

Risk Factors Comparison 2025-02-26 to 2024-02-28 Form: 10-K

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

Our business, financial condition and results of operations are subject to various risks and uncertainties, including those described below and elsewhere in this report. We believe the most significant of these risks and uncertainties are described below, any of which could adversely affect our business, financial condition and results of operations, as well as our cash flows, liquidity, stock price and / or reputation, and could cause actual results to differ materially from the results contemplated by the forward- looking statements contained in this report. There may be additional risks and uncertainties not presently known to us or that we currently consider immaterial. Consequently, you should not consider the following to be a complete discussion of all possible risks or uncertainties applicable to our business. These risk factors should be read in conjunction with the other information in this report and in the other documents that we file from time to time with the SEC and the CSA. Risks Related to Our Company, Business and Operations Deterioration of global economic conditions, an economic recession, periods of inflation, or economic uncertainty in our key markets may adversely affect customer and consumer spending, as well as demand for our products. Global economic conditions can be uncertain and volatile. Our business and results of operations have in the past been, and may continue to be, adversely affected by changes in global economic conditions including inflation, interest rates, consumer spending rates, energy availability and costs, the negative impacts caused by public health crises, ~~such as the COVID-19 pandemic~~, as well as the potential impacts of geopolitical events, and the effect of governmental initiatives to manage economic conditions. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer spending also remain unpredictable and subject to reductions due to credit constraints and uncertainties about the future. Most of our products are purchased by our customers based on end- user demand from consumers. Some of the factors that may influence consumer spending include general economic conditions, high levels of unemployment, health crises, higher consumer debt levels, reductions in net worth based on market declines and uncertainty, home foreclosures and reductions in home values, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, fluctuating commodity prices, inflationary pressure, tax rates, **tariffs**, and general uncertainty regarding the overall future economic environment. Unfavorable economic conditions may lead customers and consumers to delay or reduce purchases of our products and could present challenges in collecting our account receivables on a timely basis. Customer demand for our products may not reach our targets or may decline as distributors and retailers seek to reduce inventory positions if there is an economic downturn or economic uncertainty in our key markets. Economic cycles and related fluctuations in customer demand may have a material adverse effect on our business, financial condition, and results of operations. ~~SUNOPTA INC. December 30, 2023 Form 10-K~~ We may not be able to increase prices to fully offset inflationary pressures on costs, such as raw and packaging materials, labor, energy, fuel and distribution costs, which may impact our business, financial condition, and results of operations. In recent years, we have experienced elevated commodity and supply chain costs, including the costs of raw materials, packaging, labor, energy, fuel, freight and other inputs necessary for the production and distribution of our products, ~~and we expect elevated levels of inflation to continue in 2024~~. Many of these materials and costs are subject to price fluctuations from a number of factors, including, but not limited to, market conditions, geopolitical events, demand for raw materials, weather, growing and harvesting conditions, energy and fuel costs, **tariffs, environmental and other sustainability regulations (including potential impacts of EPR laws and regulations), changes to immigration policies**, currency fluctuations, and other factors beyond our control. Our attempts to offset these cost pressures, such as through increases in the selling prices of some of our products, may not be successful. Higher product prices may result in lower sales volumes. Consumers may shift to lower priced product offerings, or may forego some purchases altogether, during an economic downturn or times of increased inflationary pressure. To the extent that our efforts to offset cost inflation through price increases, and / or through cost containment measures and productivity initiatives, are not sufficient to offset these increased costs adequately or in a timely manner, and / or if they result in significant decreases in sales volume, our business, financial condition and results of operations may be materially and adversely affected. **SUNOPTA INC. December 28, 2024 Form 10- K The imposition of new or increased tariffs could have a material adverse effect on our business, financial condition and results of operations. The U. S. government has proposed significantly increased tariffs on foreign imports into the U. S. from certain countries, including Canada and Mexico. Certain key inputs used in our business may be subject to these tariffs, including oats from Canada and packaging from Mexico, which could increase the raw material cost of our products. If these tariffs are imposed, or if retaliatory trade measures are taken by foreign countries in response to additional tariffs that relate to our products, we may be required to raise our prices or incur additional expenses, which could have a material adverse effect on our business, financial condition and results of operations.** If we do not manage our supply chain effectively, our operating results may be adversely affected. Our supply chain is complex and critical to our ability to manufacture, move, and sell products. We rely on third- party suppliers for our raw materials and packaging, as well as the distribution of our products. The inability of any of these suppliers to deliver or perform for us in a timely or cost- effective manner could cause our operating costs to rise and our margins to fall. Many of our products are perishable and require timely processing and transportation to our customers. Additionally, many of our products can only be stored for a limited amount of time before they spoil and cannot be sold. We must continually monitor our inventory and product sales mix against forecasted demand to reduce the risk of not having adequate supplies to meet consumer demand or the risk of having too much inventory that may reach its expiration date. **In recent years,** ~~General~~ **general** macroeconomic and conditions, geopolitical events and health crises have increased the challenges of managing our supply chain, and these factors could continue to cause unpredictable supply chain interruptions or other adverse effects on our supply

