have actual or potential conflicts of interest because of their Kellanova equity ownership or their former Kellanova positions. Certain of our executive officers and directors have been Kellanova officers, directors or employees and thus have professional relationships with Kellanova's executive officers, directors or employees. In addition, because of their former Kellanova positions, certain of our directors and executive officers may own Kellanova common stock or options to acquire shares of Kellanova common stock, and their individual holdings may be significant for some of these individuals compared to their total assets and net worth. These relationships and financial interests may create, or may create the appearance of, conflicts of interest when these directors and officers are faced

with decisions that could have different implications for Kellanova and us. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between Kellanova and us regarding the terms of the agreements entered into connection with the Spin- Off, the enforcement of our rights under those agreements, and the ongoing **commercial relationship relationships** between the companies. ~~A large number of our shares are eligible for future sale, which may cause the market price of our common stock to decline. As of December 30, 2023, we had outstanding an aggregate of 85,812,883 shares of our common stock. All of those shares (other than those held by our "affiliates") are freely tradable without restriction or registration under the Securities Act of 1933, as amended (the "Securities Act"). Shares held by our affiliates, which include our directors and executive officers, can be sold subject to volume, manner of sale and notice provisions of Rule 144 under the Securities Act. Our directors and executive officers, who may be considered "affiliates" for purposes of Rule 144 under the Securities Act, beneficially own approximately 734,976 shares of our common stock as of December 30, 2023. We are unable to predict whether large amounts of our common stock will be sold in the open market following the Spin-Off. We are also unable to predict whether a sufficient number of buyers will be in the market at that time. In addition, other Kellanova share owners may sell the shares of our common stock they receive in the Spin- Off for various reasons. For example, such share owners may not believe our business profile or level of market capitalization as an independent company fits their investment objectives.~~ Provisions in our amended and restated certificate of incorporation and amended and restated bylaws and certain provisions of Delaware law could delay or prevent a change in control of WK Kellogg Co. The existence of certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws and Delaware law could discourage, delay or prevent a change in control of WK Kellogg Co that a share owner may consider favorable. We believe these provisions will protect our share owners from coercive or otherwise unfair takeover tactics by requiring potential acquirers to work with our Board and by providing our Board with the time to assess any acquisition proposal. These include provisions: • providing the right to our Board to issue one or more classes or series of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without share owner approval; • authorizing a large number of shares of stock that are not yet issued, which could be used to dilute the stock ownership of persons seeking to obtain control of us; • permitting the Board to amend our amended and restated bylaws, which may allow the Board to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt; • prohibiting share owners from taking action by written consent; and • establishing advance notice and other requirements for nominations of candidates for election to our Board or for proposing matters that can be acted on by share owner at the annual share owner meetings. These provisions are not intended to prevent or discourage takeovers. However, these provisions apply even if a takeover offer may be considered beneficial by some share owners and could delay or prevent an acquisition that our Board determines is not in our and our share owners' best interests. These provisions could also have the effect of depriving share owners of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our business in a tender offer or similar transaction. Our Board will be classified **until our 2026** for the first two annual ~~meetings~~ **meeting** of share owners ~~following the Spin-Off~~. With our classified Board, at least two annual meetings of **our** share owners will generally be required in order to effect a change in a majority of our directors. Our classified Board can discourage proxy contests for the election of directors and purchases of substantial blocks of our shares by making it more difficult for a potential acquirer to gain control of our Board ~~of Directors~~ in a relatively short period of time. Our amended and restated certificate of incorporation designates Delaware as the exclusive forum for certain litigation that may be initiated by our share owners, which could limit our share owners' ability to obtain a preferred judicial forum for disputes with us and limit the market price of our common stock. Pursuant to our amended and restated certificate of incorporation, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of a fiduciary duty by, or other wrongdoing by, any of our current or former directors, officers or share owners to us or our share owners, or a claim of aiding and abetting any such breach of fiduciary duty; (iii) any action asserting a claim against us or any of our directors, officers or share owners arising pursuant to any provision of the Delaware General Corporation Law (the "DGCL") or our amended and restated certificate of incorporation or amended and restated bylaws; (iv) any action