chain. If we are unable to manage our supply chain effectively and ensure that our products are available to meet consumer demand, our operating costs could increase and our margins could decline, which could have a material adverse effect on our business, financial condition, and results of operations. If we face labor shortages or increased labor costs, our business, financial condition, and results of operations could be adversely affected. Labor is a primary component of operating our business. Our ability to achieve our operating goals depends on our ability to identify, hire, train, and retain qualified employees. We compete with other companies both within and outside of our industry for talented employees. If we are unable to hire and retain employees capable of performing at a high-level, our ability to efficiently operate our manufacturing facilities and overall business could be adversely affected. Our ability to meet our labor needs while controlling labor costs is subject to external factors, such as employment levels, prevailing wage rates, minimum wage legislation, changing demographics, health and other insurance costs, and governmental labor and employment requirements. In addition, a sustained labor shortage or increased turnover rates within our employee base could lead to increased costs, such as increased overtime to meet demand, costs to hire and train new employees, and increased wage rates and employee benefits to attract and retain employees. An overall labor shortage, lack of skilled labor, increased turnover, labor inflation, and changes in applicable employment laws and regulations, could lead to increased labor costs and / or reduced operating efficiencies, which could have a material adverse impact on our business, financial condition, and results of operations. An interruption at one or more of our manufacturing facilities could negatively affect our business, and our business continuity plan may prove inadequate. We own or lease, manage and operate a number of manufacturing, processing, packaging, storage and office facilities. We may be unable to accept and fulfill customer orders as a result of **adverse weather conditions, natural** disasters, health crises (such as the COVID-19 pandemic), business interruptions, or other similar events. Some of our inventory and manufacturing facilities are located in areas that are susceptible to harsh weather, and the production of certain of our products is concentrated in a few geographic areas. Although we have a business continuity plan, our plan might not address all of the issues we may encounter in the event of a disaster or other unanticipated issues. Our business interruption insurance may not adequately compensate us for losses that may occur from any of the foregoing. In the event that a disaster, or other catastrophic event were to destroy any part of any of our facilities or interrupt our operations for any extended period of time, or if harsh weather or health crises prevent us from producing and / or delivering products in a timely manner, our business, financial condition and results of operations could be materially and adversely affected. SUNOPTA INC. December **30-28, 2023-2024** Form 10- K Our customers generally are not obligated to continue purchasing products from us. Many of our customers buy from us under short-term, binding purchase orders. As a result, these customers are not committed to maintain or increase their sales volumes or orders for the products supplied by us. Decreases in our customers' sales volumes or orders for products supplied by us may have a material adverse effect on our business, financial condition and results of operations. In addition, some customer buying decisions are based on a periodic bidding process. Our sales volume may decrease if our offer is too high and rejected. Alternatively, we risk reducing our margins if our offer is successful but less than our desired price point. Either of these outcomes may adversely affect our results of operations. Loss of a key customer could materially reduce revenues and earnings. Our relationships with our key customers are critical to the success of our business and our results of operations. For the year ended December **30-28, 2023-2024**, our ten largest customers accounted for approximately 80 % of revenues ~~from continuing operations~~. The loss, decrease or cancellation of business with any of our large customers could materially and adversely affect our business, financial condition, and results of operations. We operate in a highly competitive industry. We operate ~~businesses~~ in the highly competitive food industry in North America. We compete with large U. S. and international food ingredient and consumer-packaged food companies. These competitors may have financial resources larger than ours and may be able to benefit from economies of scale, pricing advantages, long-standing customer relationships, and greater resources for product innovation, and marketing and promotional activities. In addition, we may have to compete for limited supplies of certain raw materials with competitors having greater resources and stronger supplier relationships than we have. If we are unable to effectively respond to these competitive factors or if the competition in any of our product markets results in price reductions or decreased demand for our products, our business, financial condition and results of operations may be materially and adversely affected. Product innovations by our competitors could make our food products less competitive. Our competitors include major food manufacturers and consumer-packaged food companies. Many of these companies are engaged in the development of food ingredients and packaged food products and frequently introduce new products into the market. If our competitors introduce products that are more appealing to the tastes and dietary habits of consumers or considered to be of higher quality or value than our products, our sales and market share could decline, which may have a material adverse effect on our profitability. Consumer food preferences are difficult to predict and may change. Our success depends, in part, on our ability to predict, identify, and interpret the tastes and dietary habits of consumers and to offer products to our customers that appeal to those preferences on a timely and affordable basis. Consumer preferences and trends change based on a number of factors, including product taste and nutrition, food allergies, sustainability values, and animal welfare concerns. Our failure to anticipate and respond to changing consumer preferences on a timely basis could result in reduced demand and price decreases for our products, which could have a material adverse effect on our business, financial condition, and results of operations. We may not realize some or all of the anticipated benefits of our capital investment plans in the anticipated time frame or at all. We have recently completed the largest capital expansion in our company's history, which included the construction of our new plant-based beverage facility in Midlothian, Texas. Our capital investment plans often require a substantial amount of management, operational, and financial resources, which may divert our attention and resources from ~~our existing businesses~~ **business**, potentially disrupting our operations and adversely affecting our relationships with customers and suppliers. In addition, **we may incur** delays and unexpected costs in connection with the ~~completion~~ **construction** of capital expansion projects ~~and / or~~ **the start-up of commercial production, or be affected by** changes in demand and pricing for our products, **which may occur that** could result in us not realizing all or any of the anticipated benefits of our capital investment plans on our expected timetable or at all, and there can be no assurance that any

benefits we realize from our capital investments will be sufficient to offset the costs that we may incur. SUNOPTA INC. December 30-28, 2023-2024 Form 10- K Our operations are subject to the general risks associated with acquisitions and divestitures We regularly review strategic opportunities to grow our business through acquisitions of complementary businesses or assets. Additionally, we have made several significant divestitures in recent years , including the divestiture of our frozen fruit business (" Frozen Fruit") in 2023, that aligned with our strategic priority of optimizing our non- core, commodity-based businesses and focusing on value- add opportunities. Potential risks associated with these transactions include the inability to consummate a transaction on favorable terms, the diversion of management' s attention from other business concerns, the potential loss of key employees and customers of current or acquired companies, the inability to integrate or divest operations successfully, the possible assumptions of unknown liabilities, potential disputes with buyers or sellers, potential impairment charges, and the inherent risks in entering markets or lines of business in which the Company has limited or no prior experience. Any or all of these risks could have a material and adverse impact on our business, financial condition, and results of operations. In addition, acquisitions outside the U. S. or Canada may present unique challenges and increase our exposure to the risks associated with foreign operations. In connection with October 2023, we completed the sale of certain assets and liabilities of Frozen Fruit to Natures Touch Mexico, S. de R. L. de C. V. and Nature' s Touch Frozen Fruits, LLC (the" Purchasers"), a portion for an estimated aggregate purchase price of the approximately \$ 141 million. The estimated aggregate purchase price is subject to post- closing adjustments based on a determination of the final net working capital as of the closing date of the transaction on October 12, 2023. Our estimate of the final net working capital allocation, which is recognized as part of the loss from discontinued operations in the consolidated statement of operations for the year ended December 30, 2023, may be subject to change, which could be material, as the parties are currently in the process of reconciling the final aggregate purchase price, including the resolution of certain disputed items, in accordance with the procedures set forth in the Asset Purchase Agreement. A change in the aggregate purchase price could have a material impact on our consolidated results of operations, financial condition and cash flows. In addition, a portion of the aggregate purchase price was in the form of secured seller-promissory notes due in three years and with a stated principal amount of \$ 20. 0 million in the aggregate (the" Seller Promissory Notes") that the Company entered into with the Purchasers and Nature' s Touch Frozen Foods, LLC (collectively the" Loan Parties"). The Seller Promissory promissory Notes notes have a stated principal amount of \$ 20. 0 million in the aggregate, with the principal and interest thereon due from the Purchasers on October 12, 2026. The promissory notes are secured by a second- priority lien on certain assets of Frozen Fruit acquired by the Purchasers. While we assessed the Seller Promissory promissory Notes notes to be collectible as at December 30-28, 2023-2024 , a deterioration in the liquidity of the Loan Parties could impact the collectability of the Seller Promissory promissory Notes notes . Impairment charges related to long- lived assets or goodwill could adversely impact our financial condition and results of operations As at December 30-28, 2023-2024 , we had \$ 319-343 . 9-6 million of property, plant and equipment, \$ 105. 9-7 million of operating lease right- of- use assets, and \$ 21-20 . 9-0 million of intangible assets, as well as \$ 4. 0 million of goodwill. In addition, prior to fiscal 2019, we recognized accumulated impairment losses of \$ 213. 