to interpret, apply, enforce or determine the validity of our amended and restated certificate of incorporation or amended and restated bylaws; (v) any action asserting a claim against us or any of our directors, officers or share owners that is governed by the internal affairs doctrine; or (vi) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. These exclusive forum provisions apply to all covered actions, including any covered action in which the plaintiff chooses to assert a claim or claims under federal law in addition to a claim or claims under Delaware law. These exclusive forum provisions, however, do not apply to actions asserting claims under the Securities Act ~~or of 1933, as amended as (~~ the **" Securities Act") or the Securities** Exchange Act **of 1934, as amended (the" Exchange Act")** or any other claim for which the federal courts have exclusive jurisdiction, regardless of whether the Court of Chancery of the State of Delaware has jurisdiction over those claims. The forum selection clause in our amended and restated certificate of incorporation may limit our share owners' ability to obtain a preferred judicial forum for disputes with us and limit the market price of our common stock. Our amended and restated certificate of incorporation also provides that unless we consent in writing to the selection of an alternative forum, the federal district courts of the United States shall be the sole and exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act against us or any of our directors, officers, employees or agents. The choice of forum provision may result in increased costs for investors to bring a claim. Further, the choice of forum provision may limit a share owner' s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, other employees, or share owners, which may discourage such lawsuits against us and our directors, officers, other employees, or share owners. However, there is uncertainty as to whether a court would enforce a choice of forum provision, and the enforceability of similar forum provisions in other

companies' organizational documents has been challenged in legal proceedings. If a court were to find the exclusive choice of forum provision contained in our certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, results of operations and financial condition. Furthermore, investors cannot waive compliance with the federal securities laws and regulations thereunder. Shareowners' percentage ownership may be diluted in the future. Our share owners' percentage ownership may be diluted because of future equity issuances for acquisitions or other strategic transactions, including equity-based compensation awards that we grant to our directors, officers, and employees under our long-term incentive plan. Our amended and restated certificate of incorporation authorizes us to issue, without the approval of our common share owners, one or more classes or series of preferred stock having such designations, powers, preferences and relative, participating, optional and other rights, and such qualifications, limitations or restrictions as the Board generally may determine. As a result, the terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or dividend, distribution or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock. Our common stock is ~~and will be~~ subordinate to all of our existing and future indebtedness and any preferred stock, and effectively subordinated to all indebtedness and preferred equity claims against our subsidiaries. Shares of our common stock are common equity interests in us and, as such, rank junior to all of our existing and future indebtedness and other liabilities. Additionally, holders of our common stock may become subject to the preferred dividend and liquidation rights of future holders of one or more classes or series of preferred stock that the Board may designate and issue without any approval on the part of the holders of our common stock. Furthermore, our right to participate in a distribution of assets upon any of our subsidiaries' liquidation or reorganization is subject to the prior claims of any of that subsidiary's creditors and preferred share owners. We cannot assure share owners that the Board will **continue to** declare dividends in the future. The **timing,** declaration of, and amount paid for, any dividends to holders of our common stock will be at the discretion of the Board and will depend upon many factors, including our financial condition, earnings, cash flows, capital requirements of our business, restrictive and financial covenants set forth in the agreements governing our existing and future debt instruments, legal requirements, regulatory constraints, industry practice and any other factors the Board deems relevant in its discretion. We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends, including as a result of the other risks described herein. We **cannot guarantee that we will continue to pay dividends on our common stock in the future, or that the amount of any such dividends will not be reduced relative to the dividends that we have historically paid.** We face risks related to our indebtedness, and our leverage may materially and adversely affect our business, financial condition and results of operations. ~~Prior to the Spin-Off, our business historically relied upon Kellanova for working capital requirements on a short-term basis and for other financial support functions. As a result of the Spin-Off, we are no longer able to rely on Kellanova's earnings or assets to generate cash flow, and we are responsible for generating sufficient cash flow to service our debt obligations and maintaining sufficient levels of working capital.