8 million related to goodwill that arose from business acquisitions. We perform impairment assessments for our long- lived assets whenever annually, or at any time when events occur that could affect the value of these assets. If the results of such assessments were to show that the carrying value of our long- lived assets was not recoverable and the fair value of these assets was less than the carrying value, we would be required to recognize a charge for impairment, and the amount of the impairment charge could be material. Factors which could result in an impairment of a long- lived assets include, but are not limited to, reduced demand or pricing for our products due to increased competition, the loss of a significant customer or market share, or a current expectation that, more likely than not, a long- lived asset may be disposed of before the end of its previously estimated useful life. We Likewise, we perform an annual impairment test for goodwill, or at any time when events occur that could indicate that more likely than not the carrying value of a reporting unit exceeds its fair value. Indicators of goodwill impairment include, but are not limited to, a decline in general economic conditions, an increased competitive environment in which a reporting unit operates, a negative trend in the financial performance and cash flows of the reporting unit, and a more- likely- than- not expectation of selling or disposing of all, or a portion, of a reporting unit. For the year ended December 30-28, 2023-2024 , on a continuing operations basis , we did not recognize any impairment charges related to our long- lived assets or goodwill. However Within discontinued operations, future impairments we incurred a pre-tax loss on the sale of Frozen Fruit of \$ 119. 8 million, of which a significant portion was comprised of the carrying value of the long- lived assets of the business. Future impairments of long- lived assets and / or goodwill could materially and adversely impact our business, financial condition, and results of operations. SUNOPTA INC. December 30, 2023 Form 10- K If we lose the services of our key executives, our business could suffer Our prospects depend to a significant extent on the continued service of our key executives, and our continued growth depends on our ability to identify, recruit, and retain key management personnel. We do not typically carry key person life insurance on our executive officers. If we lose the services of our key executives or fail to identify, recruit, and retain key management personnel, our business, financial condition and results of operations may be materially and adversely impacted. Failure of our internal control over financial reporting could harm our business and financial results Our management is responsible for establishing and maintaining effective internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of financial reporting for external purposes in accordance with United States U. S. generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that we would prevent or detect a misstatement of our financial statements or fraud. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report our financial results accurately and in a timely manner, or to detect and prevent fraud. A significant financial reporting failure or material weakness in internal control over financial reporting could cause a loss of investor confidence and / or a decline in the market price of our stock. SUNOPTA INC. In connection with the preparation of our consolidated financial statements as of and for the fiscal year ended December 31-28,

2022-2024, we identified a material weakness in our internal control over financial reporting. This material weakness was remediated during the fiscal year ended December 30, 2023. The identified material weakness and associated remediation efforts are further described in Part II, Item 9A of this Form 10-K. Even after any identified material weaknesses have been remediated, investors may lose confidence in our reported financial information and the market price of our common shares may decline. Risks Related to Litigation and Government Regulations Product recalls and withdrawals and product liability claims could have a material adverse effect on our business. We sell products for human consumption, which involves risks such as product contamination or spoilage, misbranding, product tampering, and other adulteration of food products. Consumption of a contaminated, spoiled, tampered, or adulterated product may result in personal illness or injury. Under certain circumstances, we may be required to recall or withdraw products, which may be costly and time consuming, and may require the diversion of management's time and resources from business operations. The costs of a recall or withdrawal may include product destruction costs, temporary plant closings, and compliance or remediation costs. In addition, a product recall or withdrawal may cause us to lose future revenues from, or relationships with, one or more material customers, and the impact of the recall or withdrawal could affect our customers' willingness to continue to purchase related or unrelated products from us or could otherwise hinder our ability to grow our business with those customers. Further, we could be subject to claims or lawsuits relating to an actual or alleged illness or injury, and we could incur liabilities that are not insured or that exceed our insurance coverage. Even if product liability claims against us are not successful or fully pursued, these claims could be costly and time consuming to defend against, and the negative publicity surrounding any such claims could adversely affect our reputation. Any of these events could have a material and adverse effect on our business, results of operations, financial condition and cash flows. In the second quarter of 2023-2024, we conducted announced our subsidiary, Sunrise Growers Inc., had issued a voluntary recall of specific frozen fruit products linked to pineapple provided by a third-party supplier due to possible contamination by *Listeria monocytogenes*. To date, we have recognized losses of \$ 7.3 million related to this recall, net of estimated insurance recoveries of \$ 4.8 million. We may incur additional losses related to this recall that are unforeseen at this time and we may need to revise our insurance estimate as we work with our insurance providers to substantiate the losses incurred to date. In addition, in the third quarter of 2023, we withdrew withdrawal specific from customers of certain batches of aseptically-packaged product products from a customer due to the discovery of a faulty seal that may have had the potential for non pathogenic microbial contamination. The equipment issue was identified and resolved in the third quarter of 2023, and none None of the withdrawn product made it into the consumer marketplace. We are seeking to recover a portion of the withdrawal-related costs through our insurance coverage and have recognized losses of \$ 3.4 million related to the withdrawal, net of expected recoveries from the service provider of \$ 7.6 million as at December 28, 2024. Our recovery estimate may need to be revised as we work with the service our insurance provider providers to substantiate our losses. Potential liabilities and costs from litigation could adversely affect our business. We are, or may become, party to various lawsuits and claims arising in the normal course of business, which may include lawsuits or claims relating to commercial contracts, product recalls, product liability, the marketing and labeling of products, employment matters, environmental matters, data protection, intellectual property, and other aspects of our business. There is no guarantee that we will be successful in defending ourselves in these actions and we could incur substantial costs and fees in defending ourselves or in asserting our rights in these actions. The results of litigation and other legal proceedings are inherently unpredictable and resolutions or dispositions of lawsuits and claims by settlement or otherwise could have a material adverse effect on our business, results of operations, financial condition and cash flows. SUNOPTA INC. December 30, 2023 Form 10-K New laws or regulations or changes in existing laws or regulations could adversely affect our business. The food industry is subject to a variety of federal, state, local, and foreign laws and regulations, including, but not limited to, those related to food safety, food labeling, and environmental and sustainability matters. Governmental regulations also affect taxes and levies tariffs, healthcare costs, energy usage, and labor and immigration issues, all of which may have a direct or indirect effect on our business or those of our customers or suppliers. Changes in these laws or regulations, or the introduction of new laws or regulations (such as new food safety or labeling requirements, or new EPR laws and regulations) could increase the costs of doing business for the Company, our customers, or suppliers, or restrict our actions, causing our results of operations to be adversely affected. The Organization for Economic Co-operation and Development has introduced the Pillar Two framework, which establishes a global minimum corporate tax rate of 15 % for multinational enterprises with consolidated annual revenues of € 750 million or more. During 2024, Canada enacted legislation to adopt Pillar Two effective for fiscal years beginning on or after December 31, 2023. Although we do not currently expect that this global minimum tax will materially impact our consolidated financial statements, we will continue to monitor legislative and regulatory developments with respect to this initiative. SUNOPTA INC. December 28, 2024 Form 10-K Risks Related to Intellectual Property and Information Technology We rely on protection of our intellectual property and proprietary rights. Our success depends in part on our ability to protect our intellectual property rights. We rely primarily on patent, copyright, trademark, and trade secret laws to protect our proprietary technologies. Our policy is to protect our technology by, among other things, filing patent applications for technology relating to the development of our business in the U. S. and in selected foreign jurisdictions. Our trademarks and brand names are registered in the U. S., Canada, and other jurisdictions. We intend to keep these filings current and seek protection for new trademarks to the extent consistent with business needs. We also rely on trade secrets and proprietary know-how and confidentiality agreements to protect certain of the technologies and processes that we use. The failure of any patents, trademarks, trade secrets or other intellectual property rights to provide protection to our technologies would make it easier for our competitors to offer similar products, which could result in lower revenues and / or margins and could have a material adverse effect on our business, financial condition and results of operations. Our business operations could be disrupted if our information technology systems fail to perform adequately or are breached. The efficient operation of our business depends on our information technology systems to process, transmit, and store electronic information.

We rely on our information technology systems, including the internet, to effectively manage our business data, supply chain, order entry and fulfillment, and other business processes. Information technology systems are also integral to our internal and external financial reporting. Furthermore, a significant portion of the communications between, and storage of personal data of, our personnel, customers and suppliers depends on information technology. Our information technology systems, some of which are dependent on services provided by third parties, may be susceptible to physical or electronic break-in, damage, disruption, or shutdown due to computer viruses, hacker attacks, and other cybersecurity risks, hardware failures, telecommunications failures, user errors or malfeasance, catastrophic events, natural disasters, fires, or other factors which may be beyond our control. Furthermore, the rapid evolution and increased adoption of artificial intelligence technologies may intensify our cybersecurity risks. If we are unable to anticipate, prevent, or adequately respond to and resolve these failures, disruptions or breaches, our business may be materially disrupted, and we may suffer other adverse consequences such as significant data loss, financial or reputational damage or penalties, legal claims or proceedings, remediation costs, or loss of revenues or customers. Consequently, any failure or breach of our information technology systems could have a material adverse effect on our business, financial condition and results of operations. Risks Related to Weather, Climate Change, and Other External Factors Adverse weather conditions and natural disasters could impose costs on our business. Ingredients for our products are vulnerable to adverse weather conditions and natural disasters, including windstorms, hurricanes, earthquakes, floods, droughts, fires, and temperature and precipitation extremes, some of which are recurring but difficult to predict, as well as crop disease and infestation. Severe weather conditions may occur with higher frequency or may be less predictable in the future due to the effects of climate change. Unfavorable growing and harvesting conditions could reduce both crop size and crop quality. In extreme cases, entire harvests may be lost in some geographic areas. Adverse weather conditions or natural disasters may adversely affect our supply of raw materials or prevent or impair our ability to ship products as planned. These factors may increase raw material acquisition and production costs, decrease our sales volumes and revenues, and lead to additional charges to earnings, which could have a material adverse effect on our business, financial condition, and results of operations.