~~ In connection with the Spin-Off, we entered into a Credit Agreement (the "Credit Agreement"), consisting of a \$ 500 million term loan (the "Term Loan"), a \$ 250 million delayed draw term loan and a \$ 350 million equivalent multicurrency revolving credit facility (collectively, the "Credit Facility"). **As of December 28, 2024, outstanding borrowings under the Credit Agreement were \$ 536 million, comprised of the \$ 488 million term loan and \$ 48 million revolving credit facility.** See **Note 8 to the Consolidated Financial Statements included in** Part II, Item 8, Financial Statements and Supplementary Data, ~~included elsewhere~~ in this Annual Report. Such indebtedness could have important consequences, including (i) impairing the ability to access global capital markets to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes, particularly if the ratings assigned to our debt securities by rating organizations were revised downward or if a rating organization announces that our ratings are under review for a potential downgrade, (ii) restricting our flexibility in responding to changing market conditions or making us more vulnerable in the event of a general downturn in economic conditions or our business, (iii) requiring a substantial portion of the cash flow from operations to be dedicated to the payment of principal and interest on our debt, reducing the funds available to us for other purposes such as expansion through acquisitions, paying dividends, repurchasing shares, marketing and other spending and expansion of our product offerings and (iv) and causing us to be more leveraged than some of our competitors, which may place us at a competitive disadvantage. In addition, our indebtedness has a non-investment grade rating, which may likely make it more difficult or more expensive for us to obtain additional debt financing. Our ability to make payments on and to refinance our existing indebtedness, as well as any future debt that we may incur, will depend on our ability to generate cash in the future from operations, financings or asset sales. Our ability to generate cash is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. In particular, in a historically heightened interest rate environment and challenging macroeconomic environment characterized by volatile credit and debt capital markets, debt financing may be more expensive and may have higher transactional and servicing costs. The potential inability to obtain adequate funding from debt sources in the future as a result of high interest rates could force us to self-fund strategic initiatives or forego certain opportunities, which in turn could materially adversely affect our financial condition and results of operations. We may not generate sufficient funds to service our debt and meet our business needs, such as funding working capital or the expansion of our operations. If we are not able to repay or refinance our debt as it becomes due, we may be forced to take disadvantageous actions, including reducing spending on marketing, retail trade incentives, advertising and new product innovation, reducing financing in the future for working capital, capital expenditures and general corporate purposes, selling assets or dedicating an unsustainable level of our cash flow from operations to the payment of principal and interest on our indebtedness. In addition, our ability to withstand competitive pressures and to react to changes in the food industry could be

impaired. Future financing arrangements, including any potential credit facilities, may contain restrictions, covenants and events of default that, among other things, could limit our ability to respond to market conditions, provide for capital investment needs or take advantage of business opportunities by restricting our ability to incur or guarantee additional indebtedness or requiring us to offer to repurchase such indebtedness in the event of a change of control or a change of control triggering event; pay dividends or make distributions; make investments or acquisitions; sell, transfer or otherwise dispose of certain assets; create liens; consolidate or merge; enter into transactions with affiliates; and prepay and repurchase or redeem certain indebtedness. The lenders who hold our debt could also accelerate amounts due in the event that we default, which could potentially trigger a default or acceleration of the maturity of our other debt. In addition, our leverage could put us at a competitive disadvantage compared to our competitors that are less leveraged. These competitors could have greater financial flexibility to pursue strategic acquisitions and secure additional financing for their operations. Our substantial leverage could also impede our ability to withstand downturns in our industry or the economy in general as well as our ability to expand into complementary categories. We may be unable to increase our debt or raise additional capital in the future on terms favorable to us or our share owners, which could affect our financial health and may decrease our profitability. We may increase our debt or raise additional capital in the future, subject to restrictions in the Credit Agreement. Also, the provisions in the Tax Matters Agreement may limit our ability to issue equity securities. If our cash flow from operations is less than we anticipate, or if our cash requirements are more than we expect, we may require more capital. However, debt or equity financing may not be available to us on terms we find acceptable, if at all. If we incur additional debt or raise equity through the issuance of our preferred stock, the terms of the debt or any preferred stock we issue may give the holders rights, preferences and privileges senior to those of holders of our common stock, particularly in the event of liquidation. If we raise funds through the issuance of additional equity, your ownership in us would be diluted. If we are unable to raise additional capital when needed, our financial condition, and thus your investment in us, could be materially and adversely affected.