SUNOPTA INC. December 30, 2023 Form 10-K Climate change, or legal, regulatory or market measures to address climate change, may negatively affect our business, financial condition and results of operations. Long-term climate change impacts on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters may negatively impact the price or availability of ingredients and packaging materials (such as corrugated cardboard) that are necessary for our products. We may also be subjected to decreased availability of and / or less favorable pricing for water, which could adversely impact our manufacturing operations. **In recent years, there has been increased focus from U. S. federal, state and local regulatory regulators and legislative bodies, as well as foreign bodies,** regarding environmental policies relating to climate change, regulating greenhouse gas emissions, energy policies, and sustainability **(including EPR laws and regulations)**. Increased compliance costs and expenses due to the impacts of climate change and additional legal or regulatory requirements regarding climate change may cause disruptions in, or an increase in the costs associated with, the running of our manufacturing facilities and our business, as well as increase distribution and supply chain costs. In addition, compliance with any such legal or regulatory requirements may require us to make significant changes in our business operations and strategy, which will likely require us to devote substantial time and attention to these matters and cause us to incur additional costs. Even if we make changes to align ourselves with such legal or regulatory requirements, we may still be subject to significant penalties or potential litigation if such laws and regulations are interpreted and applied in a manner inconsistent with our practices. The effects of climate change and legal or regulatory initiatives to address climate change could have a long-term adverse impact on our business and results of operations. **SUNOPTA INC. December 28, 2024 Form 10-K** Additionally, we might fail to effectively address increased attention from customers, consumers, investors, activists and other stakeholders on climate change and related environmental sustainability matters. Such failure, or the perception that we have failed to act responsibly regarding climate change, whether or not valid, could result in adverse publicity and negatively affect our business and reputation. **In addition, customers and consumers may choose to stop purchasing our products or purchase products from another company or a competitor, and our business, financial condition and results of operations may be materially and adversely affected.**

Furthermore, we may from time to time establish and publicly announce goals and commitments to reduce our impact on the environment. Our ability to achieve any stated goal or commitment is subject to numerous factors and conditions, many of which are outside of our control. Examples of such factors include evolving regulatory requirements affecting sustainability standards or disclosures, the development of new environmental technologies to address climate change, and the availability of financing to support climate-related projects. In addition, we may determine that it is in the best interest of our company and our shareholders to prioritize other business investments over the achievement of our current environmental goals and commitments based on economic conditions, changes in our business strategy, or pressure from investors or other stakeholders. If we fail to achieve or are perceived to have failed or been delayed in achieving, or improperly report our progress toward achieving our goals and commitments, it could negatively affect customer and consumer preference for our products or investor confidence in our business, as well as expose us to enforcement actions and litigation. Our business may be adversely affected by the availability of non-GMO and organic commodities and ingredients. Our ability to ensure a continuing supply of non-GMO and organic ingredients at competitive prices depends on many factors beyond our control, including the number and size of farms that grow non-GMO and organic crops. The non-GMO and organic raw materials that we use in the production of our products, including, among others, grains, nuts, fruits, sweeteners, and flavorings, are vulnerable to adverse weather conditions and natural disasters, such as floods, droughts, water scarcity, temperature extremes, frosts, earthquakes, and pestilences. Natural disasters and adverse weather conditions can reduce crop size and crop quality, which in turn could reduce our supplies of and / or increase the price of non-GMO and organic raw materials. If our supplies of non-GMO and organic raw materials are reduced, we may not be able to find enough supplemental supply sources on favorable terms, if at all, which could impact our ability to supply product to our customers and adversely affect our business, financial condition, and results of operations. Risks

Related to Our Indebtedness and Liquidity ~~Increases in interest rates may negatively impact our cost of borrowing and access to capital financing~~ To address inflation, the U. S. Federal Reserve implemented tighter monetary policies beginning in 2022, causing interest rates to rise significantly, which negatively impacted the cost of borrowing on our variable rate debt beginning in 2022. As at December 30, 2023, we had approximately \$ 212 million of variable rate debt outstanding under our credit agreement. We expect interest rates to remain at elevated levels in 2024, and we continue to be exposed to further changes in interest rates, which could have a material negative impact on our business, financial condition, results of operations and cash flows. ~~SUNOPTA INC. December 30, 2023 Form 10-K~~ Our level of indebtedness could adversely affect our financial condition and prevent us from fulfilling our debt obligations As at December 30 28, 2023-2024, we have a significant amount of indebtedness outstanding as a result of the capital investments we have made in recent years. The level of our indebtedness and the degree to which we are leveraged could adversely affect our business, financial condition, and results of operations, including, without limitation, increasing our exposure to **rising or sustained elevated interest rate rates fluctuations**, and impairing our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions, or other general corporate purposes. In addition, we may have to use a substantial portion of our cash flow to pay principal and interest on our indebtedness, which may reduce the funds available to us for other purposes. If we do not generate sufficient cash flows to satisfy our debt service obligations, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital expenditures, or seeking to raise additional capital. A high level of indebtedness and leverage could also make us more vulnerable to economic downturns and adverse industry conditions and may compromise our ability to capitalize on business opportunities, and to react to competitive pressures as compared to our competitors. Our debt and equity agreements restrict how we may operate our business, and our business may be materially and adversely affected if these restrictions prevent us from implementing our business plan The agreements governing our debt and preferred equity instruments contain restrictive covenants that limit the discretion of our management with respect to certain business matters. These covenants place restrictions on, among other things, our ability to obtain additional debt financing or preferred equity, to create other liens, to complete a merger, amalgamation, or consolidation, to make certain distributions or make certain payments, investments and guarantees and to sell or otherwise dispose of certain assets. These restrictions may hinder our ability to execute on our growth strategy or prevent us from implementing parts of our business plan. ~~SUNOPTA INC. December 28, 2024 Form 10-K~~ Our business could be materially and adversely affected if we are unable to meet the financial covenants of our credit agreement Our credit agreement requires us to maintain a minimum fixed charge coverage ratio and a maximum consolidated total net leverage ratio. Our ability to comply with the financial covenants under the credit agreement will depend on the success of our ~~businesses~~ **business**, our operating results, and our ability to achieve our financial forecasts. Various risks, uncertainties and events beyond our control could affect our ability to comply with the financial covenants and terms of the credit agreement. Failure to comply with the financial covenants and other terms could result in an event of default and the acceleration of amounts owing under the credit agreement unless we are able to negotiate a waiver. The lenders could condition any such waiver on an amendment to the credit agreement on terms, including, but not limited to, the payment of consent fees, which may be unfavorable to us. If we fail to comply with the financial covenants and we are unable to negotiate a covenant waiver or replace or refinance the credit agreement on favorable terms, our business, financial condition and results of operations could be materially and adversely impacted. We may require additional capital, which may not be available on favorable terms or at all Our working capital requirements, capital investment plans, and our ability to acquire complementary businesses or assets often require significant financial resources. Our ability to raise capital, through debt or equity financing, is directly related to our ability to both continue to grow our revenues and improve the profitability of our operations. Debt or equity financing may not be available to us on favorable terms or at all. In addition, any potential debt financing could adversely affect our financial condition and increase our exposure to interest rate changes, while any potential equity financing would dilute our current shareholders and may result in a decrease in our share price if we are unable to realize adequate returns. Our ability to maintain current levels of working capital may be adversely affected if we are unable to utilize **receivables supply chain** financing ("SCF") programs to accelerate payment terms for certain customers ~~To In order to accelerate cash flows and to~~ improve working capital efficiency, we **entered into a receivables sales program with a third- party financial institution, whereby we may sell certain eligible trade receivables to the financial institution in exchange for cash proceeds. The arrangement may be terminated by the financial institution at any time with 30 days' notice. Additionally, we** utilize **SCF supply chain financing** programs offered by some of our major customers that allow us to monetize our **trade** receivables from those customers earlier than our payment terms would provide. To the extent ~~that any of~~ these ~~various SCF~~ programs were terminated, our financial condition, cash flows, and liquidity could be adversely affected by higher working capital levels due to **longer payment terms or** delays in collecting ~~accounts- trade~~ receivables. If working capital is negatively impacted by the termination of these programs, and we are unable to secure alternative financing sources, we may have to increase our debt borrowings, along with the associated interest expense. ~~SUNOPTA INC. December 30, 2023 Form 10-K~~ Risks Related to Significant Investors and Shareholder Activism Our significant investor may have interests that conflict with those of our debtholders and other stakeholders As at December 30 28, 2023-2024, Oaktree **Fund GP, LLC Capital Management L. P.**, a private equity investor (together with its affiliates, "Oaktree") held an approximately 20 % voting interest in the Company and has nominated two members of our Board of Directors. The interests of Oaktree may differ from the interests of our other stakeholders in material respects. For example, Oaktree may have an interest in directly or indirectly pursuing acquisitions, divestitures, financings, or other transactions that, in their judgment, could enhance their other equity investments, even though such transactions might involve risks to us, including risks to our liquidity and financial condition. Oaktree is in the business of making or advising on investments in companies, including businesses that may directly or indirectly compete with certain portions of our business. Oaktree may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. Our other large