~~Being a standalone public company requires significant resources and management attention. As a standalone public company, we are subject to the reporting and other obligations under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules of the New York Stock Exchange ("NYSE"). As a public company with listed securities, we are required to, among other things: • prepare and distribute periodic reports, proxy statements and other share owner communications in compliance with the U. S. federal securities laws and NYSE rules; • have our own board of directors and committees thereof, which comply with the applicable U. S. federal securities laws and NYSE rules; • maintain an internal audit function; • institute our own financial reporting and disclosure compliance functions, including the full implementation of a new enterprise risk management system; • establish an investor relations function; • establish internal policies, including those relating to trading in our securities and disclosure controls and procedures; and • comply with the Sarbanes-Oxley Act and the Dodd-Frank Act, and the rules and regulations implemented by the SEC thereunder. These reporting and other obligations have placed, and will continue to place, significant demands on our management and our administrative and operational resources, including accounting resources, and we expect to face increased legal, accounting, administrative and other costs and expenses relating to these obligations that our business did not incur when it was a part of Kellanova. Our investment in compliance with existing and evolving regulatory requirements has resulted, and is expected to continue to result, in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, which could have a material adverse effect on our business, results of operations, financial condition and cash flows.~~

If we fail to maintain effective internal controls, we may not be able to report our financial results accurately or timely or to prevent or detect fraud, which could have a material adverse effect on our business or the market price of our securities. In accordance with Section 404 of the Sarbanes-Oxley Act, our management is required to conduct an annual assessment of the effectiveness of our internal control over financial reporting and include a report on these internal controls in our ~~future~~ annual reports on Form 10-K. ~~Our and our independent registered public accounting firm is will not be required to formally attest to the effectiveness of our internal control over financial reporting until our second annual report required to be filed with the SEC (i. e., our annual report on Form 10-K for our 2024 fiscal year). This process requires significant documentation of policies, procedures and systems, review of that documentation by our internal auditing and accounting staff and our outside independent registered public accounting firm, and testing of our internal controls over financial reporting by our internal auditing and accounting staff and our outside independent registered public accounting firm. This process involves considerable time and attention, and may strain our internal resources, and will increase our. We also incurred higher operating costs. We expenses and outside auditor fees during the implementation of these changes during our 2024 fiscal year and may experience higher than anticipated operating expenses in and outside auditor fees during the implementation of these-- the future changes and thereafter.~~ If management or our independent registered public accounting firm determines that our internal control over financial reporting is not effective, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could be negatively affected, and we could become subject to investigations by the **New York Stock Exchange ("NYSE")**, the SEC or other regulatory authorities, which could require additional financial and management resources. In addition, if our controls are not effective, our ability to accurately and timely report our financial position could be impaired, which could result in late filings of our annual and quarterly reports under the Exchange Act, restatements of our financial statements, a decline in our stock price, failure to comply with the NYSE's continued listing requirements, which could result in the suspension or delisting of our common stock from the NYSE, and could in turn have a material adverse effect on our business, financial condition and results of operations. We are subject to risks generally associated with companies that operate in certain international markets. We manufacture our products in United States, Canada and Mexico and have operations in the United States, Canada, Mexico and the Caribbean. Accordingly, we are subject to risks inherent in multinational operations. Those risks include (i) compliance with U. S. laws affecting operations outside of the United States, (ii) compliance with anti-corruption laws, (iii) compliance with antitrust and competition laws, data privacy laws, and a variety of other local, national and multi-national regulations and laws in multiple

regimes, (iv) changes in tax laws, interpretation of tax laws and tax audit outcomes, (v) fluctuations or devaluations in currency values, especially in emerging markets, (vi) changes in capital controls, including currency exchange controls, or other limits on our ability to import raw materials or finished product, (vii) changes in local regulations and laws, the lack of well-established, reliable and / or impartial legal systems in certain countries in which we operate and the uncertainty of enforcement of remedies in such jurisdictions, (viii) laws relating to information security, privacy, cashless payments, and consumer protection, (ix) discriminatory or conflicting fiscal policies, (x) challenges associated with cross-border product distribution, (xi) increased sovereign risk, (xii) varying abilities to enforce intellectual property, contractual, and other legal rights, (xiii) loss of ability to manage our operations in certain markets which could result in the deconsolidation of such businesses, (xiv) design and implementation of effective control environment processes across our diverse operations and employee base, (xv) imposition of more or new tariffs, quotas, trade barriers, price controls, and similar restrictions in the countries in which we or our suppliers or manufacturers operate or regulations, taxes or policies that might negatively affect our sales, and (xvi) changes in trade policies and trade relations. In addition, political and economic changes or volatility, geopolitical regional conflicts, terrorist activity, political unrest and government shutdowns, civil strife, acts of war, public corruption, expropriation and other economic or political or social uncertainties could interrupt and negatively