investors do not have specific rights beyond those of smaller holders of our common shares. However, a concentration of ownership within our large investors could potentially be disadvantageous to, or conflict with, interests of our debtholders or smaller shareholders. In addition, if any significant shareholder were to sell or otherwise transfer all or a large percentage of its holdings, we could find it difficult to raise capital, if needed, through the sale of additional equity securities. **SUNOPTA INC. December 28, 2024 Form 10-K** Our business could be negatively impacted as a result of shareholder activism or an unsolicited takeover proposal or a proxy contest. In recent years, proxy contests and other forms of shareholder activism have been directed against numerous public companies. If a proxy contest or an unsolicited takeover proposal is made with respect to us, we could incur significant costs in defending the Company, which would have an adverse effect on our financial results. Shareholder activists may also seek to involve themselves in the governance, strategic direction, and operations of the Company. Such proposals may disrupt our business and divert the attention of our management and employees, and any perceived uncertainties as to our future direction resulting from such a situation could result in the loss of potential business opportunities, be exploited by our competitors, cause concern to our current or potential customers, and make it more difficult to attract and retain qualified personnel and business partners, all of which could adversely affect our business. In addition, actions of activist shareholders may cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

Risks Related to Ownership of our Common Shares Our share price is subject to significant volatility. Our share price may be highly volatile compared to larger public companies, which increases the chance of larger than normal price swings that could reduce predictability in the price of our common shares and impair investment decisions. In addition, price and volume trading volatility in the stock markets can have a substantial effect on our share price, frequently for reasons other than our operating performance. These broad market fluctuations could adversely affect the market price of our common shares. Periods of volatility in the overall market and the market price of a company's securities is often followed by securities class action litigation alleging material misstatements or omissions in disclosures provided to shareholders. Such litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources. Our debt instruments restrict, and our future debt instruments may restrict, our ability to pay dividends to our shareholders, and we do not currently intend to pay any cash dividends on our common shares in the foreseeable future; therefore, our shareholders may not be able to receive a return on their common shares until their shares are sold. We have never paid or declared any cash dividends on our common shares, and we do not currently anticipate paying any cash dividends on our common shares in the foreseeable future. Any future payment of dividends will be dependent on factors such as covenant restrictions, cash on hand, or achieving and maintaining profitability, the financial requirements to fund growth, our general financial condition, and other factors we may consider appropriate in the circumstances. Until we pay dividends, which we may never do, our shareholders will not receive a return on their common shares until their shares are sold, and any return will depend on the ability to sell their shares at a price higher than they paid to acquire them. **SUNOPTA INC. December 30, 2023 Form 10-K** The future issuance of additional common shares in connection with the exchange of convertible preferred stock, vesting of equity-based awards, participation in our employee stock purchase plan and issuance of additional securities could dilute the value of our common shares. We have unlimited common shares authorized but unissued. Our articles of amalgamation authorize us to issue these common shares, and we may also issue options, rights, warrants and appreciation rights relating to common shares for consideration and on terms and conditions established by our Board of Directors in its sole discretion. The exchange of outstanding convertible preferred stock, vesting of equity-based awards, participation in our employee stock purchase plan, and issuance of additional securities in connection with acquisitions or otherwise could result in dilution in the value of our common shares and the voting power represented thereby. Furthermore, to the extent common shares are issued pursuant to the exchange of outstanding convertible preferred stock, vesting of equity-based awards, participation in our employee stock purchase plan, and issuance of additional securities, our share price may decrease due to the additional amount of common shares available in the market. The subsequent sales of these shares could encourage short sales by our shareholders and others, which could place further downward pressure on our share price. **SUNOPTA INC. December 28, 2024 Form 10-K** If securities or industry research analysts do not publish or cease publishing research or reports about our business or if they issue unfavorable commentary or downgrade our common shares, our share price and trading volume could decline. The trading market for our common shares relies in part on the research and reports that securities and industry research analysts publish about us, our industry, our competitors and our business. We do not have any control over these analysts. Our share price and trading volumes could decline if one or more securities or industry analysts downgrade our common shares, issue unfavorable commentary about us, our industry or our business, cease to cover ~~our~~ **the** Company or fail to regularly publish reports about us, our industry, or our business. A portion of our assets and certain of our directors are located outside of the U. S.; it may be difficult to effect service of process and enforce legal judgments upon us and certain of our directors. A portion of our assets and certain of our directors are located outside of the U. S. As a result, it may be difficult to effect service of process within the U. S. and enforce judgment of a U. S. court obtained against us and certain of our directors. Particularly, our stakeholders may not be able to: effect service of process within the U. S. on us or certain of our directors; enforce judgments obtained in U. S. courts against us or certain of directors based upon the civil liability provisions of the U. S. federal securities laws; enforce, in a court outside of the U. S., judgments of U. S. courts based on the civil liability provisions of the U. S. federal securities laws; or bring an original action in a court outside of the U. S. to enforce liabilities against us or any of our executive officers and directors based upon the U. S. federal securities laws.