affect our business operations or customer demand. The slowdown in economic growth or high unemployment in some emerging markets could constrain consumer spending, and declining consumer purchasing power could adversely impact our profitability. Continued instability in the dynamics associated with the federal and state debt and budget challenges in the United States could adversely affect us. All of these factors could result in increased costs or decreased revenues, and could materially and adversely affect our product sales, financial condition and results of operations. There may be uncertainty as a result of key global events during ~~2023~~ **2024** that are expected to continue throughout ~~2024~~ **2025 or thereafter**. For example, ~~rising~~ **heightened** interest rates and ~~persistent levels of~~ **inflation**; ~~recessionary pressures~~; geopolitical uncertainty, including wars (such as the conflicts in Ukraine and the Middle East), fiscal and monetary policy uncertainty, international trade disputes, as well as ongoing terrorist activity, may adversely impact global stock markets (including the NYSE, on which our common shares are traded) and general global economic conditions. All of these factors are outside of our control but may nonetheless cause us to adjust our ~~operating~~ **strategy in order to compete effectively** in certain international markets ~~in order to manage our cost of goods sold and to compete effectively~~. Our performance is affected by general economic, political and ~~social~~ **conditions and taxation policies**. Customer and consumer demand for our products may be impacted by ~~the negative~~ **macroeconomic conditions**, impacts caused by pandemics and public health crises, ~~recession~~, financial and credit market disruptions, government shutdowns or ~~recession or~~ **other economic downturns in the United States or other** ~~the nations~~ **global economy**. Our results in the past have been, and in the future may continue to be, materially affected by changes in general economic, political and social conditions in the United States and other countries, including the interest rate environment in which we conduct business, the financial markets through which we access capital and currency, trade policy, political and social unrest and terrorist acts in the United States or other countries in which we carry on business. ~~Deteriorating~~ **Negative economic macroeconomic** conditions, such as inflation, economic slowdowns or recessions, increased unemployment, decreases in disposable income or declines in consumer confidence could result in reductions in sales of our products, reduced acceptance of innovations, and increased price competition. Such deterioration in any of the countries in which we do business could also cause slower collections on accounts receivable which may adversely impact our liquidity and financial condition. Financial institutions may be negatively impacted by economic conditions, including ~~rising~~ **heightened or persistent levels of** inflation and ~~higher~~ **interest rates**, and may consolidate or cease to do business which could result in a tightening in the credit markets, ~~a low~~ **lower level levels** of liquidity in ~~many~~ financial markets, and increased volatility in fixed income, credit, currency and equity markets. ~~In the past, Adverse adverse~~ **macroeconomic conditions and fiscal and monetary policy decisions made in an attempt to mitigate such adverse conditions**, have increased volatility and pricing in the capital markets and as a result, we may not have access to preferred sources of liquidity when needed or on terms we find acceptable, causing our borrowing costs to increase. An economic ~~recession~~ **or** credit crisis could impair credit availability and our ability to raise capital ~~if or~~ when needed. A disruption in the financial markets may have a negative effect on our derivative counterparties and could impair our banking or other business partners, on whom we rely for access to capital and as counterparties to our derivative contracts. Any of these events would likely harm our business, results of operations and financial condition. Potential liabilities and costs from litigation could adversely affect our business. There is no guarantee that we will be successful in defending WK Kellogg Co in civil, criminal or regulatory actions (inclusive of class action lawsuits and foreign litigation), including under general, commercial, employment, environmental, data privacy or security, intellectual property, food quality and safety, anti-trust and trade, and advertising claims, and environmental laws and regulations, or in asserting our rights under various laws. For example, our marketing or claims could face allegations of false or deceptive advertising or other criticisms which could end up in litigation and result in potential liabilities or costs. We could incur substantial costs and fees in defending ourselves, in asserting our rights in these actions or in meeting new ~~regulatory or~~ **legal requirements**. The costs and other effects of potential and pending litigation and administrative actions against us, and new legal requirements, cannot be determined with certainty and may differ from expectations. In addition, we may be impacted by litigation trends, including class action lawsuits involving consumers, employees, and share owners, which could have a material adverse effect on our reputation, the market price of our common stock, results of operations and financial condition. There can be no assurance that our insurance ~~is will be~~ **adequate** to offset costs associated with certain events. We have insurance policies in place that cover certain, but not all, hazards that could arise from our operations. We can provide no assurance that such coverage will be adequate to protect us from costs incurred with certain events. The occurrence of an event that is not insured or not fully insured could have a material adverse effect on our results of operations, financial condition and cash flows in the future. Our operations face foreign currency exchange rate exposure, which could negatively impact our operating results. We hold assets and incur liabilities, earn revenue and pay expenses in a variety of currencies other than the U. S. dollar, including

the Canadian dollar and the Mexican peso. Because our financial statements are presented in U. S. dollars, we must translate our assets, liabilities, revenue and expenses into U. S. dollars at then- applicable exchange rates and face exposure to adverse movements in foreign currency exchange rates. Consequently, changes in the value of the U. S. dollar may unpredictably and negatively affect the value of these items in our financial statements, even if their value has not changed in their original currency.